



Annual Report 2013









Precious Shipping Public Company Limited

MISSION STATEMENT

“To be the most respected Shipping Company in the world, providing best services and solutions to facilitate International dry-bulk trade.”



CORE VALUES

-  We will manage all our business affairs in accordance with the highest principles of Good Governance. As a part of Good Governance, we have outlined our Corporate Governance Policy which will be strictly followed without any compromise.
-  We will provide efficient, reliable and professional service to all our customers.
-  We will comply with all rules and regulations and follow the highest safety standards in operating our ships with a view to eliminating or at least minimising human injury, loss of life and environmental damage.
-  We will strive to create, preserve and enhance long term value for our shareholders.
-  We will carry out the Company's affairs in a transparent, honest and faithful manner in the best interests of all stakeholders.
-  We will provide a stimulating and rewarding working environment for all our employees with opportunities for self-development and growth.

CONTENTS

FINANCIAL HIGHLIGHTS	4
CORPORATE STRUCTURE	6
OTHER INFORMATION PURSUANT TO SEC. 114 OF PUBLIC LIMITED COMPANIES ACT B.E. 2535	8
NATURE OF BUSINESS AND INDUSTRY	12
FLEET LIST	24
REVENUE STRUCTURE	25
THE BOARD OF DIRECTORS	26
ORGANIZATION CHART	28
BOARD OF DIRECTORS' REPORT	30
AUDIT AND CORPORATE GOVERNANCE COMMITTEE REPORT	47
CORPORATE GOVERNANCE REPORT	50
INSIDER TRADING CONTROLS	70
INTERNAL CONTROLS	71



SUSTAINABILITY REPORT	73
SIGNIFICANT RISK FACTORS	102
MAJOR SHAREHOLDERS AND DIVIDEND POLICY STATEMENT	108
MANAGEMENT STRUCTURE	109
BOARD OF DIRECTORS - PROFILE	115
MANAGEMENT TEAM	124
MANAGEMENT DISCUSSION AND ANALYSIS	130
REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS	158
INDEPENDENT AUDITOR'S REPORT	159
FINANCIAL STATEMENTS	161
NOTES TO FINANCIAL STATEMENTS	171
CONNECTED TRANSACTIONS	243
INDEX OF REPORT IN ACCORDANCE WITH FORM 56-2	247
REFERENCES	248



FINANCIAL HIGHLIGHTS

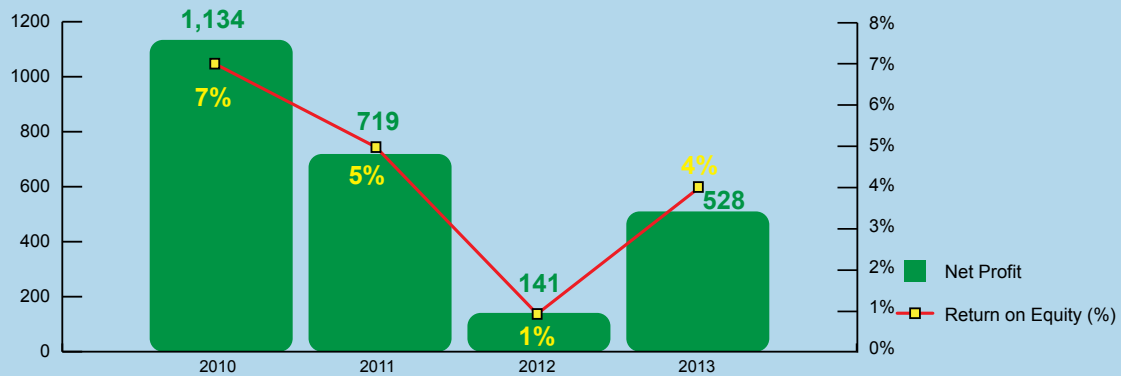
Unit : Baht Million

Details	2013	2012	2011	2010 Restated
Vessel Operating Income	3,857.64	3,487.54	3,078.92	2,928.29
Vessel Operating Costs	2,385.93	2,045.64	1,333.29	873.29
Gross Profit	1,471.71	1,441.90	1,745.63	2,055.00
Total Revenues	4,828.61	3,828.02	3,433.51	3,403.36
Total Expenses (excluding depreciation)	3,187.80	2,770.11	2,072.43	1,527.47
Depreciation	1,136.72	910.30	646.56	678.21
Share of profit (loss) from investment in associate held by a subsidiary	31.58	(2.43)	7.64	18.66
Profit before Corporate Income Tax	535.67	145.18	722.16	1,216.34
Corporate Income Tax	7.90	4.15	3.64	82.61
Net Profit	527.77	141.03	718.52	1,133.73
Total Current Assets	4,935.70	2,941.45	6,021.55	4,348.30
Property, plant and equipment	18,669.56	16,212.57	9,445.53	6,400.33
Total Assets	25,509.76	24,029.69	22,893.25	19,961.89
Total Current Liabilities	977.02	1,119.44	1,047.24	440.10
Long-Term Loans - net of current portion	8,618.85	8,265.02	6,307.83	4,766.30
Total Liabilities	9,878.73	9,545.46	7,536.75	5,349.92
Paid-up Capital	1,039.52	1,039.52	1,039.52	1,039.52
Total Shareholders' Equity	15,631.03	14,484.23	15,356.50	14,611.97
Cash flow from Operating activities	1,012.76	751.18	1,050.60	1,179.69
Cash flow from (used in) Investing activities	1,199.88	(4,537.03)	(2,274.38)	(1,763.14)
Cash flow from (used in) Financing activities	(1,289.36)	1,430.18	1,150.56	(514.87)
Book Value per share (Baht)	15.04	13.93	14.77	14.06
Earnings per share (Baht)	0.51	0.14	0.69	1.09
Dividend declared for the year per share (Baht)	0.40	0.40	0.55	0.87
Cash Dividend paid out per share (Baht)	0.40	0.45	0.62	1.25
Gross Profit Margin (%)	38.15	41.34	56.70	70.18
Net Profit Margin (%)	10.93	3.68	20.93	33.31
Return on Equity (%)	3.51	0.95	4.80	7.33
Return on Total Assets (%)	2.13	0.60	3.35	5.48
Total Liabilities/Equity Ratio	0.63	0.66	0.49	0.37
Number of Ships (As at end of the Year)	40	36	25	21

Note: With the adoption of IFRS in year 2011, the Company has restated the financial statements for year 2010 to make it comparable to years 2011-2013. Therefore the Company has given financial highlights only for 2010-2013 as restated and comparable financial statements for years prior to 2010 are not available.

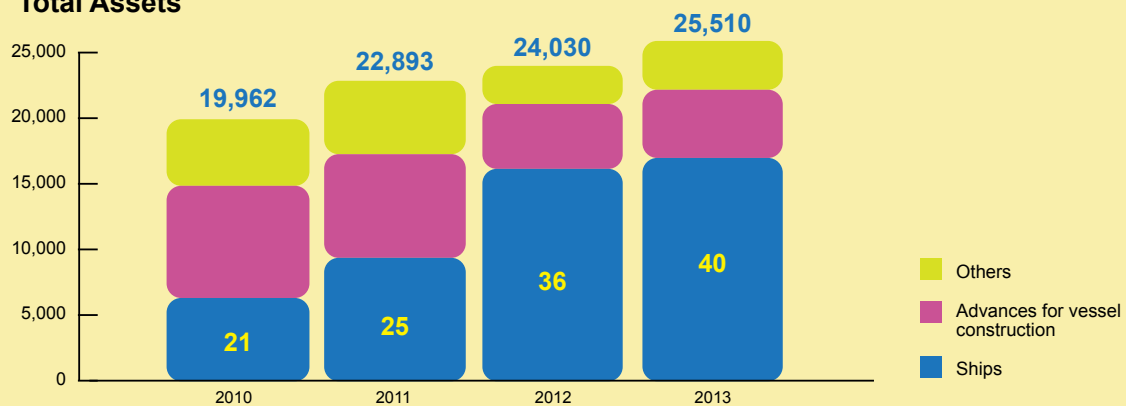
Net Profit and Return on Equity

Unit : Baht Million



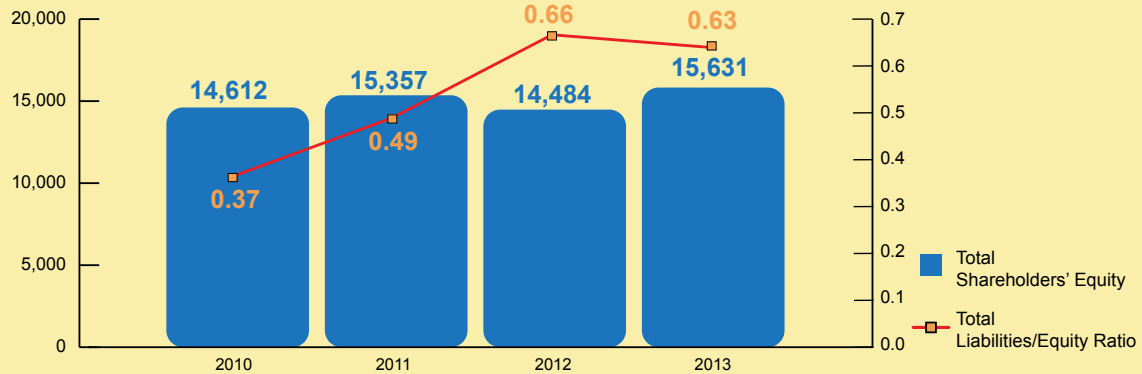
Total Assets

Unit : Baht Million



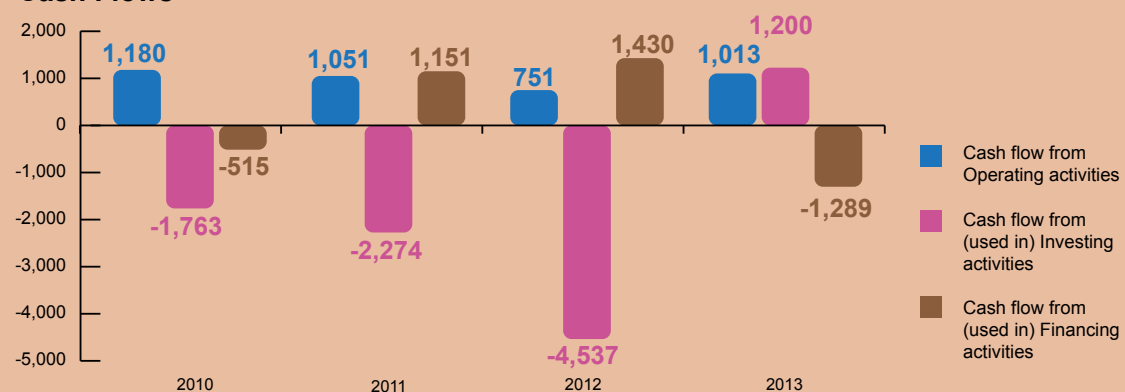
Shareholder's Equity and Total Liabilities / Equity Ratio

Unit : Baht Million

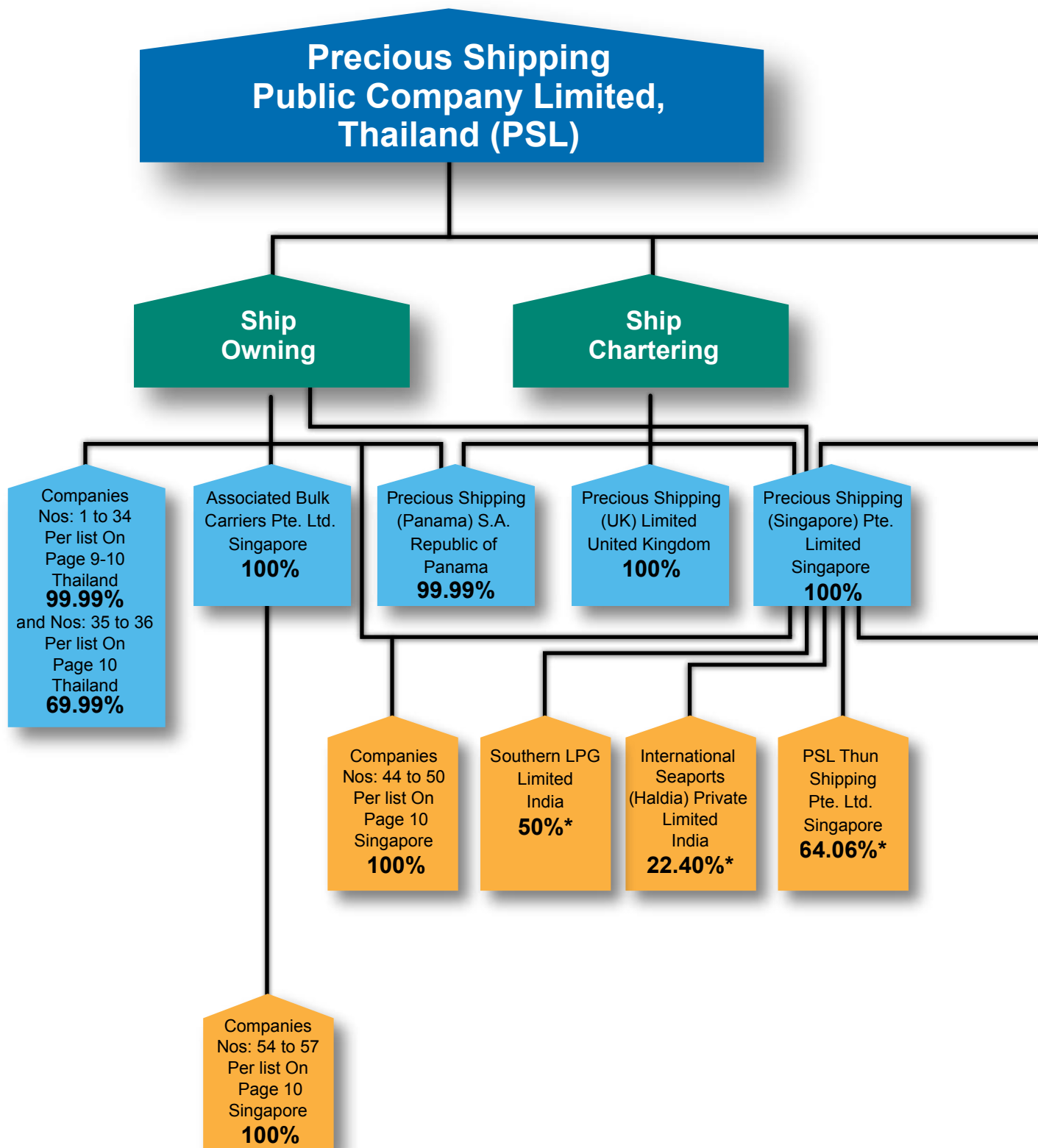


Cash Flows

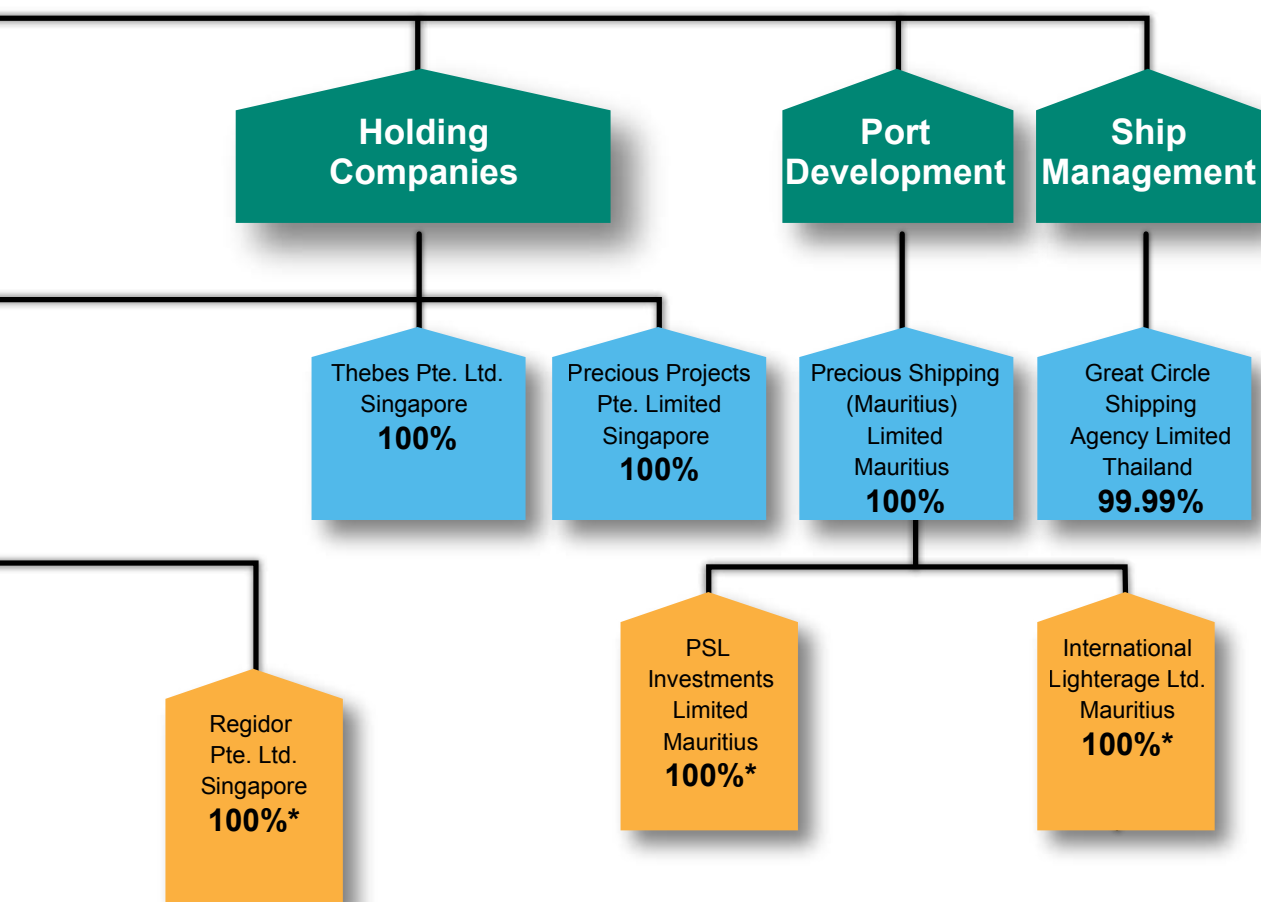
Unit : Baht Million



CORPORATE STRUCTURE



* Represents indirect ownership of PSL



Legend

Name of Company.
Country of Incorporation.
Percentage of
Ownership.

OTHER INFORMATION PURSUANT TO SEC. 114 OF PUBLIC LIMITED COMPANIES ACT B.E. 2535

DETAILS OF THE COMPANY PRECIOUS SHIPPING PUBLIC COMPANY LIMITED	
Business	Shipowner and Holding Company
Registration No.	0107537000629
Authorized share capital	Baht 1,039,520,600 (1,039,520,600 shares of Baht 1 each)
Issued and fully paid-up share capital	Baht 1,039,520,600 (1,039,520,600 shares of Baht 1 each)
Location	7 th Floor, Cathay House, 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500
Telephone	66-2 696-8800
Fax	66-2 236-7654
E-mail	ir@preciousshipping.com
Home page	http://www.preciousshipping.com

NAME AND CATEGORY OF SUBSIDIARIES AND ASSOCIATED COMPANIES IN WHICH THE COMPANY HOLDS MORE THAN 10% OF SHARES SOLD BY THEM

Sr No.	Name of Subsidiaries and Associated Companies	Currency	Registered Capital	Issued and paid-up Share Capital	Percentage of Shareholding	Category of business
1	Precious Metals Limited	Baht	275,000,000	275,000,000	99.99	Shipowner
2	Precious Wishes Limited	Baht	230,000,000	230,000,000	99.99	Shipowner
3	Precious Stones Shipping Limited	Baht	260,000,000	260,000,000	99.99	Shipowner
4	Precious Minerals Limited	Baht	230,000,000	230,000,000	99.99	Shipowner
5	Precious Lands Limited	Baht	306,000,000	306,000,000	99.99	Shipowner
6	Precious Rivers Limited	Baht	234,000,000	234,000,000	99.99	Shipowner
7	Precious Lakes Limited	Baht	184,000,000	184,000,000	99.99	Shipowner
8	Precious Seas Limited	Baht	100,000,000	100,000,000	99.99	Shipowner
9	Precious Stars Limited	Baht	105,000,000	105,000,000	99.99	Shipowner
10	Precious Oceans Limited	Baht	175,000,000	175,000,000	99.99	Shipowner
11	Precious Planets Limited	Baht	270,000,000	270,000,000	99.99	Shipowner
12	Precious Diamonds Limited	Baht	205,000,000	205,000,000	99.99	Shipowner
13	Precious Sapphires Limited	Baht	144,000,000	144,000,000	99.99	Shipowner
14	Precious Emeralds Limited	Baht	366,000,000	366,000,000	99.99	Shipowner
15	Precious Rubies Limited	Baht	84,000,000	84,000,000	99.99	Shipowner
16	Precious Opals Limited	Baht	74,000,000	74,000,000	99.99	Shipowner
17	Precious Garnets Limited	Baht	379,000,000	379,000,000	99.99	Shipowner
18	Precious Pearls Limited	Baht	173,000,000	173,000,000	99.99	Shipowner
19	Precious Flowers Limited	Baht	336,000,000	336,000,000	99.99	Shipowner
20	Precious Forests Limited	Baht	96,000,000	96,000,000	99.99	Shipowner
21	Precious Trees Limited	Baht	202,000,000	202,000,000	99.99	Shipowner
22	Precious Ponds Limited	Baht	124,000,000	124,000,000	99.99	Shipowner
23	Precious Ventures Limited	Baht	202,000,000	202,000,000	99.99	Shipowner
24	Precious Capitals Limited	Baht	200,000,000	200,000,000	99.99	Shipowner
25	Precious Jasmines Limited	Baht	147,000,000	147,000,000	99.99	Shipowner
26	Precious Orchids Limited	Baht	217,000,000	217,000,000	99.99	Shipowner
27	Precious Lagoons Limited	Baht	140,000,000	140,000,000	99.99	Shipowner
28	Precious Cliffs Limited	Baht	140,000,000	140,000,000	99.99	Shipowner
29	Precious Hills Limited	Baht	140,000,000	140,000,000	99.99	Shipowner
30	Precious Mountains Limited	Baht	140,000,000	140,000,000	99.99	Shipowner
31	Precious Resorts Limited	Baht	140,000,000	140,000,000	99.99	Shipowner
32	Precious Cities Limited	Baht	170,000,000	170,000,000	99.99	Shipowner

Sr No.	Name of Subsidiaries and Associated Companies	Currency	Registered Capital	Issued and paid-up Share Capital	Percentage of Shareholding	Category of business
33	Precious Comets Limited	Baht	141,000,000	141,000,000	99.99	Shipowner
34	Precious Ornaments Limited	Baht	156,000,000	156,000,000	99.99	Shipowner
35	Precious Storage Terminals Limited	Baht	6,000,000	6,000,000	69.99	Bulk Storage Barges
36	Nedtex Limited	Baht	10,000,000	2,500,000	69.99	Bulk Storage Barges
37	Great Circle Shipping Agency Limited	Baht	210,000,000	210,000,000	99.99	Technical Manager of ships
38	Precious Shipping (Mauritius) Limited	USD	10,000	10,000	100	Holding company
39	PSL Investments Limited	USD	10,000	1,160	100*	Holding company
40	International Lighterage Ltd.	USD	10,000	10,000	100*	Holding company
41	Precious Shipping (Singapore) Pte. Limited	SGD	20,000,000	15,000,000	100	Holding company /Chartering
42	PSL Thun Shipping Pte. Ltd.	USD	500,000	12,864	64.06*	Chartering
43	Regidor Pte. Ltd.	SGD	100,000	2	100*	Maritime Business
44	Precious Comforts Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
45	Precious Sparks Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
46	Precious Visions Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
47	Precious Bridges Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
48	Precious Forests Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
49	Precious Fragrance Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
50	Precious Thoughts Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
51	Precious Projects Pte. Limited	USD	1	1	100	Investment Holding Company
52	Thebes Pte. Ltd.	SGD	100,000	2	100	Maritime Business
53	Associated Bulk Carriers Pte. Ltd.	USD	2	2	100	Holding company
54	ABC ONE Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
55	ABC TWO Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
56	ABC THREE Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
57	ABC FOUR Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
58	Precious Shipping (Panama) S.A.	USD	10,000	10,000	99.99	Shipowner/Chartering
59	Precious Shipping (UK) Limited	USD	10,000	10,000	100	Chartering
60	Southern LPG Limited	Indian Rs	100,000,000	64,592,200	50*	Terminal owning, bottling and distribution of LPG
61	International Seaports (Haldia) Private Limited	Indian Rs	445,000,000	440,580,200	22.40*	Berth construction and development

* (represents indirect ownership of shares)

REGISTERED OFFICE ADDRESS OF SUBSIDIARY AND ASSOCIATED COMPANIES ARE AS FOLLOWS:

SUBSIDIARY 1-36	Registered Office is at 8/27-28, 7 th Floor, Cathay House, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand. Tel : 66-2 696-8800 Fax : 66-2 236-7654, 633-8460
SUBSIDIARY 37	Registered Office is at 8/35 Cathay House, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand. Tel : 66-2 696-8900 Fax : 66-2 237-7842, 633-8468
SUBSIDIARY 38-40	Registered Office is at c/o Abax Corporate Services 6 th Floor, Tower A, Cybercity, Ebene, Mauritius.
SUBSIDIARY 41-47	Registered Office is 72A Peck Seah Street 079329, Republic of Singapore.
SUBSIDIARY 48-57	Registered Office is at 24 Raffles Place #18-00 Clifford Centre, 048621 Republic of Singapore.
SUBSIDIARY 58	Registered Office is at c/o ADR Building, 13 th Floor, Samuel Lewis Avenue, Republic of Panama.
SUBSIDIARY 59	Registered Office is at 130 Shaftesbury Avenue, 2 nd Floor London W1D 5EU United Kingdom.
SUBSIDIARY 60	Registered Office is at ICM Business Centre, Ceebros Arcade 1 st Floor, No.1, 3 rd Cross Street, Kasturibai Nagar, Adyar, Chennai 600 020 India.
ASSOCIATE 61	Registered Office is at 105, Park Street, Flat No.:27 Kohinoor Building, 5 th Floor, Kolkata - 700 016, West Bengal, India.

NATURE OF BUSINESS AND INDUSTRY

1. NATURE OF BUSINESS

1.1 Background

Precious Shipping Public Company Limited (“PSL”), established in 1989 and listed on the Stock Exchange of Thailand in 1993, owns and operates dry bulk ships, on a tramp shipping basis. The corporate structure of PSL, similar to other shipping companies, has separate subsidiaries owning each vessel (sometimes 2 or 3 vessels) to limit liability.

PSL presently (as on 31st December 2013) operates 39 bulkers and a cement carrier (the “Fleet”), representing 1,351,583 DWT. Of the entire Fleet, 32 ships are registered under the Thai flag, 7 ships under Singapore flag and 1 (the cement carrier) under Bahamas flag. 9 ships are in the Supramax sector and the balance 31 ships are in the small handy size sector of the dry bulk market.

PSL is one of the largest pure dry cargo ship-owning companies operating in the small handy size (10,000 to 30,000 DWT) sector of the tramp freight market. This segment is extremely fragmented and characterized by companies owning 2 or 3 ships. PSL’s Fleet makes it one of the largest, if not the single largest company in the world, operating in this segment. During 2010, the Company entered the Supramax sector by taking over 4 new shipbuilding contracts for 4 Supramax ships which were delivered in 2012. The company expanded into this sector further by acquiring 2 more Ships during the last quarter of 2011 and acquired 3 more ships in year 2013. Naval architects have improved the design of Supramax (upto 57,000 DWT traditional size) further and increased the cargo carrying capacity to 64,000 DWT (known in the Industry as Ultramax) with eco-friendly fuel efficient engines without compromising much on draft restrictions. With today’s high fuel prices and increasingly stringent pollution regulations, Ultramax design is gaining popularity among ship owners. Therefore, PSL has also entered into this segment by signing Shipbuilding contracts for six Ultramax Ships with expected deliveries in 2014-2016. Similar to Supramax ships, Handy size Ship design has also improved significantly and next generation handy size ships are upto 39,000 DWT. PSL has also entered into this segment by signing Shipbuilding contracts for six (38,000 DWT) Ships with expected deliveries in 2015-2016. PSL’s Fleet is technically managed by Great Circle Shipping Agency Ltd, Bangkok, a wholly owned subsidiary of PSL that is ISO 9001 and ISO 14001 certified which makes us one of the very few Dry Bulk Ship Management Companies which are compliant with an Environment Management System certification.

PSL operates its Fleet on a tramp-shipping basis covering the entire world. Principal cargoes handled by PSL are agricultural products, steels, fertilizers, ores and concentrates, logs, coke and other items. PSL estimates its business to be divided evenly across five regions: USA/Canada, Europe, Latin America-Africa, Indian sub-continent - Middle East, and South East & Far East Asia. PSL operates its ships in ports that have restricted draft and limited infrastructure (PSL ships have equipment for loading/unloading) where larger ships cannot operate. This distinction is a comparative advantage and allows PSL to enjoy stable charter rates compared to larger vessel operators. This advantage also assists the Company’s ships do business in developed countries as the cost of shore labour in such countries is prohibitive and the ship’s staff, with the ship’s gears, can easily discharge and/or load cargoes in such countries at a very economical cost and are preferred over larger gearless ships despite the latter’s proven economy of scale.

The Chartering of ships is mainly undertaken by PSL vide the following two options:

Time Charter: Under this Charter, the Charterer pays Charter Hire to PSL to operate the vessel for an agreed time period. The Charterer bears all voyage costs including the cost of bunker fuels. It may be noted in this case that PSL (or the Shipowning Company) is not the Lessor of the Ship but is a service-provider since PSL retains full control with physical and legal possession of the Ship.

Voyage Charter: Under this Charter, the Charterer pays freight to PSL to transport a particular cargo between two or more designated ports. In this case, PSL bears all the voyage costs including the cost of bunker fuels.

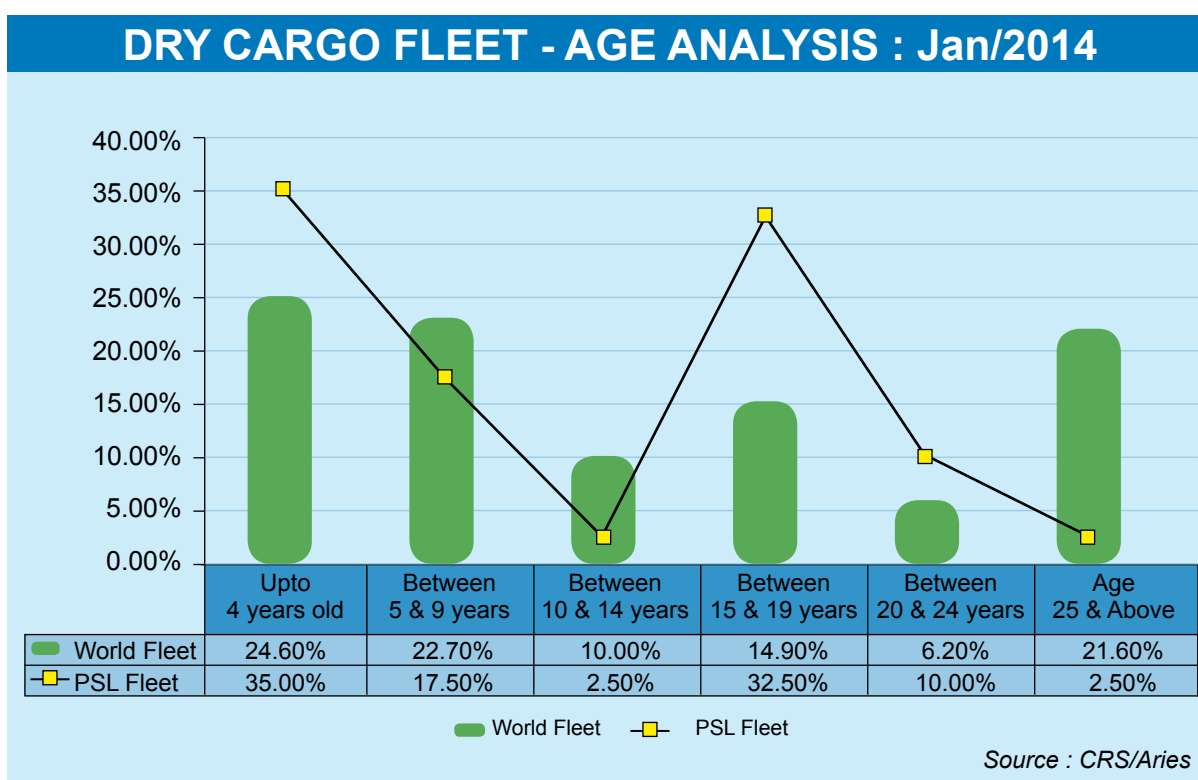
PSL's Fleet does not follow set voyage routes, but each ship keeps moving across the globe depending on its charters. The Fleet is hired on both, time charters as well as voyage charters, with typical duration of 1-3 months. The mix between the two types of business has historically been equal, until the year 2004 when this changed to an extent that almost all the ships were on time charters. In each of the years 2005-2006, the proportion of voyage charters increased marginally as compared to the year 2004. However during 2007-10 the equation changed again and about 99% of the journeys were time charters and only about 1% were voyage charters except during year 2009 where the proportion of voyage charters was marginally higher at 6% compared to about 1% in the years 2007, 2008 and 2010. However during 2011-13, the Proportion of Voyage/Time Charters changed with an increase in percentage of Voyage Charters to around 14% to 17% from 0.5% in 2010.

The well spread diversification and nature of its operations (dry bulk shipping in the small handy size sector carrying 'essential' basic commodities) enables PSL to minimise the impact of concentration risks in terms of regions or commodities covered, and economic cycles.

1.2 Fleet Age

PSL's fleet as compared to the world average is younger, with present average age of about 11 years.

An age wise analysis as on 1st January 2014 of PSL's fleet vis-a-vis the World Fleet is given in the following graph



1.3 Business Operations

PSL's revenues are well diversified in terms of its business mix as can be seen from the following tables:

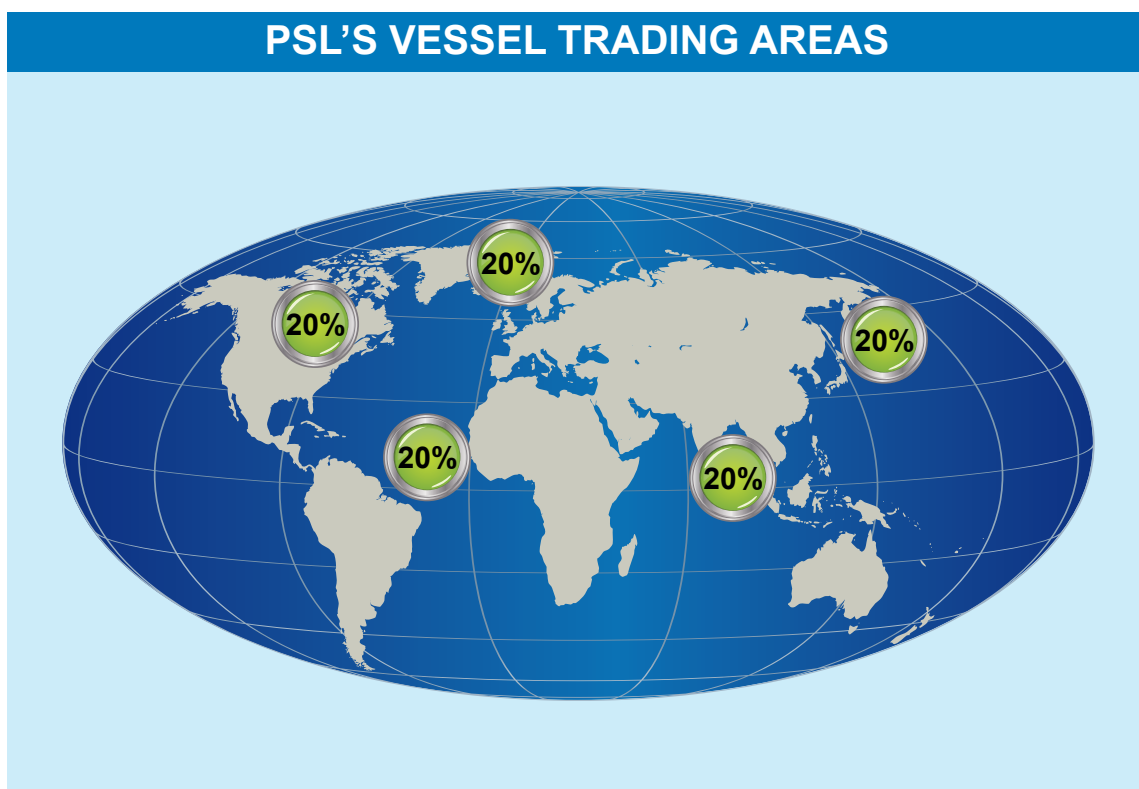
i. Commodities/Cargoes Carried

Commodity	(Number of Voyages and % of Total Voyages)					
	2011		2012		2013	
Agricultural Commodities	51	(24.76%)	74	(27.51%)	96	(28.05%)
Steel	28	(13.59%)	31	(11.52%)	45	(13.16%)
Fertilisers	29	(14.08%)	39	(14.50%)	40	(11.70%)
Specialised Ores	33	(16.02%)	30	(11.15%)	48	(14.04%)
Forest Products/Logs	15	(7.28%)	25	(9.29%)	19	(5.55%)
Coal	10	(4.85%)	15	(5.58%)	26	(7.60%)
Others	40	(19.42%)	55	(20.45%)	68	(19.90%)
Total	206	(100%)	269	(100%)	342	(100%)

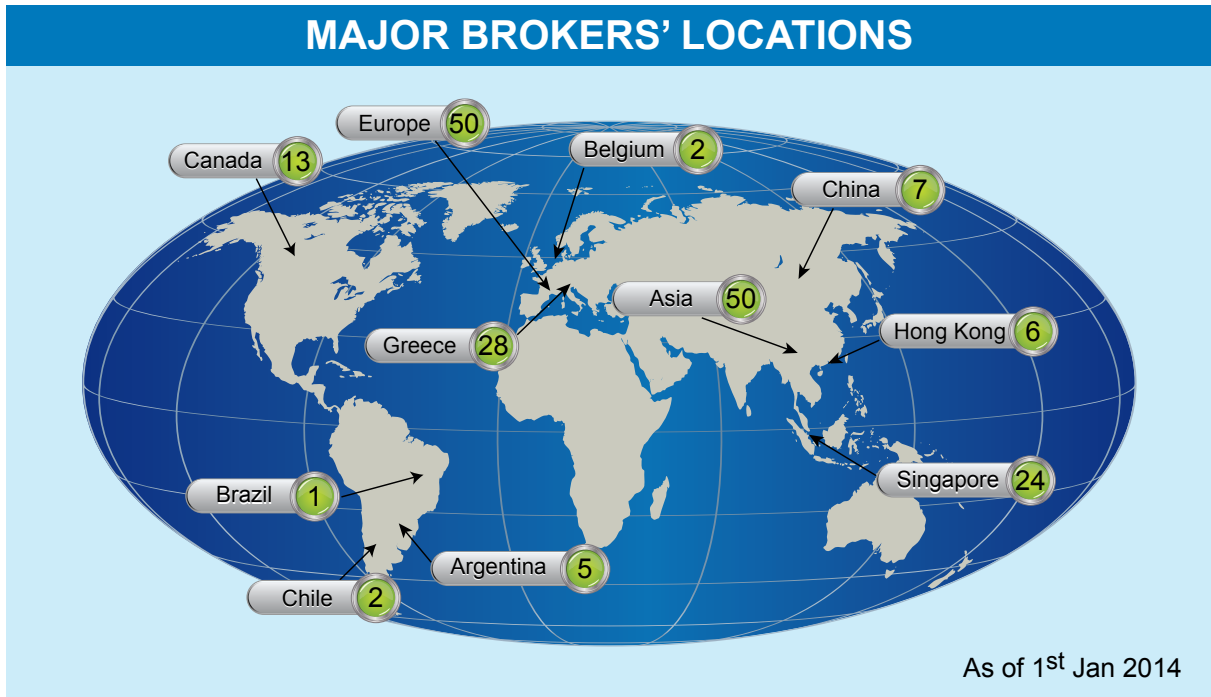
ii. Voyage Charters v/s Time Charters

Charter	(Number of Voyages and % of Total Voyages)		
	2011	2012	2013
Voyage Charters	29 (14.08%)	45 (16.73%)	51 (14.92%)
Time Charters	177 (85.92%)	224 (83.27%)	291 (85.08%)

iii. Vessel Trading Areas



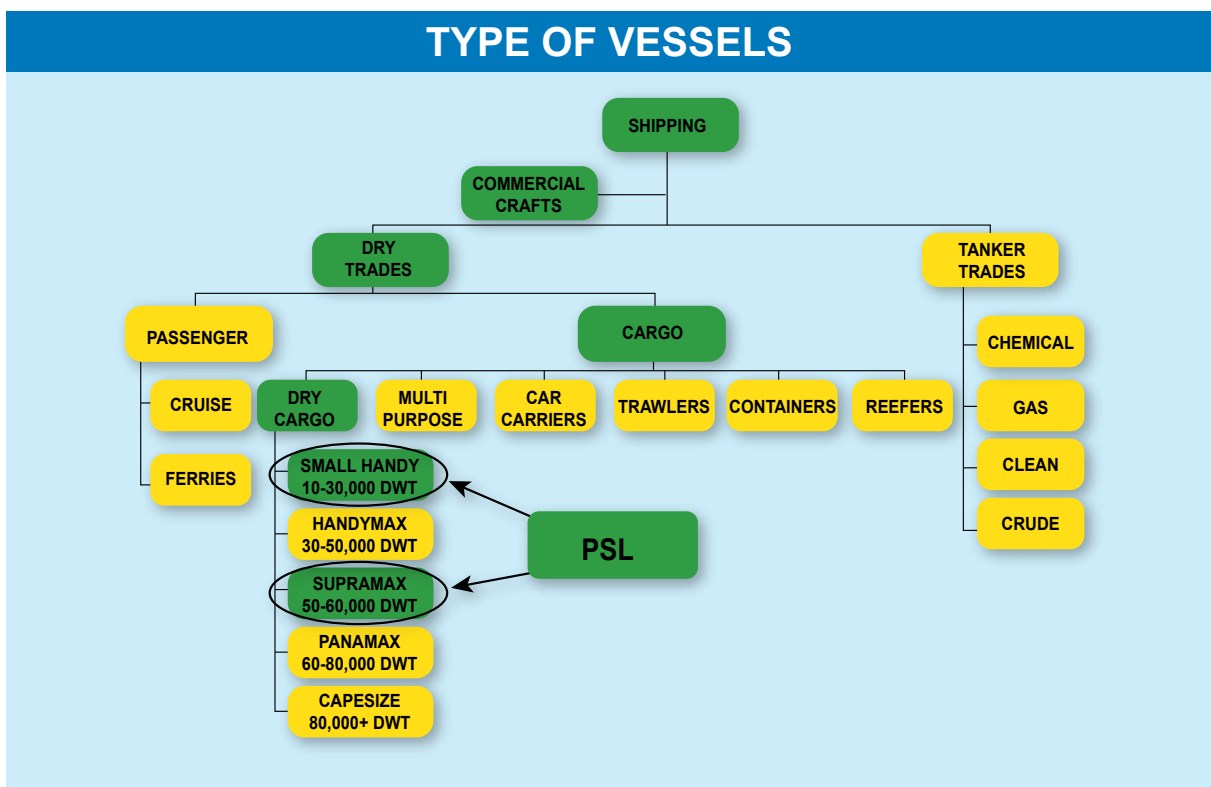
iv. Marketing network and major broker locations



From the above graphs it can be observed that PSL enjoys a wide coverage with its top class world-wide marketing network. The extensive use of the internet has allowed this coverage to be obtained in an extremely cost effective manner.

2. INDUSTRY STRUCTURE

Broadly the Shipping Industry is classified as under:



2.1 Small Handy Size Market

The small handy size sector is classified as the ships in the range of 10,000 - 30,000 DWT, although lately the Industry has begun including ships of 30,000 - 40,000 DWT also in this sector. The demand in the small handy size market is fragmented because of the broad cargo base and multitude of ports serviced by the market segment. However, because this segment caters to such a wide variety of cargoes and calls on smaller ports, the demand is less volatile compared to the larger ships.

On the supply side also the industry is highly fragmented. The fleet of 2,770 ships (as at end 2013) has the largest operator having only about 100 ships or about 4 percent market share of capacity in DWT terms. The majority of the operators are private companies with a small number of vessels.

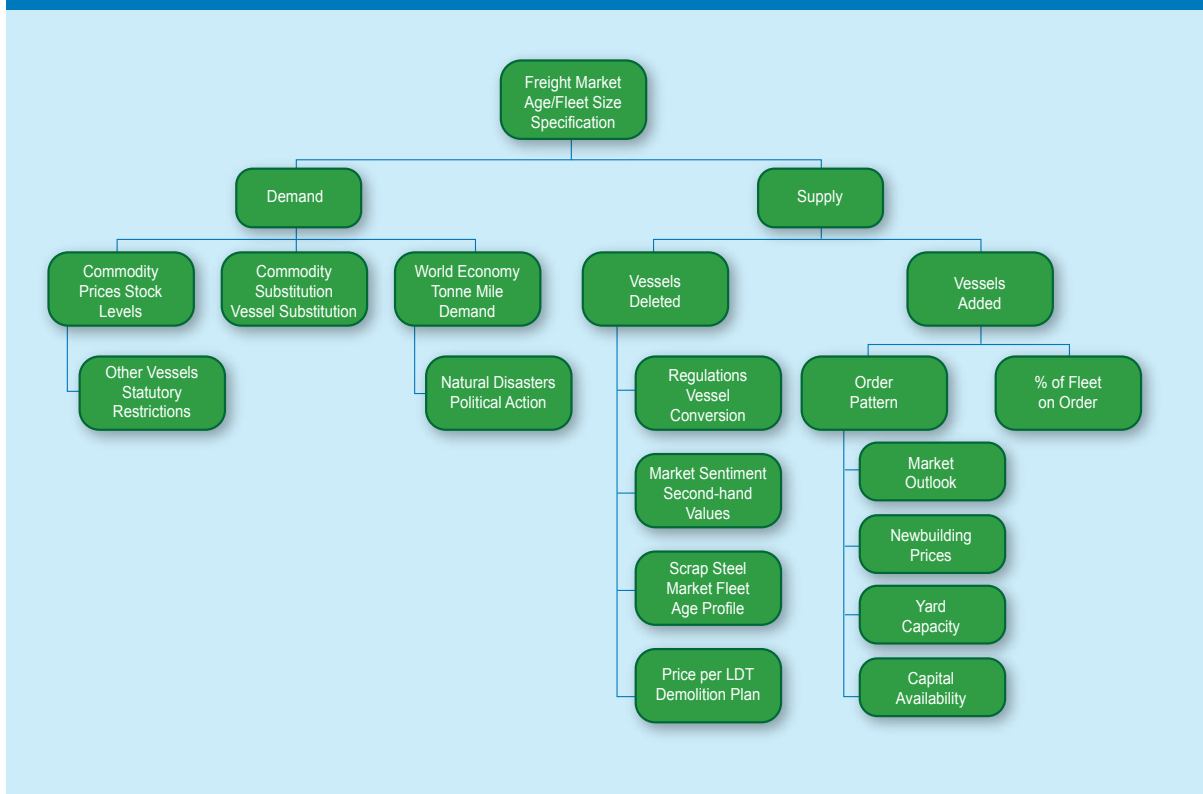
Historically, the shipping industry has been a very cyclical industry with approximately two years of declining charter rates needed to stabilise supply and demand before freight rates begin to increase. The previous “down cycle” started in mid-1997 because of the demand issues associated with the “Asian crisis”. With the gradual increase in economic growth in all regions of the world, the dry bulk demand improved in 2000 and the improvement continued till first half of 2001. Also helping the bullish freight rates was increased scrap prices that led to the demolition of older vessels. Thereafter, since the end of 2001, the market witnessed a downturn due to various factors which was of a rather limited duration. The market since then has witnessed an unprecedented upward trend starting in the third/fourth quarter of 2003, and has remained firm throughout 2004 and till the first half of 2005 after which the market again experienced a small downturn which, experts attributed to an upsurge in supply of vessels coupled with a decline in scrapping of older vessels. However, contrary to expectations and conventional wisdom, the market turned north from the end of the second quarter of 2006. During 2007, the market continued heading north and reached a peak indicated by the Baltic Dry Index (BDI) touching 11,039 points on 13th November 2007 before starting to drift lower till the end of January 2008. The market then again headed north till it reached its highest level ever of 11,793 points on the 20th May 2008 after which, with the onset of the Global Financial Crisis (GFC) and the threat of sustained global recessionary conditions, it has fallen consistently, reaching close to all-time low at 663 points on the 5th December 2008 and was at 774 points at the end of the year 2008.

During 2013, the Baltic Dry Index (BDI – as described in 2.3 hereunder) increased from 699 points at the end of 2012 to 2,277 points at the end of year 2013 with a predominantly upward momentum due to lower new build deliveries and stabilization in China’s economic activity coupled with recent surge in iron ore imports in the last quarter of 2013. The supply of new Ships into the World Fleet is beginning to slow down now although unfortunately scrapping rates which had gathered momentum in the last 2 years has also slowed down somewhat lately. Supply is expected to ease further to single digit growth rates as compared to the double digit growth rate established during 2009 to 2012. This leads us to conclude that the BDI may remain at the current improved levels in early 2014 or may even go up further from the latter half of 2014 bringing in the expected cyclical upswing perhaps taking traction in 2015 and lasting at least until the middle of 2016.

2.2 Demand - Supply

While the composition and the age of a Company’s fleet does have an effect on its earnings and expenses, the following table illustrates the various external factors governing demand and supply which drive the shipping industry and create the business cycle.

FREIGHT MARKET : DEMAND and SUPPLY



2.3 Shipping Market Index

The BDI is the leading indicator of spot dry bulk cargo market rates, calculated by the London-based Baltic Exchange. A description of the BDI and its computation method is provided hereunder.

The Baltic Dry Index

The BDI is the successor to the Baltic Freight Index (BFI) and came into operation on 1st November 1999. Since the 1st of July 2009, the Index is a composite of an Average of Time Charter rates (TC) of Capesize, Panamax, Supramax and Handysize Vessels on certain Shipping routes. The BDI is computed by applying the following formula:

$$((\text{Capesize TC} + \text{Panamax TC} + \text{Supramax TC} + \text{Handysize TC})/4) \times 0.113473601.$$

The multiplier was first applied when the BDI replaced BFI, and has changed over the years as the contributing indices and the methods of calculation have been modified.

Baltic Supramax Index (BSI)

The Baltic Supramax Index is based on the following type of Vessel as described below:

Standard “Tess 52” type vessel with grabs as follows:

- 52,454 DWT self trimming single deck bulk carrier on 12.02 m draught.
- 189.99 m Length, 32.26 m Breadth, 5 hatches, 67,756 cubic metres space for loading cargo.
- Speed of 14 knots loaded with cargo, speed of 14.5 knots without any cargo on a consumption of 30mt of fuel oil per day at sea.
- 4 Cranes, each of 30mt lifting capacity with 12 cubic metre grabs for loading and or discharging cargoes.
- Maximum age of Vessel - 10 years.

Route definitions

- Route 1A:** Delivery of the ship within Antwerp/Skaw range for one single time charter. Duration of the time charter about 60/65 days. Redelivery of the ship within Singapore/Japan range including China. Weightage applied: 12.5 percent.
- Route 1B:** Delivery of the ship passing Canakkale for one single time charter. Duration of the time charter about 50/55 days. Redelivery of the ship within Singapore/Japan range including China. Weightage applied: 12.5 percent.
- Route 2:** Delivery of the ship within South Korea/Japan range for one single time charter via Australia or cross the Pacific Ocean. Duration of the time charter about 35/40 days. Redelivery of the ship within South Korea/Japan range. Weightage applied: 25 percent.
- Route 3:** Delivery of the ship within South Korea/Japan range for one single time charter. Duration of the time charter about 60/65 days. Redelivery of the ship within Gibraltar/Skaw range. Weightage applied: 25 percent.
- Route 4A:** Delivery of the ship within the US Gulf for one single time charter. Duration of the time charter about 30 days. Redelivery of the ship within Skaw/Passero range. Weightage applied: 12.5 percent.
- Route 4B:** Delivery of the ship within Skaw/Passero range for one single time charter. Duration of the time charter about 30 days. Redelivery of the ship within the US Gulf. Weightage applied: 12.5 percent.

In all above, it is assumed that 5% total commission on the Gross Time Charter Hire would be payable and business is done within 5/10 days in advance of the ship being free of her last cargo.

Baltic Handysize Index (BHSI)

The Baltic Handysize Index is based on the following type of Vessel as described below:

- 28,000 DWT self trimming single deck bulk carrier on 9.78m draught.
- 169m length, 27m breadth. 5 holds and 5 hatches. 37,523 cubic metres space for loading cargo.
- Speed of 14 knots on average with a consumption of 22mt fuel per day at sea.
- 4 Cranes each of 30mt capacity for loading and or discharging cargoes.
- Maximum age of Vessel - 15 years.

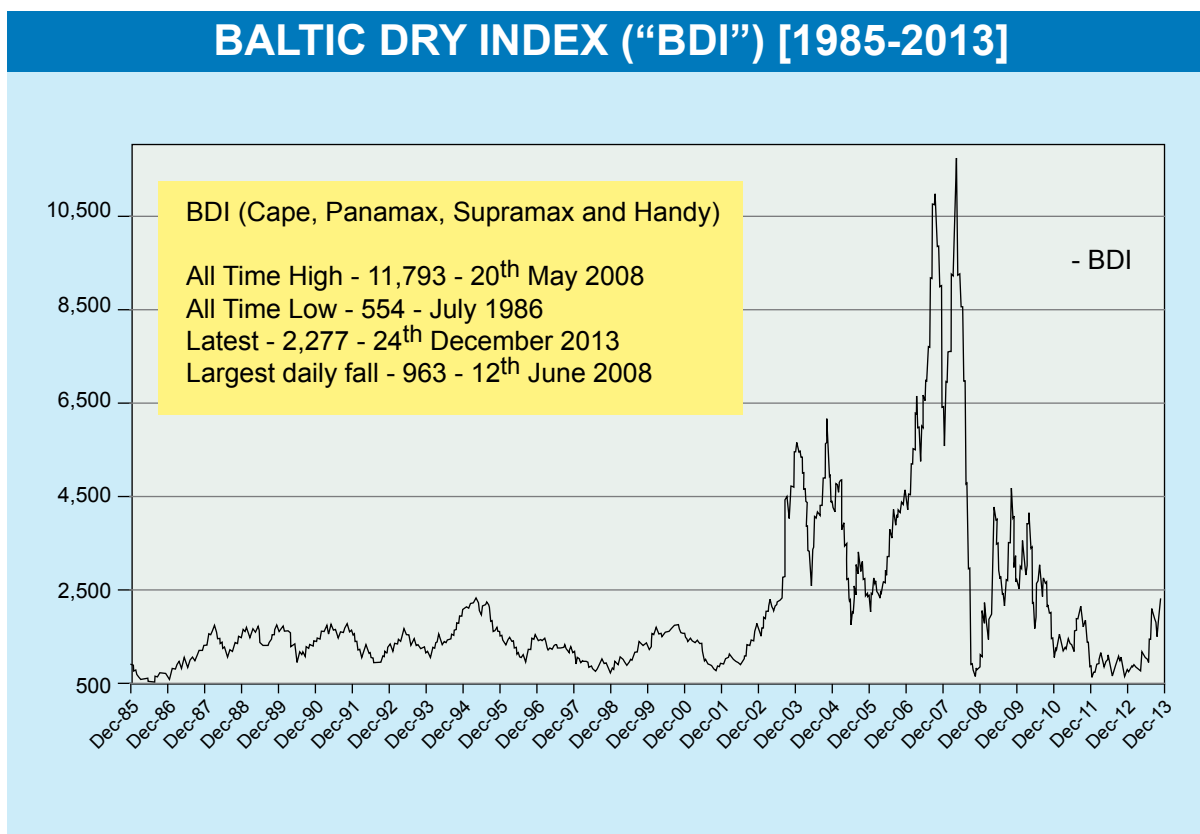
Route definitions

- Route 1:** Delivery of the ship within Skaw/Passero range for one single time charter. Duration of the time charter about 35/45 days. Redelivery of the ship within Recalada/Rio de Janeiro range. Weightage applied: 12.5 percent.
- Route 2:** Delivery of the ship within Skaw/Passero range for one single time charter. Duration of the time charter about 35/45 days. Redelivery of the ship within Boston/Galveston range. Weightage applied: 12.5 percent.
- Route 3:** Delivery of the ship within Recalada/Rio de Janeiro range for one single time charter. Duration of the time charter about 35/45 days. Redelivery of the ship within Skaw/Passero range. Weightage applied: 12.5 percent.
- Route 4:** Delivery of the ship within US Gulf for one single time charter. Duration of the time charter about 35/45 days via US Gulf or North Coast South America. Redelivery of the ship within Skaw/Passero range. Weightage applied: 12.5 percent.
- Route 5:** Delivery of the ship within South East Asia for one single time charter via Australia. Duration of the time charter about 25/30 days. Redelivery of the ship within Singapore/Japan range including China. Weightage applied: 25 percent.

Route 6: Delivery of the ship within South Korea/Japan range for one single time charter via North Pacific. Duration of the time charter about 40/45 days. Redelivery of the ship within Singapore/Japan range including China. Weightage applied: 25 percent.

In all above, it is assumed that 5% total commission on the Gross Time Charter Hire would be payable and business is done within 5/10 days in advance of the ship being free of her last cargo.

The following graph shows the movement of the BDI from 1985 to the end of the Previous Year (2013).



2.4 Maritime Laws and Regulations

Maritime laws and regulations are very complex and rigid. Due to PSL's strict observance of all maritime laws and regulations coupled with excellent maintenance of its vessels, increasingly stringent regulatory environments actually play to PSL's strengths. For example, PSL's vessels frequently sail into Australia, U.S., Canada and the European Union where authorities are very harsh, whereas similar aged vessels owned/managed by others would prefer not to, due to the possibility of being detained and incurring very costly and unplanned repairs.

The following major laws and regulations govern the International Shipping Industry:

1. Flag State

Each ship is registered under a Flag State, which is the nation where the ship is registered and which holds legal jurisdiction as regards operation of the ship. The Flag State issues a Certificate of Registry, which is one of the essential documents that every ship has to possess before she can operate and sail from or to any port. This certificate generally contains details of the ship, flag and owner.

2. International Maritime Organization

The International Maritime Organization (IMO) is a UN body, which regulates the International Shipping Industry for safety of life, property and the environment.

IMO has adopted numerous conventions of which the most important are: Safety of Life at Sea (SOLAS), Maritime Regulations for Prevention of Pollution (MARPOL), Standards for Training Certification and Watch-keeping (STCW) & Maritime Labour Convention (MLC); these are the four pillars of the international maritime industries regulatory frame work.

IMO Conventions are constantly being reviewed and updated to keep them in line with changing trends. Flag States are members of the IMO and are committed to abide by these conventions and regulations. Under MARPOL requirements, major changes with regard to reducing air pollution will come into force from 1st January 2013. New ships built after this date are required to have an Energy Efficiency Design Index (EEDI) determined at the construction stage. The IMO has set a limiting value for EEDI which cannot be exceeded; IMO has also issued detailed guidelines for improving the EEDI in subsequent years. All ships are also required to have a Ship Energy Efficiency Management Plan (SMEEP) from 1st January 2013. Engine exhaust emission standards are also controlled by the MARPOL regulations. Caribbean Emission Control Area (ECA) becomes mandatory from 01 January 2014. The emission standards applicable will be the same as those for the North American ECA, i.e. vessels must use Low Sulphur Fuel Oil (LSFO) with maximum 1% sulphur content during the first phase from January 2014 until January 2015. The second phase begins in January 2015, when vessels in both the North American and Caribbean ECAs must use fuel with a maximum sulphur content of 0.1%. Please note that unlike “Wider Caribbean area for Garbage Special area”, the United States Caribbean Sea ECA for LSFO includes the sea area located off the Atlantic and Caribbean coasts of the Commonwealth of Puerto Rico and the United States Virgin Islands only.

3. Classification Societies

Marine insurance policies are subject to a classification clause. Each ship is required to be registered or classed with a world-wide, experienced, and reputable organization, called Classification Societies. The International Association of Classification Societies (IACS) was established in 1968 and has leading societies as members. The classification societies ensure that standards for construction and maintenance of the ships are complied with and are also usually empowered by Flag States to ensure compliance with IMO conventions.

4. Carriage of Goods by Sea Act

The Carriage of Goods by Sea Act (COGSA) was introduced in 1924 in Brussels, after many shipping conferences were held among various European nations interested in shipping transportation; subsequently, similar legislation was also introduced in America. This law covers the international transportation of merchandise by sea and has been amended many times since. The most recent amendment was made in 1992.

5. International Safety Management Code (ISM Code)

This code is for the safe operation of ships and prevention of pollution at sea and came into force on 1st July 1998. The ISM Code, which is a part of the IMO SOLAS Convention, applies to all vessels engaged in international trade. For compliance with the ISM code, two levels of certification are required: the manager/operator (defined as the “Company” in the code) will have a Document of Compliance ‘DOC’, and each and every vessel will have a Safety Management Certificate ‘SMC.’ This code ensures that not only the ship but also the company managing the ship from ashore are subject to certification.

6. International Code for the Security of Ships and of Port Facilities (ISPS Code)

This code was developed by the IMO in the aftermath of 9/11 attacks in New York. The ISPS Code came into force in July 2004 and establishes mandatory measures aimed at improving the security of ships and port facilities to better protect them from all sorts of threats.

7. International Labour Organization (ILO)

The International Labour Organisation (ILO) has adopted the Maritime Labour Convention 2006 (MLC 2006). The MLC convention is referred to as the “fourth pillar” of the maritime regulations, the others being SOLAS, MARPOL & STCW.

The MLC 2006 achieved the required ratification criteria in August 2012. All vessels are required to comply with MLC 2006 before 20th August 2013.

The Appendices to the MLC 2006 Convention contain two key model documents: a maritime labour certificate and a declaration of maritime labour compliance. These certificates would be issued by the Flag State to a ship that flies its flag, once the State (or a recognized organization that has been authorized to carry out the inspections) has verified that the labour conditions on the ship comply with national laws and regulations implementing the Convention.

The MLC 2006 addresses the following in respect of conditions on board the ship:

Title 1: Minimum requirements for seafarers to work on a ship.

Title 2: Conditions of employment.

Title 3: Accommodation, recreational facilities, food and catering.

Title 4: Health protection, medical care, welfare and social security protection.

Title 5: Compliance and enforcement - on board complaint procedures.

Thai flagged vessels operated by the Company are in the process of obtaining a Statement of Compliance with the MLC 2006 after inspections and verification by a Recognized organization. However Thailand has not yet ratified the Maritime Labour Convention until now. It is not clear if Thailand would ratify MLC before August 2014. After the grace period of one year proposed by ILO which expires in August 2014, the Statement of Compliance with Maritime labour convention carried by Thai flag vessels will not be acceptable in countries that have ratified the convention. This may cause uncertainty in smooth trading of Thai flagged vessel worldwide. The Company is in discussion with the Thai Government authorities to address this issue.

Singapore has ratified the MLC convention. Hence the Company's vessels flying the Singapore flag vessels are fully compliant with the MLC requirements.

8. International Health Organization (IHO)

Ships have to maintain a valid Ship Sanitation Exemption/Control Certificate. Previously, ships were required to comply with a de-rat/exemption certificate which was primarily to curb the spread of Plague due to the possible presence of rats on board. The new International Health Regulation (IHR) 2005 and Ship Sanitation Certificate replace the de-rat/exemption certificate. The IHR 2005 is concerned with spread of diseases that encompass both infection and contamination. Potentially, a number of infectious diseases or kinds of contamination could be spread by ships. Accordingly, the IHR 2005 provides for ships engaged in International Voyages to be issued with a Ship Sanitation Control Exemption Certificates where the public health authorities have inspected a ship and found no evidence of infection or contamination, or of vectors or reservoirs of infection and contamination or of microbiological, chemical and other risks to human health, or signs of inadequate sanitary measures or Ship Sanitation Control Certificates where the public health authorities are satisfied that procedures necessary to rid the ship of infection, contamination and/or their vectors/reservoirs have been effectively carried out.

9. International Convention on the Control of Harmful Anti-fouling Systems (AFS) for Ships

A new IMO convention will prohibit the use of harmful organisms in anti-fouling paints used on ships and will establish a mechanism to prevent the potential future use of other harmful substances in anti-fouling systems. Ships have to carry a certificate to demonstrate compliance with AFS.

10. International Convention on Standards of Training, Certification and Watch-keeping for Seafarers, 1978, as amended (STCW 1978)

The 1978 STCW Convention was the first to establish basic requirements on training, certification and watch-keeping for seafarers on an International level. Previously the standards of training, certification and watch-keeping of officers and ratings were established by individual governments, usually without reference to practices in other countries. As a result, standards and procedures varied widely, even though shipping is the most International of all industries. The Convention prescribes minimum standards related to training, certification and watch-keeping for seafarers which countries are obliged to meet or exceed. In 1995, a major revision was carried out in order to bring about more stringent requirements to the standards.

Another major revision to the STCW Code has been adopted at a Diplomatic Conference in Manila in June 2010, thereby ensuring that the necessary global standards will be in place to train and certify seafarers to operate technologically advanced ships for some time to come. The amendments, known as "The Manila amendments to the STCW Convention and Code" entered into force on 1st January 2012 under the tacit acceptance procedure and were aimed at bringing the Convention and Code up to date with developments since they were initially adopted in 1978 and further revised in 1995; and to enable them to address issues that are anticipated to emerge in the foreseeable future. Amongst the amendments adopted, there are a number of important changes to each chapter of the Convention and Code.

11. International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004

Ships take in large volume of ballast water after discharging cargo to maintain stability. This ballast water containing species from one region is discharged in another region where the ships load a cargo. The problem of invasive species has increased due to the expanded trade and traffic volume over the last few decades. The effects in many areas of the world have been devastating. Quantitative data show that the rate of bio-invasions is continuing to increase at an alarming rate, in many cases exponentially, and new areas are being invaded all the time. At present, the regulations require vessels to exchange ballast water at open sea before discharging into a different port. New regulations will require ships to treat the ballast water taken into its tanks with the help of an approved treatment system which needs to be installed on board. When the Ballast water management Convention enters into force 12 months after ratification by 30 States representing 35% of world merchant shipping tonnage, ballast water on board need to be treated to achieve standards specified by IMO. Installation schedule for Ballast water treatment system applicable to our vessels have been relaxed. As per amended schedule, vessels are required to comply only at the time of first renewal survey of the International oil pollution prevention certificate (IOPP) following the date of entry into force of the convention. As of now the convention has attained ratification by 38 countries amounting to only 30.38% of the required tonnage.

12. International Convention on Civil Liability for Bunker Oil Pollution Damage, (CLC 2001)

The Convention was adopted to ensure that adequate, prompt, and effective compensation is available to persons who suffer damage caused by spills of oil, when carried as fuel in ships' bunkers. The Convention applies to damage caused on the territory, including the territorial sea, and in exclusive economic zones of State Parties.

13. Various Regional and Local Regulations around the world

Shipping is regulated by various regional regulations and acts like:

- US Environmental Protection Act (EPA)
- US National Pollutant Discharge Elimination System (NPDES) is a system under the US environmental protection rules (Clean Water Act) to minimize pollution within US territorial waters (3 nm). For ships greater than 79 feet in length, all the requirements are laid out in a document called the Vessel General Permit (VGP). These requirements are additional to international environmental rules such as MARPOL. The VGP establishes technology-based effluent limits for all vessels and for 26 specific discharges incidental to the normal operation of a vessel. In addition to these discharge and vessel specific requirements, extensive requirements are included for inspections, monitoring, reporting and record-keeping. The VGP requires a detailed review of environmental protection systems, crew training and record-keeping. The rules have been in force since the beginning of 2009. VGP requirements of environment protection agency (EPA) has become more stringent from Jan 2014.
- Since the year 2009 bulk cargo vessels (Non tank vessels) were required to have in place a Non-tank vessel response plan (NTVRP) as per the US code of federal regulations. Scope and requirements for US NTVRP is becoming larger and more vessel-specific from January 2014. Contracts and funding agreements are required with Salvage and Marine Fire Fighting companies as well as Oil spill response organizations.
- As per California Air Resources Board (CARB), vessels are to comply with stringent fuel regulations within 24 nautical miles of California state coast. Beginning January 1, 2014 the maximum permitted sulphur content in fuels used on board is 0.1%, for both marine gas oil and marine diesel oil.
- US Environmental Protection Agency (EPA) has made it mandatory from 1st July 2012 for all vessels to have in place control measures and records against bio-fouling activity while in US waters.
- As per European Union directives, fuel burnt in ports within EU territory continues to be capped at 0.1% sulphur content.
- Black sea ports Bulgaria, Georgia, Romania, Russian Federation, Ukraine & Turkey are members of "The Commission on the Protection of the Black Sea Against Pollution". Ships calling at these ports are subject to controls more stringent than MARPOL regulations and US requirements. Discharge of ballast water, sewage, grey water from wash rooms and even deck wash water are subject to scrutiny by the authorities.

14. Port State Control Inspections

Ships calling at ports in countries other than where the ship is registered are subject to inspections under Port State Control memoranda of understanding of various regions or under the authority of the local government. These inspections are targeted to identify and eliminate substandard vessels from trading. Any serious deficiency identified by the inspectors may result in detention of the vessel from sailing out until the deficiency is rectified to their satisfaction. The Port state control regime is receptive to complaints from crew members as well as any whistle blowers who disclose wrong doings or illegal activity carried out by the vessel.

FLEET LIST

(As on 31st December 2013)

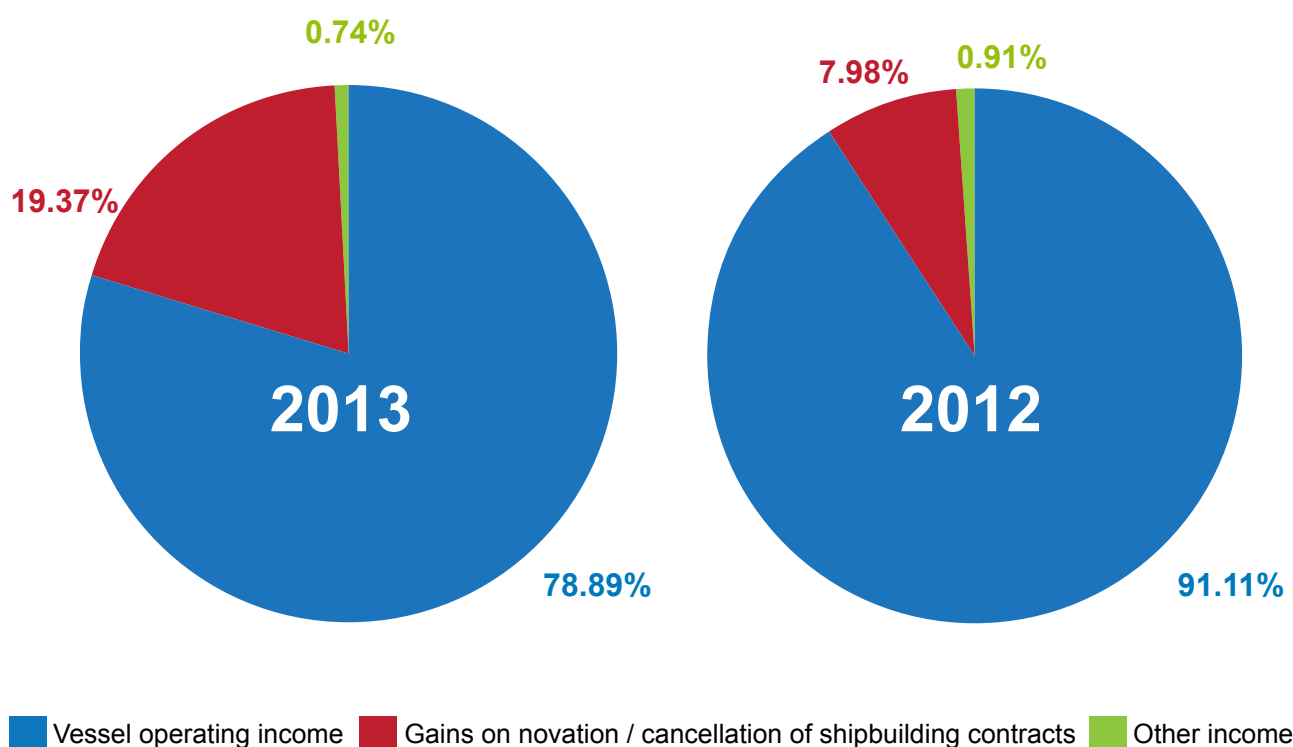
No.	Vessel Name	FLAG	Year Built	Dead Weight Tonnes (DWT)	**Net Book Value (Million US\$)	***Insured Value (Million US\$)
1	Fujisan Maru *	Bahamas	1976	16,922	0.45	3.00
2	Apisara Naree	Thai	1996	18,596	5.65	5.70
3	Bussara Naree	Thai	1997	18,573	5.96	6.00
4	Suchada Naree	Thai	1994	23,732	4.62	5.00
5	Parinda Naree	Thai	1995	23,720	5.55	5.60
6	Boontrika Naree	Thai	1990	27,881	3.74	5.00
7	Tharinee Naree	Thai	1994	23,724	4.68	5.00
8	Chollada Naree	Thai	1997	18,485	6.43	6.50
9	Dusita Naree	Thai	1997	18,486	6.27	6.30
10	Emwika Naree	Thai	1997	18,462	6.91	7.00
11	Ploypailin Naree	Thai	1995	26,472	5.85	7.50
12	Fonthida Naree	Thai	1995	28,484	6.05	8.00
13	Rattana Naree	Thai	2002	28,442	11.89	13.00
14	Chalothorn Naree	Thai	1996	27,079	8.38	9.20
15	Saranya Naree	Thai	1991	28,583	4.52	5.50
16	Sujitra Naree	Thai	1995	28,290	7.89	8.00
17	Vijitra Naree	Thai	1997	28,646	8.92	9.00
18	Urawee Naree	Thai	1997	28,415	13.19	13.20
19	Mathawee Naree	Thai	1996	28,364	12.68	12.70
20	Rojarek Naree	Thai	2005	29,870	17.50	17.50
21	Nalinee Naree	Thai	2005	31,699	19.00	19.00
22	Ananya Naree	Singapore	2011	33,857	27.78	28.60
23	Chamchuri Naree	Thai	2005	33,733	17.65	17.70
24	Charana Naree	Thai	2005	33,720	17.70	17.70
25	Mookda Naree	Thai	2009	30,162	16.37	16.40
26	Mayuree Naree	Thai	2008	30,193	16.03	16.10
27	Benjamas Naree	Singapore	2012	33,780	28.11	28.20
28	Mallika Naree	Thai	2008	30,195	16.22	16.30
29	Lanna Naree	Thai	2012	33,843	19.01	20.00
30	Latika Naree	Thai	2012	33,869	19.09	20.00
31	Chintana Naree	Singapore	2013	33,945	23.82	23.80
Handysize 31 Vessels		Total		850,222	367.91	382.50
		Average		27,427	11.87	12.34
32	Kanchana Naree	Thai	2011	56,920	24.78	24.80
33	Kirana Naree	Thai	2011	56,823	24.73	24.80
34	Apiradee Naree	Singapore	2012	56,512	26.69	26.70
35	Baranee Naree	Singapore	2012	56,441	26.71	26.70
36	Chayanee Naree	Singapore	2012	56,548	26.81	26.70
37	Daranee Naree	Singapore	2012	56,588	27.04	27.10
38	Warisa Naree	Thai	2010	53,839	13.18	18.00
39	Wariya Naree	Thai	2011	53,833	14.35	19.00
40	Wikanda Naree	Thai	2013	53,857	15.97	20.00
Supramax 9 Vessels		Total		501,361	200.26	213.80
		Average		55,707	22.25	23.76
40 Vessels		Total		1,351,583	568.17	596.30
		Average		33,790	14.20	14.91

Remarks * 64% shares held by PSL Group. This Vessel is sold and delivered to buyer in January 2014
 ** Net Book Value is as per US Dollars (functional currency) financial statements as on 31st December 2013
 *** Insured Value means agreed value to be received from the insurer in case of total loss of the Vessel

REVENUE STRUCTURE

Revenue Structure from the Operation of the Company and Subsidiaries for the last 2 years

Revenues	2013		2012	
	Baht Million	%	Baht Million	%
Vessel operating income	3,857.64	79.89	3,487.54	91.11
Gains on novation / cancellation of shipbuilding contracts	935.41	19.37	305.45	7.98
Other income	35.56	0.74	35.03	0.91
Total Revenues	4,828.61	100.00	3,828.02	100.00



THE BOARD OF DIRECTORS



1



2



3



4



5



6

1. **Mr. Thira Wipuchanin**
 - Chairman of the Board of Directors
 - Independent Director
2. **Mr. Suphat Sivasriamphai**
 - Chairman of Audit and Corporate Governance Committee
 - Nomination Committee Member
 - Independent Director
3. **Mr. Khalid Moinuddin Hashim**
 - Director & Executive Director
 - Managing Director
4. **Mr. Munir Moinuddin Hashim**
 - Director & Executive Director
 - Director - Commercial
5. **Mr. Khushroo Kali Wadia**
 - Director & Executive Director
 - Director - Finance
6. **Mr. Jaipal Mansukhani**
 - Director



7



8

7. Miss Nishita Shah

- Director

8. Mr. Kirit Shah

- Director
- Remuneration Committee Member

9. Mr. Chaipatr Srivisarvacha

- Chairman of Nomination Committee
- Independent Director



9



10

**10. Associate Professor
Pavida Pananond, Ph. D.**

- Audit and Corporate Governance Committee Member
- Remuneration Committee Member
- Independent Director

11. Mr. Kamtorn Sila-On

- Chairman of Remuneration Committee
- Audit and Corporate Governance Committee Member
- Nomination Committee Member
- Independent Director



11



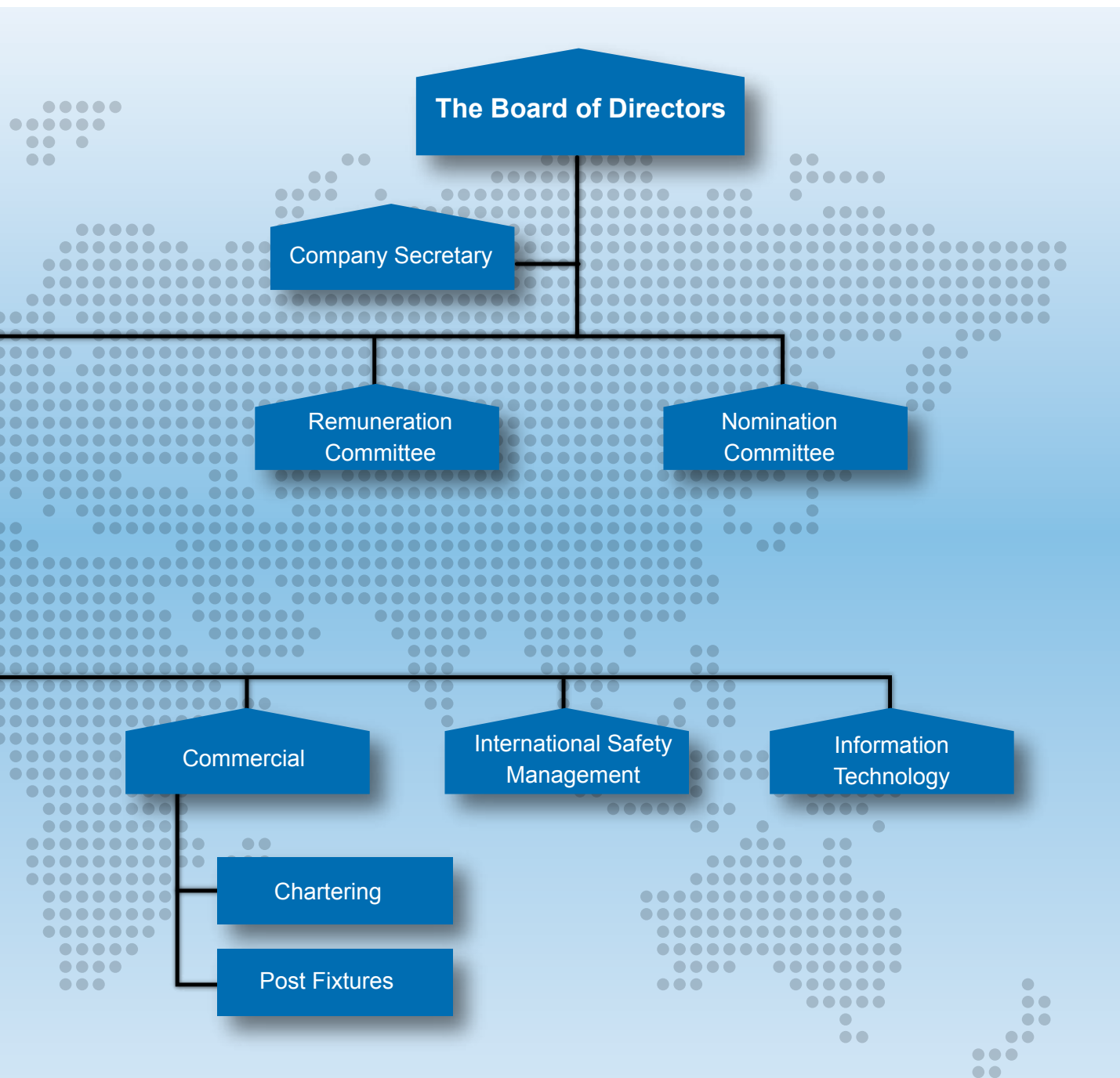
12

12. Mr. Ishaan Shah

- Director

ORGANIZATION CHART





BOARD OF DIRECTORS' REPORT



Mr. Khalid Moinuddin Hashim
Managing Director

TO THE SHAREHOLDERS:

The directors are pleased to present the 25th Annual Report of the Company along with the Audited Financial Statements as on 31st December 2013.

2013 a year of contrasts: And what a stark contrast it has been! In the first half of this year quite a few companies went belly up with STX Pan Ocean, Today Makes Tomorrow and Excel Maritime, just to name a few, being the most visible and spectacular of the lot. The second half of the year was like a cooling salve on a burning wound with rates rebounding to levels where almost all owners would have covered their operational costs and some would have even started to make profits. The averages for the BDI tell this story quite succinctly. The average BDI for the first half was a measly 842 points, the 3rd lowest in history. That coming on the back of almost 5 full years of freight market misery was the straw that broke the proverbial camel's back and led to the rash of chapter 11 filings, restructurings and bankruptcies. The average BDI in the second half of the year at 1,564 points, the 12th highest in history, highlights the contrast between the two halves of this year. The speed at which the Freight Markets change highlights the extremely volatile, and basically unpredictable, nature of our business.

Marine Money had a great answer to the perennial question of why is it that we love shipping. They stated "Is it the variety, the characters; is it the simplicity of transporting a cargo from A to B and being the vital cog of world trade; or is it the complexity of ship types, hazardous cargos, high capital investment, uncontrollable supply and demand. One reason is certainty because no one day is like another and there is very little certainty to rely on. Shipping is indeed unpredictable. The pieces of the jigsaw are many and those pieces are a moving puzzle. Ship supply is relatively easy to project and the signs are mixed. We are getting over the last bubble but we must make sure we do not create the next bubble by over-ordering. Cargo demand on the macro scale may also be easy to predict but on the micro scale – individual ports and producers – the story is very different with unexpected politics, inclement weather and a host of other variables playing havoc with plans and forecasts. But isn't that why we all love shipping!"

Shipping banks contributed to the current debacle with 'easy loans', during the boom years prior to and including 2008, allowing ship owners to over-order/buy ships with little equity and no forward contract coverage. Banks are now struggling to extricate themselves from these bad loans as asset values have declined precipitously. The strategy of 'amend, pretend and extend' and 'kick the can down the road' has finally come to an end. Restructuring, inside or outside the bankruptcy courts, has happened in quite a few cases and others are in negotiation. As a result many traditional shipping banks have been selling their loans in specifically targeted companies or reducing their portfolio via a bulk sale of shipping loans to others or simply exiting this business all together. All these actions result in losses meaning ship lending banks will be loath to lend any more funds to our industry. Ship finance is, therefore, not going to get any easier. The lack of current/future bank finance

Mr. Khushroo Kali Wadia

Executive Director



and absence of new equity sources will help to stabilize the markets, but the economic outlook for world trade suggests recovery will arrive sometime in 2014 and all these reluctant lenders will be back again, providing easy credit, and the cycle will start once again.

The situation at the **newbuilding shipyards**, especially those that had been newly developed in the recent past, has become impossible. Those that have managed to survive have reduced their existing capacity via consolidation; some have gone back to block-building and ship repairing; and others have converted to 'green' recyclers. Newbuilding shipyards are actively marketing their vessels as 'eco friendly' and describing them with speed and consumption figures that appear very attractive for shipowners and charterers. In other parts of our report we have listed some energy saving measures which can be used effectively. While many of these methods have been incorporated with the superior technology available today, the figures being bandied about tend to be somewhat inflated and are more realistic when corrections for variables such as calorific value of fuel, design, scantling draft and 'Sea margins' are taken into consideration. China and South Korea are home to many newbuilding shipyards that have been reported in the shipping press as having closed down or being in deep financial distress.

Scrapping in 2012 had a stellar all time record of 35.97 MDWT dry bulk ships being torched. However, 2013 scrapping came in at a disappointing 21.39 MDWT. **Slippage** is the difference between the DWT of new ships on order at shipyards at the beginning of the year and the actual deliveries of DWT of new ships at the end of the same year. Slippage in 2013 came in at 38% which was higher than the average for the past 5 years. As a result, the net increase in supply for 2013 was 42.45 MDWT with a yearend number of 735.19 MDWT! This amounted to a 6.13% net increase in the World Dry Bulk fleet, the smallest in the last 8 years! With slippage and scrapping demonstrating such volatility, the net increase in DWT of ships in future years will remain difficult to predict with any real accuracy. We think that slippage and scrapping will retain their unpredictability and will fluctuate inversely with the strength of the Baltic Dry Index (BDI). If we assume annual slippage at 35% and scrapping at 20 MDWT, then net increase in the Dry Bulk Sector would be 3.90% or 28.64 MDWT to 763.83 MDWT at the start of 2015. Applying the same assumptions we get a net fleet growth of 26.79 MDWT or 3.51% to 790.62 MDWT by the start of 2016.

On the **demand front**, the large clouds on the horizon have begun to dissipate. **China**, the big mainstay of the dry bulk markets, has struggled with GDP growth at an anemic, at least for China, 7.7% in 2013. China's economy in 2014 is expected to grow around 7.5 to 8% based on the assumptions of modest easing, prudent monetary policy, clampdown on corruption, increase in domestic consumption and an increase in exports due to the healthy macro economic trends exhibited in their largest markets, the USA and the EU. Economic reforms will continue under the New Leadership. China is trying to stimulate its domestic economy and curb its dependence on its export markets. According to various reports, crude steel production is forecast to rise to 810+ MMT and coal/iron ore imports are expected to reach 350+/850+ MMT respectively in 2014.

Economic traction is beginning to take hold in the **USA**, the largest market in the world, where the Federal Reserve has started tapering of QE as the economy is able to stand on its own two feet.

The **EU**, including the UK, continues to provide improved economic growth with Spain being the latest member to show improving numbers. The EU is the second largest economy in the world after the USA and one of the largest exporting blocs in the world. If their economies start to improve they will need more bulk imports to convert to semi-finished and finished products that would need to be shipped out requiring the services of our industry.

Japan, the second largest dry bulk player in the world, is faring well under Abenomics. Nuclear power is shutting down so more coal is being imported. Japanese companies have made windfall profits, thanks to the Yen being allowed to depreciate from 75 to 105 Yen to the Dollar, and will likely reinvest in Japan as well as all their manufacturing plants in Asia/around the world requiring more dry bulk imports.

India, with its weak currency and bumper monsoons/crops, might become a very large exporter of Agricultural products from their smaller, shallower drafted and inefficient ports which would result in massive congestion and consequently a reduction in effective supply of smaller ships. This would push the small handy sector in the same way that iron ore is currently pushing the cape sector.

The consequence of increased demand would be a reduction in the scrapping of older ships as we have already seen in 2013. In the next four years time i.e. before the end of 2017, 16.63% of the current dry bulk fleet of 735.19 MDWT would be over 20 years of age, equal to 122.28 MDWT, and some part or all of them could head for the scrap yards.

To keep things in perspective with regards to PSL, we would like to highlight the annual net profit/loss over the past few years.

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Av. BDI	2,617	4,510	3,371	3,180	7,065	6,390	2,617	2,758	1,549	920	1,206
Net Profit \$m	24.8	110.1	154.2	92.6	125.1	148.1	88.1	35.5	23.6	4.5	17.5
Av. No. of Ships	28.39	44.63	52.89	54.00	44.97	44.12	32.79	21.39	21.91	30.44	38.93
Net Profit/Ship \$m	0.87	2.47	2.92	1.72	2.78	3.36	2.69	1.66	1.08	0.15	0.45

Our results for 2013 must be viewed against the average BDI for the year of 1,206 points, being the 9th lowest figure in BDI history. Whilst most of our peers were seeking protection under Chapter 11 or undergoing restructuring of some sort or the other, we managed to turn in a tidy profit. 2009, 2010 and 2011 will be remembered as the 'consolidation years' at PSL when we shrank our balance sheet, reduced our fleet size and prepared for the rejuvenation of our fleet with modern, efficient and larger ships.

AWARDS AND ACCOLADES:

PSL were the winners of the **Maritime Security & Safety Award** at the Seatrade Asia Awards 2013 ceremony held at the JW Marriott Hotel, Hong Kong on the 21st of June 2013. At the same ceremony, PSL was a finalist in '**The Wet/Dry Bulk Operator Award**' category. The Marine Money June/July 2013 '**worldwide ranking**' issue listed the top 10 performers over the last 8 years and PSL was ranked 6th in the world over that period of time! The Stock Exchange of Thailand gave PSL the **Best Investor Relations award** in the mid-cap sector at their annual SET Awards 2013 in November! And to validate this award from the SET we were in the **South East Asia Top 100 ranking** in this year's IR Magazine's investor perception survey in their November/December issue. We were finalists for the IBJ Awards 2013 for the **Bulk Ship Operator of the Year** in October. We were also finalists for the Lloyd's List Asia Awards 2013 in the **Ship-manager of the Year** category held in November.

FINANCIAL HIGHLIGHTS (THAI BAHT TERMS) AND REVIEW OF THE YEAR:

In terms of operations, during the year under review, the Total Revenues of the Company were Baht 4,828.61 million [2012: Baht 3,828.02 million] and the Company earned a Net Profit of Baht 527.77 million [2012: Baht 141.03 million]. The Shareholders' Equity of the Company is Baht 15,631.03 million [2012: Baht 14,484.23 million] and the Total Assets of the Company have increased during the year to Baht 25,509.76 million [2012: Baht 24,029.69 million] mainly due to the delivery of 4 Ships in 2013. The increase in Total Assets would have been higher had internal cash reserves not been utilized for prepayment of loans, payment of dividends, advance payments towards new buildings and part-payment of Ships acquired during the year. It is also to be noted that Total Assets in Thai Baht (Reporting Currency) being restated from U.S. Dollars (Functional Currency) was higher due to depreciation of the Thai Baht against the U.S Dollar as at the end of year 2013 as compared that at the end of year 2012.

During the year, the Company earned Baht 522.34 million [2012: Baht 150.83 million] as Net Profit before Exchange gain of Baht 13.33 million [2012: Exchange Loss of Baht 5.65 million] and Income Tax of Baht 7.90 million [2012: Baht 4.15 million]. In terms of the Earnings, the Company's ships achieved an average time-charter equivalent earnings of USD 7,508 per day per ship as compared to USD 8,221 per day per ship for year 2012. The Net Ship Operating Income (net of voyage disbursements and bunker consumption) in absolute terms was higher than that of the previous year, mainly due to higher average ships operated in 2013 (39 ships) as compared to 2012 (30 ships). However average time-charter equivalent earnings per day per ship in year 2013 was lower as compared to year 2012. Absolute ship running expenses (Opex), also increased by about 33%, mainly due to an increase in average number of Ships operated in 2013 as compared to 2012. Average ship running cost per day per ship (Average Opex per Day) during the year was marginally higher as compared to 2012. The technical downtime was an average of 6.85 days per Ship, which is very good considering the average age of the fleet of about 11 years in 2013. The Company received Baht 6,602.93 million through novation/cancellation proceeds and recorded gains of Baht 935.41 million on account of novation/cancellation of 12 shipbuilding contracts during the year. As a result of the receipt of novation/cancellation proceeds, the Company continues to maintain a high level of liquidity during 2013 and has paid dividends of Baht 415.47 million during the year 2013.

We also undertook an "in-house" exercise to determine Total Return to Shareholders, which was calculated for the 20 years that we have been operating as a listed entity. Based on the closing share price as on Monday the 16th September 2013 of Baht 19.50 per share (we started trading on the SET on the 16th September 1993) and assuming you had subscribed at the IPO, then, at the end of 20 years, you would have 15.11 times your initial investment. This return does not assume any re-investment of the dividends into shares or any interest on the dividends received.

FLEET REJUVENATION:

At the start of 2014, our fleet had 40 ships-in-the-water (9 Supras and 31 Handy sizes) with an aggregate capacity of 1,351,583 DWT. This works out to an average 33,790 DWT per ship, and an average age of about 11 years. If we looked at just the Supras they had an average 55,707 DWT per ship and an average age of 2 years. The Handies had an average 27,427 DWT per ship and an average age of 14 years.

In a highly capital intensive business with very high leverage characterized by unpredictable and wildly swinging cycles, the timing of the purchase of ships is possibly the single most important decision that has to be made.

The Fleet Rejuvenation Plan of replacing the aging ships from our fleet with younger, better geared, economical and larger units began with the sale of 35 older ships. The replacement program since then has progressed well with the purchase of 7 second hand ships (average 5 years old when purchased) in the 30/34K range, 2 brand new 34K re-sales, and 6 brand new 57K re-sales during 2010/2012. Three brand new 34K ships from ABG have also joined our fleet during this period. 2 second hand (average 2 years old when purchased) and one brand new 53K ships were also added to our fleet. Additionally we are building 4X20K Cement ships

for delivery during 2014 in China and, at that same yard, we have contracted another 2X38K ships for delivery in the second half of 2015. We have further contracted 2X64K re-sales at a different Chinese yard for delivery in Q3 2014 and a further 8 (4X64K + 4X38K) new builds at another Chinese yard for delivery between second half of 2015 and first half 2016.

The BHSI (Handysize index) and the BSI (Supramax index) have both gone up since the middle of September 2013. Asset prices have similarly gone up right through 2013, most sharply in the second hand ships, less so in re-sale candidates and least of all for brand new ships. The reason for the differential pricing of these three categories is the time lag between purchase and their respective delivery positions: second hand ships delivery is almost immediate; re-sales are within 6 to 12 months whilst new ship deliveries are within 12 to 24 months. Faced with this array of price choices, we have taken the safest route keeping the lowest price points in mind by buying a mix of some re-sales and some brand new ships as outlined in the previous paragraph.

We will also try and fix our new build/re-sale purchases in advance, if possible, on longer term contracts before they are even delivered to us. Hopefully that way, we will enjoy any healthy upward movement in the freight market not just on the ships that we currently have in the water, but also those that are scheduled to be delivered to us in the future without taking any undue risk of the cycle turning against us.

ABG Shipyard: We had contracted a total of 21 ships (12X34K, 6X54K and 3X20K Cement ships) to be built at ABG. From these the first 34K ship was delivered in the middle of June 2011, the second in the end of March 2012 and the third in January 2013. We then profitably 'sold', through novations, nine shipbuilding contracts (5X34K and 4X54K) to an unrelated third party during 2011 to 2013. Thereafter, we cashed refund guarantees on another 8 ship building contracts (3X34K, 2X54K and 3X20K Cement ships) during 2013 and January 2014. That leaves one outstanding ship building contract (1X34K) which has a latest delivery date of July 2014. We will have the option of cancelling this ship if it is not ready for delivery by its contractual delivery date, re-selling this 'late' ship building contract to others, or re-negotiating a fresh contract/price for this 'late' ship. That will bring an end to the ABG saga.

HIGHLIGHTS OF 2013:

The dry bulk market did not get off to a good start in the first half of 2013 with three very large, and spectacular, bankruptcies. This was followed by a dramatic turn around with listed shipping companies share prices literally taking off, just like the BDI did, in the second half of 2013. The 3rd quarter was a tribute to Chinese iron ore imports, Brazil taking a large chunk of the same and Cape size ship time charter rates going up from about USD 4,200 per day in the early part of the year to peak at about USD 42,200 on the 25th of September 2013.

The Supply Side numbers are finally showing light at the end of the proverbial dark tunnel. A total of 927 dry bulk ships or 63.84 MDWT entered the supply side during 2013. At the same time, owners have recycled as many ships as possible. Scrapping this year has not matched last year's record of 35.97 MDWT with 46 Capesizes, 57 Panamaxs, 55 Supramaxes, 102 Handymaxes and 167 Handysizes scrapped, equivalent to 21.39 MDWT. This has resulted in the global dry bulk fleet strength, at the start of 2014, reaching 735.19 MDWT. 2014 and 2015 have 74.83/45.79 MDWT of brand new ships scheduled for delivery. If we assume annual scrapping of 20 MDWT (it was 21.39 for 2013) and apply a 35% slippage (it was 38% in 2013) in expected annual deliveries, 2014 ends with a world fleet of 763.83 MDWT for a growth rate of just 3.90% over the year. Under the same twin assumptions, 2015 ends with 790.62 MDWT for a growth rate of just 3.51% over the end-year total of 2014.

The tsunami of newbuilding deliveries has finally come to an end! However, ship owners with their tendency towards over exuberance have already started to fatten the order book with ever more number of new building contracts suggesting that the up-cycle will be more 'normal' with the next down cycle starting sometime during 2017/2018 and reaching a trough in 2019, of course, depending on the number of ships ordered when the markets are strong during 2014 to 2016.

The effect of the **Global Financial Crisis** is finally dissipating with the major economies starting on an upward economic growth pattern. As highlighted in earlier parts of this report, the USA has taken the decisive step of commencing QE taper as the Federal Reserve feels confident that the US economy is well enough to stand on its own two feet.

The largest economies within the **EU** block have started to grow with positive economic growth rates being exhibited by the UK, Germany, France and even Spain. The EU is the second largest economy in the world, just a bit smaller than the massive US economy, and an extremely large exporter. Positive growth rates in the EU block would have a substantial impact on the dry bulk markets with large quantities of raw materials being shipped in and semi-finished/finished goods being shipped out.

Japan, the 'sick man' of the OECD under Prime Minister Abe, Abenomics and a 'get out of jail free card' has managed to kick start this moribund economy. With the yen depreciating from 75 to about 105 to the USD being the 'get out of jail free' card, most Japanese corporate have been making record profits, which will be ploughed back into capital assets not just in Japan but including other countries where they have manufacturing units. This should have a multiplier effect with even greater demand for dry bulk commodities to feed the ever growing and hungry manufacturing facilities at Japanese units all over the world. Coal imports into Japan have started to increase as a result of the Japanese population's distaste for Nuclear energy that has been completely shut down following the Fukushima reactor melt-down post the Tsunami in March 2013.

India, the country that always flatters to deceive, may yet prove its support for the Dry Bulk markets as more and more coal fired port based Power Plants come on stream. Reports by the Paris-based International Energy Agency suggest that India could overtake China as the world's biggest buyer of seaborne coal and increase its annual coal imports to the 300-350 MMT mark before the end of 2016. India's coal imports rose 21% to 152 MMT during 2013 as power producers bought more due to low prices and a domestic shortage and shipments could rise to 170 MMT during 2014. India is the No. 3 importer of coal, behind China and Japan. The US is already exporting record volumes of coal to Asia and Europe because it prefers to use its cheap, cleaner and abundant domestically produced Shale Gas as the energy source of choice. This trend has boosted trade for dry bulk carriers adding to the tonne-mile equation. It therefore appears that King Coal will remain a strong supporter of the Dry Bulk Markets for years to come. With its weak currency and bumper monsoons/crops over 15 consecutive years, India might become a very large exporter of Agricultural products from its smaller, shallower drafted and inefficient ports. This would result in massive congestion and a consequent reduction in effective supply of smaller ships. This would help push the small handy sector in the same way that iron ore is currently pushing the cape size sector.

China, the big mainstay of the dry bulk markets, has struggled with GDP growth figures decreasing quarterly from 8.1% to 7.6% to 7.4% before finally rounding off the year at 7.7% for an annual average of 7.7%. However, China's economy in 2014 is expected to grow around 7.5 to 8% based on the assumptions of the continuation of modest easing, prudent monetary policy, increased domestic consumption and an increase in exports due to the strengthening macro economic conditions in the world. The fact that the once-in-a-decade political transition occurred in the middle of a five-year economic plan suggests that there will be no fundamental change in economic policy and economic reforms will continue under the New Leadership.

China's Iron Ore imports were an astonishing 820.30 MMT in 2013 or 10% higher than the 745.5 MMT in 2012! The November 2013 import figure of 77.84 MMT of iron ore was the highest monthly figure ever! According to various reports, China is expected to import between 850 and 900 MMT of Iron Ore in 2014. This import figure is contingent on import pricing parity versus domestic production and transportation costs. Provisional Chinese steel production for 2013 reached a staggering figure of about 774.57 MMT or about 8.1% higher than the already phenomenal figure of 716.5 MMT in 2012. According to various reports, China's steel production is expected to grow between 4% and 6% to reach a phenomenal 810 MMT of Steel in 2014. Coal represents about 80% of China's energy requirements. Historically, China was self-sufficient in coal, but that is no longer the case. China imported 126 MMT of coal in 2009, 164 MMT in 2010, 182 MMT in 2011, 288.9 MMT in 2012 and a whopping 322.01 MMT in 2013; making it the single largest importer of coal in the world,

three years in a row, and displacing Japan from the pole position it had occupied continuously since 1975! Coal imports are expected to grow steadily but are contingent on import pricing parity versus domestic coal production/transportation costs. In a country that currently produces and consumes some 3,800 MMT of Coal per annum, with the figure expected to grow to 4,150 MMT by 2015, even a small change in China's coal imports could have a dramatic impact on the Dry Bulk freight markets.

The BDI started the year at 698 points, but ended the year at 2,277 points just shy of its year high of 2,337 set on the 12th December due to a restocking of iron ore imports into China. It was the international price of iron ore that had fallen to a low of about USD 114 pmt landed in China during June 2013, compared to the cost of domestic production around the USD 135/140 pmt mark, which drove the restocking process in China. This of course led to an inordinate amount of congestion in the Cape size sector in China with the July 2013 import figure of 73.1 MMT of iron ore into China breaking all previous monthly records. This was followed by fresh monthly records in September (74.6) and November (77.8)! Another factor supporting the index was the 322.01 MMT of Coal that China imported during the year from places as far away as the USA and the ton-mile impact of this change from being an exporter to becoming the largest importer. Finally, it was the scrapping of 21.39 MDWT of dry bulk ships that kept the BDI on life support.

The BDI average for 2012 was 1,206 points the ninth lowest average in BDI history, however, the average BDI of 842 points in the first half of 2013 was the second lowest in BDI history. The pain felt in the first half of 2013 was so intense that we had a spate of bankruptcies with Today Makes Tomorrow, Excel Maritime and STX Pan Ocean making up the 3 largest and most spectacular cases to be reported in the month of June 2013. To give this some perspective, the long term average for the BDI (1985 – 2003) prior to the recent Bull Run was 1,358 points; including the Bull Run period (1985 – 2010) was 2,133 points; and during the Bull Run (2004 – 2010) was 4,265 points.

We had suspected that 2011, 2012 and maybe 2013, would not be so kind, with many entities being forced to the wall due to the pressures being exerted on the freight market. We were, therefore, not surprised by the spate of financial restructuring and bankruptcies that we have seen during 2011 to 2013. With the BDI and rates moving up sharply in the second half of the year for the Cape sector and in Q4 of 2013 for the rest of the other dry bulk sectors, the intense pain felt by the market during 2011 to 2013, should hopefully, be a thing of the past.

The Time Charter Equivalent (TCE) earnings of our Fleet during 2013 averaged USD 7,508 per day per ship which was almost identical to our forecast of USD 7,500. In terms of daily average Operating Expenses (Opex), we were marginally higher than our target of USD 4,500 per day per ship reaching a figure of USD 4,535 per day per ship.

Market Segmentation/Benchmarking: During 2013, the Baltic Handy Size Index (28,000 DWT Index Ship) averaged 562 points derived from the average Time Charter (TC) rate of USD 8,179. Compared to that, our Handies (27,427 DWT, 2.1% smaller than the Index Ship) earned USD 7,139 underperforming the BHSI TC rate by 12.72%. Further, the Baltic Supramax Index (BSI) averaged 983 points derived from the average TC rate of USD 10,275. Compared to that, our Supramaxes earned USD 8,928, underperforming the BSI TC rate by 13.11%.

THE INDUSTRY OUTLOOK:

Scrapping was not as strong as in 2012. 167 ships were removed or scrapped whilst 185 ships were added, resulting in an increase of 18 ships or 0.65%, with the world fleet increasing from 2,752 ships to 2,770 ships in our sector (10 – 30,000 DWT) during 2013. The continued weakness of the freight market is the main force driving the acceleration of scrapping rates. It also helps that scrap steel prices have remained reasonably robust. It is, however, impossible to escape the conclusion that the age profile of ships in our sector will lead to a continued healthy scrapping rate in the future.

Comparatively weaker supply of new ships is expected for 2014 and 2015:

The Cape sector (90,000+ DWT: 1,856 ships of 321 MDWT at the start of 2014): 327 ships of 60.5 MDWT or 18.9% of the existing DWT are scheduled for delivery up to end of 2017. In this sector, 256/400 ships of 48/72 MDWT or 14.9/22.4% will be over 20/15 years of age by 2016 and likely to be scrapped during 2014 to 2016.

The Panamax sector (60 – 90,000 DWT: 2,201 ships of 167 MDWT at the start of 2014): 752 ships of 54.1 MDWT or 32.5% of the existing DWT are to be delivered up to the end of 2017. The saving grace in the Panamax sector is that 375/743 ships of 26/54 MDWT or 15.8/32.1% of the fleet will be over 20/15 years of age by 2016 and would likely be scrapped during 2014 to 2016.

The Supramax sector (40 – 60,000 DWT: 2,698 ships of 141.5 MDWT at the start of 2014): 296 ships of 16 MDWT or 11% of the existing DWT are scheduled for delivery up to the end of 2017. In this sector, 429/741 ships of 19/34 MDWT or 13.5/24.1% will be over 20/15 years of age by 2016 and likely to be scrapped during 2014 to 2016.

The Handymax sector (30 – 40,000 DWT: 1,467 ships of 50.6 MDWT at the start of 2014): 388 ships of 14.1 MDWT or 27.9% of the existing DWT are scheduled for delivery up to the end of 2017. In this sector, 264/343 ships of 10/12 MDWT or 18.9/24.1% will be over 20/15 years of age by 2016 and likely to be scrapped during 2014 to 2016.

The Small Handy sector (10 – 30,000 DWT: 2,770 ships of 55.7 MDWT at the start of 2014): 135 ships of 2.6 MDWT or 4.7% of the existing DWT are scheduled for delivery up to the end of 2017. In our sector, 930/1,292 ships of 20/27 MDWT or 35.0/49.3% will be over 20/15 years of age by 2016 and likely to be scrapped during 2014 to 2016. With this extremely large overhang of very old ships, the supply dynamics appear to be the strongest in the small handy size sector, the sector in which we operate most of our ships, of the Dry Bulk Tramp Freight market.

When reading the above supply side numbers please keep in mind that the Slippage in delivery for 2008 to 2011 averaged 33%. In 2012 it dropped to 29% and in 2013 it went up to 38%. It is to be seen what these numbers will look like in 2014 and 2015 but we will not be surprised to see it fluctuate inversely with the BDI and availability of finance.

Our **Competitive Position** based on our existing 39 ships-in-the-water plus the 16 ships on order (6X39K + 6X64K bulk carriers plus 4 Cement ships) and the roughly USD 150 million of funds available to buy another 5 to 10 ships, makes us one of the largest players in this sector of the market. With the ownership structure in this sector being extremely fragmented, we are recognized as an established brand name with clients wanting to do business with us first before they take their custom to any of the other smaller, and potentially weaker, players within the sector.

Additionally, our plan to rejuvenate our fleet with younger, larger, better geared and more economical vessels from the market at, what could likely be, historically low levels will enhance our competitive position for years to come compared to our peers, who have probably purchased second hand ships during the past 4 to 5 years at historically high prices.

THE ISSUES FACING OUR INDUSTRY:

With the Freight Markets increasingly more volatile than ever before, most prudent companies that have very little debt on their balance sheets and a lot of cash in their pockets will likely consolidate the industry. This could happen through the judicious purchase of second-hand tonnage or new building ships at historically low prices or via mergers and acquisitions. By whatever means consolidation takes place, it is to be welcomed, as it can only make life a bit better for the remaining participants.

SAVING ENERGY AND THE ENVIRONMENT – THE FUTURE OF SHIPPING

Fuel efficiency has become a major issue for the Maritime industry, both for preservation of the environment and conservation of fuel, the cost of which is at an all-time high.

Ship builders are actively marketing their vessels as 'eco friendly' and describing them with speed and consumption figures that have previously never been achieved. While many of the following methods have been incorporated into designs using superior technology available today, and achieving great benefits, the figures being bandied about tend to be somewhat inflated and are more realistic when corrections for variables such as calorific value of fuel, design, scantling draft and 'sea margins' are taken into consideration.

Broadly, fuel efficiency of any ship can be improved by:

- A) Reducing the resistance (drag) of the ship, and thereby reducing required propulsive power.
- B) Increasing the mechanical and thermal efficiency of the propulsion and power generating systems on board.
- C) External appendages to harness external energy or recover lost energy.

A) Components of Ship's resistance and ways of reducing the same:

A ship's resistance (drag) is made of the following main components.

- 1. Viscous or frictional forces which act along the surface of the hull.
- 2. Pressure forces which act perpendicular to the surface of the hull.
- 3. Energy dissipation through hydrodynamic forces such as cavitation, eddies, turbulence in flow etc.

1) Viscous or frictional resistance:

As the ship moves in the interface of two different media (air and water) the above mentioned drag forces are created in both.

For most cargo ships, drag forces created in the air are negligible. However for special purpose high speed craft and naval ships etc. air drag plays an important role. This is similar to a car driving on the road; at speeds of 30-40 kmph the air drag on a car is not significant; but at speeds of 100-120 kmph or higher, air drag is significant and has to be taken into consideration in the design.

Viscous or frictional resistance is influenced by the friction between water and the ship's hull. It is related to the total submerged area of the hull and smoothness of the hull. The usual way of reducing viscous resistance is to improve smoothness by means such as stream lining, improved quality of paints, reduction of marine growth etc. Recently new technologies are being tried out, such as non-stick type coatings with lower wetting properties and introducing an air cushion between the hull and water.

For a given submerged surface area and speed, the ideal shape of the hull to reduce frictional resistance would be infinitely long and thin (like a surf board). However this is not practical considering other limitations such as building facilities, port facilities, maneuvering and stability. Hence optimization of the hull shape is necessary to achieve a balance between various conflicting requirements.

2) Pressure or wave resistance through water:

When a ship moves in water, the flow pattern around the ship creates a high pressure zone immediately forward of the ship and another high pressure zone near the aft (or back) end. These high pressure zones give rise to wave patterns at the bow (front) and stern (back). The ship transfers some of its energy to create these wave patterns. This is called the wave resistance and it increases rapidly with an increase in speed.

The normal solution lies in modifying the wave pattern distribution by the shape of the hull, to negate one wave with the other. However, this method limits the vessel to operate within a particular speed range. At speeds outside this range wave resistance increases considerably.

The bulbous bow on high speed ships, such as container ships and passenger ships, where wave resistance is a major component of the total resistance is normally designed with this consideration in mind and is an attempt to optimize the pressure wave pattern around the hull. On the other hand, for slow moving ships such as bulk carriers and tankers the purpose of a bulbous bow is to avoid excessive loss due to eddies.

3) Resistance due to eddies, cavitation, turbulence in flow etc.:

Whenever obstructions are introduced in the smooth flow of water (streamlines are interrupted), eddies are created. All appendages and fittings on the hull (rudder, propeller, stabilizing fins, bilge keels, anodes, etc.) are potential causes for the loss of power through formation of eddies, cavitation and turbulence etc. Similarly any abrupt changes in flow caused by openings in the shell such as sea chests, overboard discharges etc., also contribute to this type of resistance. Even protruding and rough discontinuities caused by welding deposits at joints of hull plates add to resistance.

These days modern shipyards use new technology to get smooth even welds on the hull surface. Bilge keels are laid along the lines of flow determined by model tests, anodes are being replaced by impressed current systems, and other appendages are designed to avoid break down in flow lines.

B) Increasing the mechanical/thermal efficiency of the propulsion/power plant onboard:

1) Increasing the propulsive efficiency:

The ideal propeller for max efficiency would have the lowest possible revolutions (rpm), the largest possible diameter, the lowest possible pitch, the minimum blade area ratio and the minimum possible number of blades. These features are impractical to implement fully as they conflict with other requirements. The main engine would be much larger if the same power is to be obtained at reduced rpm, and the torsional strength of the shafting would need to be increased. Similarly the draft would have to be increased to accommodate a larger diameter propeller, but at reduced drafts such as in ballast or in partly loaded conditions, the propeller would not be fully immersed. If the number of blades is reduced, or blade areas are minimized the propeller material would be over stressed.

However these days there is a conscious shift in the policy of ship designers to go for larger main engines with reduced rpm, coupled to larger diameter propellers. This trend is seen in all the new 'eco' designs that are being marketed in recent times. These are undoubtedly more energy efficient, under the given specific conditions, but their long term effectiveness under adverse conditions is not yet proven.

2) Increasing the thermal and mechanical efficiency of the power plant (main propulsion engine):

Generally the thermo mechanical efficiency of the Internal Combustion (IC) engines installed onboard is in the region of about 35%. So there is a feeling amongst the designers that scope exists to bring about considerable improvements in improving the thermo mechanical efficiency on the ships. Until late 1970s, Specific Fuel Oil Consumption (SFOC) figures for main propulsion plants used to be about 218-225 g/KW/Hr. This has now been reduced by more than 20%, and the current norm is about 174-180 g/KW/Hr, and in 2014 we expect to go below 160 g/KW/hr. Several efforts are still being made in this field and new technologies are being developed on a regular basis. These developments can be categorized broadly into following groups:

2.1 Improving combustion in engines:

Recently engine makers have done a lot of research and the basic design of combustion systems has been modernized and updated on most new models of produced recently. There is some conflict in requirements as Nitrogen Oxide (NOx) emissions have also to be controlled. Most engine makers have balanced their designs to meet Regulatory requirement regarding NOx as well as optimizing the SFOC for the engine. New technologies adopted are

- 2.1.1 Cam-less electronic control of combustion process: This helps in optimizing the engine performance over a wide range of loads and speeds.

- 2.1.2 Increasing the efficiency of turbo charger: New designs of turbo chargers with higher loading capabilities and operating at much higher speeds (compared to traditional turbochargers) are being developed to increase the combustion efficiency in the engine.

2.2 Load management devices:

This consists of equipment to control the load on electrical power generators by optimizing the operation of pumps and other auxiliary equipment. Computer controlled devices are being installed on the ships to monitor the varying loads on pumps/other equipment, and accordingly change their output to meet the exact load requirements. This technology involves the use of electronically controlled load sensors and devices such as frequency changers which will change the rpm of the pumps and thereby the output of the pumps to suit the load. This is useful for ships which operate in different environmental conditions and have largely varying requirements for cooling, ventilation, lubrication etc. The technology is expensive and so is the equipment to install and maintain, and the benefits are marginal. An engine shaft driven alternator is one such device to boost the fuel efficiency. This device gives an SFOC of about 178-185 g/KW/Hr as compared with medium speed generator engines which drive alternators with SFOC in the range of 200-210g/KW/Hr. (This has already been implemented on our new built vessels where we were involved at the design stage.)

2.3 Waste heat recovery systems:

Recently some new technologies have been promoted which aim to improve the waste heat recovery from the downstream exhaust of the engines and other combustion equipment. Proposal of exhaust gas recirculation, hot water calorifiers operating on incinerator exhaust, improvements in FW generating systems, fuel oil heating systems etc. are all parts of the efforts directed to improving waste heat recovery.

C) External aids / devices which will pump in additional energy or recover lost energy:

Since the fuel crunch began a few years ago, there have been increased efforts to fit such devices on ships, either at NB stage or as retrofits. Such devices can be categorized broadly into two groups. One group will recover the lost energy from the water flow and convert it to useful energy thereby improving the energy efficiency, and the other group will harness energy from external sources and feed it to the ships' propulsion system.

1) Devices which recover lost energy from water flow and convert this into useful energy:

Recently lot of research has been done in this field and several devices have been promoted under this category. They claim fuel savings in the range of 0.5% to 7%. depending upon the complexity of the device and scope of improvement in the initial design. Many of these are patented devices and are expensive due to copy right. Some prominent devices being marketed are as follows:

1.1 Ducts:

In addition to pushing the water in an aft direction, the propeller of a ship also gives the water a swirling effect due to the effect of the pitch. Hence beyond a certain point increased pitch reduces the propeller efficiency. Ducts are fitted either forward of the propeller such as the Mewis duct (Patented), to direct the water flow in a desired way and recover the energy lost by swirl effect of the propeller; or around the propeller in the form of shrouds or nozzles of various designs. These ducts also generate hydrodynamic thrust. At low speeds generally this additional thrust gives considerable advantage, but at high speeds the additional drag created by the duct itself reduces its performance considerably. Fuel efficiency claims range from 3% to 7% generally.

1.2 Fixed or dynamic fins:

These are attached to the hull in the flow stream forward of the propeller. These also serve the same purpose as the ducts by directing the flow and generating hydrodynamic thrust. Action and effects are somewhat similar to the ducts mounted forward of the propeller.

1.3 Fixed or moving fins mounted on the propeller boss cap:

These fins recover the energy lost in the vortex cavitation of the propeller and also counter the swirl effect in the flow. These are possible to fit at NB stage easily but can be retrofitted after analysis and minor modifications as needed.

1.4 Contra-rotating propellers:

In some special purpose ships such as high speed shallow draft small crafts, contra-rotating propellers are mounted on the same shaft to maximize the power absorption with limited diameter of the propeller and use the swirl effect of one propeller to boost the efficiency of the other. But technology involved is very complex and application is restricted to special purpose ships only.

1.5 Rudder mounted devices:

Devices such as bulb on the rudder, split profile (below and above the shaft centerline level) are used to recover the swirl energy from the water flow and produce hydrodynamic thrust. These devices are generally fitted at NB stage only as it would involve redesign of the rudder with possible effect on steering gear capacity.

2) Devices which absorb external energy and feed it to ship's propulsion system:

The technology involved is still in an experimental stage and not implemented on a commercial scale. The benefits claimed are also dependent on external sources from where the energy is absorbed and are not predictable. Under ideal conditions savings in fuel to the extent of 30% have been claimed. It will be some years before this form of energy saving device becomes commercially feasible. The research involves following two alternatives:

2.1 Solar panels:

Solar panels have been mounted on certain ships to absorb solar energy and convert it to electrical energy which is then fed to the ship's power system.

2.2 Wind turbines:

The experiments involved setting up wind turbines, similar to the ones installed on land in wind energy farms. These would convert wind energy into electrical energy which is fed to ship's power grid.

3) Sails:

Installations that have been experimented with are in the form of collapsible sails fitted to the ship which can be rigged up or folded down with hydraulic computer controlled mechanism depending upon the prevailing conditions and ship's requirement. Some experiments have also involved flying wind sails (like giant kites) which are attached to the ship by ropes and transfer the wind energy directly to the ship.

With very few exceptions, most of the measures mentioned above can only be implemented on ships in the design stage, before building. Modern technological advancements and computer generated graphics can accurately calculate wave forms, hull resistance and create the ideal hull form and simulated model tests can fashion the ideal propeller, place suitable ducts and fins.

Draft and trim optimisation is an option available to passenger and container vessels which unlike bulk carrier and tankers are not always loaded to their marks.

Improved paint schemes and sailing at optimized drafts are the few measures that can be adopted on existing vessels. The cost of research and analysis involved in fitting of appendages makes their usage unattractive. Hull form changing can be a very expensive proposition but in the case of large container vessels bulbous bows are being modified, the owners having come to the conclusion that slowing down their vessels is here to stay.

A fuel optimisation method that appeals to most charterers is reduced speed operation. This is very effective if applied correctly. Unfortunately, most main engines have their peak efficiency level at close to the designed Maximum Continuous Rating (MCR) revolutions. While operating below this level results in fuel saving, it also reduces efficiency, increases unwanted emissions and may accelerate wearing out of the machinery. This method of reduction of consumption needs to be applied with proper evaluation of all the affected parameters.

Operating Costs of our Company remained steady in 2013. Most components have remained at their previous levels. Crew wages however increased and are expected to increase further in the years to come for us as well as the Industry. Younger ships are naturally less expensive to operate and maintain, and the cost of stores and spares are proportionately less. Most quality operators have taken advantage of the current situation to rejuvenate their fleets by disposing of older ships. We expect this trend, of improving our efficiency and saving costs, through fleet rejuvenation, to continue.

The requirement for experienced senior personnel continues to remain a serious issue. The shortage is due to reasonable employment available ashore and in the offshore industry - a much safer environment. Technological advancements on board modern ships both in navigation systems and machinery operations demand highly trained officers which only serve to exacerbate the situation.

The Protection & Indemnity (“P&I”) insurers, or ‘P&I Clubs’ as they are known in the industry, continue to face head-winds on two fronts – increase in claims and lack of investment income. The insurers’ difficulties were compounded by the “churn effect”, with several shipowners replacing their old vessels with new young & modern ones paying lower rates. As a result, all Clubs belonging to the International Group of P&I Clubs imposed a ‘general increase’, i.e. a fixed percentage increase in premium for the new policy year commencing 20th February 2013. As reported earlier, the P&I insurance is unique and unavoidable as it provides almost limitless cover with top-quality claims-handling service for any situation that could arise from owning/operating ships. As such, the increases, though burdensome, is understandable.

For all the reasons cited above, our average operating costs per day per ship for 2013 was marginally higher than the previous year; whilst we do not have figures for the industry norm, we expect we would have done better than others based on past experience.

International Maritime Organization (IMO) conventions are constantly updated to match demands for enhanced steps to protect the environment. Marine Environment Protection Committee of IMO recently approved major changes to MARPOL (Annex VI) regulations to reduce harmful air emissions from ships. Special sea areas for controlled discharges from ships have been increased. Rule requirements for carriage of certain bulk cargoes have become stricter. The Bulk Cargo Code (BC Code) has been replaced by the new International Maritime Solid Bulk Cargo code (IMSBC code). More countries are insisting on stringent ballast water management practices on board ships. As a result of initiatives from the International Labor Organization (ILO), working and living conditions of crewmembers on board are receiving increased importance. In order to formalize this and ensure uniform compliance, (ILO) has adopted the Maritime Labour Convention 2006 (MLC 2006). A Maritime Labour Certificate (MLC) and a Declaration of Maritime Labour Compliance (DMLC) will be required on board to ensure compliance with the Convention for all ships above 500 tons in international trade. These certificates are to be obtained from the Flag state and their recognized organizations after thorough verification and surveys on board each vessel. The MLC 2006 has attained the required number of member state ratifications in August 2012. All ships were required to meet the compliance requirement and have valid certificate for compliance with MLC convention before 20th August, 2013. Since many flag states, including Thailand, have not fully complied with the MLC requirements, a grace period of one year expiring on 19th August, 2014, has been agreed by ILO for all ships to be fully compliant. The Company is working closely with the Flag authorities and recognized organizations to have all its vessels certified well before the compliance dead line. Focus on the environment is becoming even more important. It is no longer just fashionable to say we are “Going Green”; organizations world-over are being pushed by their stakeholders to become more environment-conscious, guided by compliance with the newer regulations. The various measures adopted voluntarily by the Company to reduce its Carbon footprint has been explained in our **Sustainability Report**; besides, there are specific IMO Conventions

and regulations mandated by individual countries, to control the emission of Sulphur dioxide, Nitrogen oxides, Halons and CFCs from our ships which contribute to Green House Gases. These regulations are expected to become more stringent in the coming years. In addition, certain states in the USA are likely to require ships calling their ports to use shore power which is greener than the power generated on board ships. 'Bonnet' technology is another concept, presently available only in certain ports, which can receive the exhaust gas from ships for treatment before discharging into the atmosphere. These measures are still evolving and there will likely be operational problems; besides, these will most likely result in additional expenses for the ship owners/operators. To formalize the Company's commitment towards preserving and conserving environment and to reduce carbon footprint, the Company has obtained ISO 14001:2004 certification from Class NK of Japan. The ISO 14001:2004 provides a framework for a holistic and strategic approach to the Company's environmental policy, plans and actions, and will demonstrate that the Company is an environmentally responsible organization. PSL vessels have implemented "Ship Energy Efficiency Management Plan" (SEEMP) required by MARPOL Annex VI regulations from January 2013. Vessels have also fully implemented the more stringent garbage disposal regulations required by MARPOL Annex V which came into force from January 2013.

Maritime Training Center: As previously reported, the Company set up a full-fledged Maritime Training Center at its Head Office in Bangkok in March 2008. The PSL Training Center includes a state-of-the-art Bridge Navigation Simulator for training of maritime personnel. Vessel-type specific Bridge Navigation Simulator recreates the actual maneuvering characteristics of the ship and its bridge controls as it enters a specific major port and provides ideal conditions in which to train Officers in hands-on practices for effective bridge teamwork and competence in ship-handling and navigation. This is a significant step taken by the Company to train and equip its Officers and Crew to take better care of themselves and their ships, all with a view to ensuring safety of the crew, cargo and the ship by preventing accidents, thus also helping to preserve the environment. In the current scenario of a worldwide shortage of trained personnel, and the rapid promotions that is a natural result of such a shortage, this is a major step to provide specialized training that would otherwise have been acquired 'on the job'.

Maritime Resource Management (MRM): MRM is a training program for ship's officers, engineers, pilots and shore-based personnel. The aim is to increase knowledge about human capabilities and limitations and to reinforce positive attitudes towards safety and teamwork. MRM is generally accepted to be one of the most efficient means of improving crew cooperation and minimizing the risk of accidents caused by human errors as well as failures in effective teamwork and resource management. The MRM course is authorized and licensed by The Swedish Club, a member of the International Group of P&I Clubs, and one of the few insurers providing Hull as well as P&I insurance covers. Apart from the MRM courses, the PSL Training Center has classrooms, Video-Based Training (VBT) and Computer based training (CBT) for the ship staff. Courses include MRM, Bridge Team Management (BTM), Bridge Team Competency (BTC), Officer Of the Watch (OOW), Chief Mate Course (CMC), Command Course (Command), Shipboard Safety Course (SSC), Maritime Professional Briefing (MPB), Maritime English training (divided into 5 course levels) programs for safety and efficient ship operations of deck and engine departments. The Training Center also conducts lectures on VTS (Vessel Traffic Separation) & SMCP (Standard Marine Communication Phrases) within the BTM and MRM courses, with the aim of developing our officers' communication skills in communicating with a VTS officer using standard maritime phrases in various simulations. The courses are upgraded regularly and provide a solid foundation to the Company's training activities and enable our Officers and Engineers to keep abreast of the latest developments in ship operations.

The PSL Training Center liaises very closely with the Technical Department in order to identify the training needs of officers and crew and special training courses are designed to suit them. In this manner, new training courses were introduced for Engineer officers ("Engine Room Management and Competency Enhancement" - "EMC" for Senior Engineers, and "Engineer on Watch" - "EOW" for Junior Engineers); future plans include courses on "stern tube sealing systems" and "ships' cargo gears with special focus on hydraulic", and "Shipboard Safety for Ratings" (SSR) for crew. The PSL Training Center has certain basic (but important) equipment such as a turbocharger and a purifier for practical training to accompany class-room theoretical

courses. These will augment the Bridge Simulator (which is essentially for Deck Officers) and enable the Training Centre to address the requirements of both Deck and Engine officers & crew. Considering the fact that the new vessels acquired (and on order) are fitted with more fuel efficient modern engines using advanced electronic controls and technology, the Company's senior engineers, Electrical Officers and shore-based Technical Superintendents are put through the engine-maker's specific training courses designed to better understand the operation and for effective trouble-shooting. Junior engineers are in turn trained at the Company's Training Center and by trickle-down method on board ships.

The use of "Electronic Chart Display and Information System" (ECDIS) is becoming mandatory for new ships built from July 2013. Many new vessels are already equipped with ECDIS. For existing vessels, ECDIS will become mandatory from 2018. ECDIS requires special generic training as well as specific training for each manufacturer's equipment. Navigating officers using ECDIS need to be suitably trained and certified before they can use it as a primary means for navigation.

With every other technical advance in navigation, such as radar, AIS and GPS, officers have gained an additional navigational aid. With mandatory ECDIS, on the other hand, a navigational aid will be taken away from them – the paper chart. ECDIS has to work and officers have to know how to work it. Any operational error could have disastrous consequence.

PSL is committed to ensure that navigating officers working on board vessels fitted with ECDIS are fully conversant with the equipment prior joining the vessel. Officers are given generic ECDIS training at approved institutes. They are also required to undergo maker specific familiarization training by the ECDIS manufacturer. Realizing the fact that certification alone does not make an officer fully familiar and confident to use ECDIS, PSL Training Centre has equipped itself and developed ECDIS training course. After attending approved ECDIS training course, officers are required to undergo further ECDIS familiarization course at our in-house facility.

The scourge of piracy, predominantly originating from Somalia, but now spread to the whole of Arabian Sea/Indian Ocean, continues to be a cause for great concern, even though 2013 saw no pirate activity in this region. The entire ocean area from India to Africa and between Gulf of Oman and Madagascar remains a breach area by London war risks insurers.

In most cases, the added costs of protecting vessels and the additional insurance premium is directly or indirectly passed on to cargo interests, but the effect on crew morale is most visibly seen in declining officer and crew availability and a waning interest in a sea going career.

Although the shipping industry has been afflicted by piracy for centuries, it assumed a totally new dimension in recent times ever since the Somalis turned it into a lucrative commercial enterprise. The swashbuckling pirate of the past is tame compared with today's heavily armed criminals scouring the expanse of ocean from Somalia to India for vulnerable vessels to hijack. It is important to note that Piracy is a commercial venture. Pirates are not really interested in the cargo. They just want the ransom money and use the crew as bargaining power. Of course, if the cargo is valuable they get a little more leverage to extract an even bigger booty.

The pirates now possess a number of fishing boats and dhows which are being used as 'mother-ships'. These provide the pirates with a degree of camouflage at sea, but more importantly, allow them to operate at much greater distances from the shore. They can carry greater supplies of fuel, food and water, and these vessels are far more seaworthy than the Somali skiffs designed for fishing in coastal waters and calmer seas.

No pirate attacks were reported in 2013 in the Somali basin as opposed to 35 incidents in the previous year. There has been no confirmed reports of suspicious activity in the Horn of Africa High Risk Area during the year under review.

The recent decline in pirate successes is not to be taken lightly. The industry is fearful of possible revamping of the pirates' tactics to counter the protective measures now being employed by most vessels transiting the dangerous areas.

Apart from the Somali pirates and their attacks in the Arabian Sea/Indian Ocean, Nigeria and its offshore oil installations in the Gulf of Guinea continues to be vulnerable to pirate attacks. Recent months have seen an alarming increase in this region. The primary difference between the two is that Nigeria has an elected Government with clear policies to deter piracy in its waters and that helps localize the menace and also control/handle it.

JOINT VENTURES:

The status of our joint-venture investments is as follows:

- **Southern LPG Pvt Ltd. (SLPG):** The process of closing down this entity is nearly complete. We have completed the sale of all the major assets in this company with full receipt of sale proceeds and we shall now close this Company in an orderly manner.
- **International Seaports (Haldia) Pvt Ltd:** This is now our only operational investment in Ports in the Haldia Dock Complex (about 22.4% of the total capital) under our port projects investments. This JV continues to operate very well and we have to-date received total dividends of USD 2.15 million, which works out to about 106% of our original Investment made in years 2002-2003. We find strategic value in this investment and hope to increase our shareholding at an opportune time in the future.

IN CONCLUSION:

Demand: The environment for 2014 is going to be much better than what we have experienced in the 2011 to 2013 period but will be accompanied with extreme volatility. The EU, USA, Japan and China all seem to indicate much higher economic growth rates going forward. Commodity prices, however, are expected to stay low due to the intense growth in mining capacity during the closing stages of 2013 as well as the fresh growth that is slated to come on stream during 2014. As a result, price arbitrage between cheap imports and expensive domestic production would allow China to increase its iron ore and coal imports to fresh record levels as indicated elsewhere in this report. The various coal fired port based power plants that are coming on stream strongly indicate that India could soon be the largest importer of coal in the world, overtaking China with about 300 to 350 MMT annual imports by 2016. As a result, DNB Markets in one of their recent reports have indicated that annual tonne-mile growth for the period 2014 to 2016 would average between 10 and 11%.

Supply: Due to the favourable freight markets of the past (2004 to 2008) most ship-owners have kept their older ships operating beyond their useful economic lives. Under normal freight market conditions, approximately 16.63% (122.28 MDWT) of the existing world fleet that would be over 20 years of age during the next 3 years, should head for the breakers yards, and would only be constrained by the available scrapping capacity.

With respect to the approximately 20% by DWT of new ships (146.89 MDWT) scheduled to be delivered to the end of 2017, the lack of availability of funding coupled with delays in deliveries at ship yards would subject them to a slippage of about 35% especially when you look at the slippage in 2013 that averaged 38%.

The supply side would come into balance with the demand side of the equation sometime during 2014. We think that 2013 would therefore be remembered as the very last year of an extremely challenging environment for bulk shipping.

Financing: Fund raising will continue to be the biggest challenge that ship-owners will have to face during 2014. As can be seen, most of the traditional ship finance banks are actually unloading their portfolios in part or in whole and some are permanently exiting the field altogether. However, nontraditional lenders have, and will continue to come, to the rescue of ship owners. Local banks that have a corporate lending relationship with any large conglomerate will step up to the plate and fund such conglomerates' shipping divisions/companies. The cost may be slightly higher than the traditional shipping banks due to the lack of knowledge and understanding of the business by these nontraditional banks, but funding has, and will be, available from them to their local corporate clients.

Then there are the equity and debt capital markets where we have seen very large sums being raised, at times by people who have still to have a single ship in the water. The way these markets function continues to amaze us! But they have been there in the past and, most certainly, will be likely sources of funding in the future. The problem with such sources is that they are always much more expensive than the traditional bank lending that comprises the majority of the funding requirements of ship owners. And they can open or shut down very quickly depending on the experience that the current debt/equity issues have had in the market. After the bankruptcy of STX Pan Ocean and the wiping out of the approximately USD 1 billion of publicly traded bonds and the decimating of their equity, investors at least in South Korea, will most certainly not rush to embrace any such shipping related debt or equity issues in the immediate future.

Securitization of future cash flows could be another avenue to raise funds however this would largely depend on the quality and credit worthiness of the forward cash flow generating entity i.e. the charterers. In most cases, given the rash of bankruptcies that have plagued our industry over the most recent past 5 years characterized by counter party renegotiations and or outright defaults this would be nigh impossible or at such a high cost that it would not be workable. This source, as a result, would remain dormant.

At the end of the day, in an industry that is highly capital intensive, characterized by high leverage and has wildly swinging cycles with the traditional ship lending banks currently shunning the industry, only the very strong, publicly listed, cash rich and non-speculative ship owners will attract any/all the funding that is available in the market. The smaller, non listed ship owners will be hung out to dry and will have to basically use much more of their own cash to get any business done.

Concluding Remark: Considering all the above, we are taking advantage of the opportunities that the Dry Bulk Markets has thrown our way. We hope to deliver to all our stakeholders the promise of this potential. This will in no small measure be due to the very dedicated and hardworking professionals that make up the office, as well as, the floating staff at PSL.

**For and on behalf of the Board of Directors of
Precious Shipping Public Company Limited**



Mr. Khalid Moinuddin Hashim
Managing Director



Mr. Khushroo Kali Wadia
Executive Director

7th February 2014

AUDIT AND CORPORATE GOVERNANCE COMMITTEE REPORT

TO THE SHAREHOLDERS

The Audit & Corporate Governance Committee of Precious Shipping Public Company Limited consists of 3 independent directors viz., Mr. Suphat Sivasriumphai as Chairman of the Audit & Corporate Governance Committee, Mr. Kamton Sila-On and Associate Professor Pavida Pananond, Ph. D., both, as Audit & Corporate Governance Committee members. Mr. Kamton Sila-On and Associate Professor Pavida Pananond, Ph. D. who ended their term on 14th March 2013 were re-elected by a resolution of the Board of Directors in the Board of Directors meeting No. 1/2013 held on 4th February 2013.

The Audit & Corporate Governance Committee has performed with total responsibility in compliance with the Audit & Corporate Governance Committee Charter approved by the Board of Directors and the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, which is summarized as follows:

In the year 2013, meetings of the Audit & Corporate Governance Committee have been held through the year to review consolidated financial statements of the Company and its subsidiaries and meetings with external auditor were also held every quarter for discussions of the Auditor's report, financial statements and recommendations of the relevant accounting standards. The Audit & Corporate Governance Committee is of the opinion that the Company has a proper financial reporting process to disclose its financial information, in which the financial statements are correct, sufficient and credible.

The Audit & Corporate Governance Committee has considered the independence of Internal Audit Department including the chain of command in order to establish the credibility and independence of Internal Audit Department. The Audit & Corporate Governance Committee has also discussed with internal auditors the scope of internal auditing, their responsibilities and functions and approved the internal audit plan for the Internal Audit Department. In the year 2013, Internal Audit Department reviewed the risk assessment and internal control activities of all departments, reviewed the operations of some departments, reviewed conflict of interest transactions and reviewed compliance with regulations and laws relating to the business of the Company such as Public Limited Companies Act, Revenue Code, Thai Vessels Act, Securities and Exchange Act including regulations and notifications of the SET and the SEC. Internal auditors also followed up on the results of the aforesaid review. The results of the review and the recommendations were discussed with the related staff and management and reported to the Audit & Corporate Governance Committee.

The Audit & Corporate Governance Committee is of the opinion that the Company has proper and adequate internal control systems and there are no significant deficiencies.

The Audit & Corporate Governance Committee is of the opinion that the Company has been in compliance with laws and regulations to which the operations of the Company are subjected. Principally, these laws are the Public Limited Companies Act, Revenue Code, Thai Vessels Act, Securities and Exchange Act including regulations and notifications of the SET and the SEC.

Internal Auditors have reviewed the connected transactions according to the Notifications of the Stock Exchange of Thailand Re: The Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions 2003 as amended from time to time and Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on Connected Transactions as amended from time to time including circular letter of the Securities and Exchange Commission about the recommended practice to be followed under section 89/12 (1) of the Securities and Exchange Act (No.4) B.E.2551. The Company has 6 connected transactions of which 5 are classified as type 2 transaction and 1 is classified as type 3 transaction under these notifications. Air ticket expenses, hotel service expenses, insurance premium expenses, computer purchases and supply of air conditioners including their maintenance expenses for air conditioning system at the main operational office and the condominium apartments

of the Company and its subsidiary are classified as Type 2 which are supporting transactions for core business. Office lease rental is classified as Type 3 which is short term office rental. The details of these transactions have been explained under the topic “**Connected Transactions**” in this annual report. The result of the review has been discussed in the Board of Directors Meeting No. 1/2014 held on 7th February 2014. Audit & Corporate Governance Committee and Board of Directors are of the opinion that the aforesaid transactions are fair and for the full benefit of the Company.

During the year 2013, Internal Auditors reviewed the Asset Acquisition and Disposal Transactions of the Company’s subsidiaries, according to the Notification of the Stock Exchange of Thailand (SET) regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets 2004 as amended from time to time including Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets as amended from time to time. The Audit & Corporate Governance Committee was of the opinion that the asset acquisition and disposal transactions of the Company’s subsidiaries were reasonable and for the best benefit of the Company.

The Audit & Corporate Governance Committee reviews guidelines for the Company’s Corporate Governance as compared with those of International organizations and present its recommendations to the Board of Directors. We also conduct an annual review of corporate governance self-assessment through a questionnaire following the SET and the IOD guidelines. The scores of Corporate Governance self-assessment fall in level of “Very Good”.

For the year 2013, the Company has been classified by Thailand’s National CG Committee as one of the Companies with “Excellent” corporate governance and ranked in the Top Quartile within Companies with a market capitalization over Baht 10,000 million.

Normally, the Audit & Corporate Governance Committee Meeting is held before the Board of Directors’ Meeting so that the minutes of the Audit & Corporate Governance Committee Meeting and discussions with internal auditors and external auditors without management’s presence in such discussions could be sent to the Board of Directors for acknowledgement, discussions and receiving suggestions from the Board.

The members of Audit & Corporate Governance Committee regularly have informal and formal discussions with internal auditors in connection with the results of the various areas of review undertaken by internal auditors. The formal Audit & Corporate Governance Committee Meeting usually takes around 2 hours. In the year 2013, Audit & Corporate Governance Committee held 4 regular meetings (2012: 4 regular meetings) and 2 special meetings (2012: 1 special meeting). The record of attendance of the members of Audit & Corporate Governance Committee is summarized as follows:

Name	Number of Attendance/Total Meeting (Times)			
	2013		2012	
	Regular Meeting	Special Meeting	Regular Meeting	Special Meeting
1. Mr. Suphat Sivasriumphai	4/4	2/2	4/4	1/1
2. Mr. Kamtorn Sila-On	4/4	2/2	4/4	1/1
3. Associate Professor Pavida Pananond, Ph.D.	4/4	2/2	4/4	1/1

Audit & Corporate Governance Committee Meeting No.1/2014 held on 29th January 2014 considered the appointment of Auditors and resolved to propose for shareholders’ approval, the appointment of any one of the following auditors of Ernst & Young Office Limited as the auditor of the Company for the years 2014.

1. Ms. Sumalee Reewarabandith (Certified Public Accountant (Thailand) No. 3970). She was the Company’s Auditor from the year 2003 until 2007 and again for the years 2010 to 2013.
2. Mr. Chayapol Suppasedtanon (Certified Public Accountant (Thailand) No. 3972). He has been the Company’s Auditor for the years 2008 and 2009.
3. Ms. Vissuta Jariyathanakorn (Certified Public Accountant (Thailand) No. 3853).

All the above auditors are qualified to conduct the audit and express an opinion on the financial statements of the Company. In the event that any of the above auditors is not available, Ernst & Young Office Limited is authorized to nominate a qualified and competent auditor from Ernst & Young Office Limited to conduct the Audit.

Ernst & Young Office Limited is a reputable independent audit firm, and has shown satisfactory performance according to past records. Ernst & Young Office Limited has been the Auditor of the Company and Thai subsidiaries since 2001.

The meeting also approved to propose for shareholders' approval, the audit fees of an amount not exceeding Baht 1.90 million for the year 2014 (2013 Fees: Baht 1.90 million) plus out-of-pocket expenses subject to further approval by shareholders.

While arriving at the above decision, Audit & Corporate Governance Committee took due note of the fact that Ms. Sumalee Reewarabandith (Certified Public Accountant (Thailand) No. 3970), auditor of Ernst & Young Office Limited acted as the auditor of all the Thai Subsidiaries and one Foreign Subsidiary for 2013 and is expected to continue in a similar role for 2014 for total proposed Audit Fees of Baht 3.42 million (2013 actual: Baht 3.41 million). Further, the meeting also noted the proposed fees for other services (non-audit related) towards BOI compliance rendered to Thai subsidiaries of an amount not exceeding Baht 0.31 million (2013 actual: Baht 0.35 million) and fees of an amount not exceeding Baht 0.60 million (2013 actual: Baht 0.40 million) for the review (for consolidation purpose) of the accounts of certain foreign subsidiaries.

**For and on behalf of the Audit & Corporate Governance Committee of
Precious Shipping Public Company Limited**



Mr. Suphat Sivasriumphai

Chairman of the Audit & Corporate Governance Committee

7th February 2014

CORPORATE GOVERNANCE REPORT

DEFINITION

Corporate Governance is a set of structure and process of relationships between Company's management, its board and its shareholders to enhance its competitiveness towards business prosperity and long-term shareholder value taking into consideration the interests of other stakeholders.

The above definition is as recommended by the SEC and the Company has endeavored to follow the same completely in letter and spirit.

Precious Shipping Public Company Limited ("The Company") recognizes that Good Corporate Governance is important and necessary for sustainable growth in business and long term shareholder value, and accordingly, the Board has set up a Corporate Governance Policy Manual, Business Ethics and Code of Conduct Manual which have been informed to all the employees via email and disclosed on the Company's website under the subject of "**Corporate Governance**".

The Company has won the following awards including awards for Good Corporate Governance in the past few years:

- Classified as one of the Companies with "Excellent" Corporate Governance for 4 consecutive years 2010, 2011, 2012 and 2013, by Thailand's National CG Committee.
- Classified as one of the Companies as "Excellent" for conducting Annual General Meetings in 2013 and 2012, respectively, by Thai Investors Association.
- Conferred the "Best Investor Relations" Award by the SET at the "SET AWARDS 2013".
- Conferred the "CSRI Recognition 2013" Award for honor and inspire Thai Listed Companies which have shown that they are committed to continuously operating with social responsibility and are good role model of sustainable businesses by Thailand's Corporate Social Responsibility Institute (CSRI) and the SET.
- Adjudged as the Winner of the Maritime Security & Safety Awards at the Seatrade Asia Awards 2013.
- Nominated as a finalist in "The Wet / Dry Bulk Operator Award" category at the Seatrade Asia Awards 2013.
- Nominated as a finalist for "The Bulk Ship Operator of the Year Award" at the IBJ (International Bulk Journal) Awards 2013.
- Mr. Khalid Hashim, Managing Director, was awarded the Seatrade Lifetime Achievement Award at the Seatrade Asia Awards 2012.
- Adjudged as the Best Ship Operator in Asia at the Lloyd's List Asia Awards 2012.
- Nominated as a finalist for "The Bulk Operator Award" at the Seatrade Asia Awards 2012.
- Nominated as a finalist for "The Bulk Ship Operator of the Year Award" at the IBJ Awards 2012.
- In 2010, the Company was selected to present information about Corporate Social Responsibility of the Company for CSR Awards 2010 by the Stock Exchange of Thailand.
- Adjudged as the Best Managed Company in Thailand in the medium market cap sector and one of the Best in Investor Relations in the Asia's Best Managed Companies Poll conducted by "FinanceAsia", the results of which were published in April 2010.
- Nominated as a finalist for "The Bulk Operator Award" at the Seatrade Asia Awards 2010.

- Adjudged as the Best Company in Thailand for Overall Corporate Governance, Disclosure and Transparency, Shareholders' Rights and Equitable Treatment, Investor Relations and also Best Investor Relations Officer (Mr. Khalid Hashim, Managing Director) in the Corporate Governance Poll 2010 conducted by "ASIAMONEY".
- In 2009, Mr. Khalid Hashim, Managing Director, was adjudged the Best CEO among all companies in the small and medium market cap sector by the Thai Securities Analysts Association (SAA).
- Adjudged as the Best Company in Thailand for Overall Corporate Governance, Disclosure and Transparency, Investor Relations and Investor Relations Officers (Mr. Khalid Hashim, Managing Director) in the Corporate Governance Poll conducted by "ASIAMONEY", the results of which were published in ASIAMONEY's January 2010 issue.
- Ranked as one of the Top 3 Companies with the highest Corporate Governance by "CLSA ASIA - PACIFIC MARKETS" in their Thailand Corporate Governance Survey Report of 3rd February 2009.
- Ranked in 2007 by "The Asset" Magazine of Hong Kong as the Best Company in Thailand for Corporate Governance in the annual list of the Best Governed 60 Companies in Asia.
- Conferred the "Best Corporate Governance Report" and "Best Performance" Awards by the SET at the "SET AWARDS 2006".



Mr. Khalid Hashim, Managing Director, receiving the Best Investor Relation Award at the SET Awards 2013.



Mr. Jaipal Mansukhani, Director, receiving the Maritime Security & Safety Award at the Seatrade Asia Awards 2013.

The Company's implementation of Good Corporate Governance Principles is outlined in 5 sections hereunder:

1. RIGHTS OF SHAREHOLDERS

The Company recognizes the rights and equitable treatment of shareholders and maintains a smooth working relationship to safeguard the best interests of all the shareholders. The basic legal rights comprise the right to buy/ sell or to transfer securities held, the right to share in profits of the Company, the right to receive dividend, the right to attend the shareholders meeting, the right to propose agenda in the shareholders meeting, the right to vote for the appointment of auditor and fixing of auditor fee and the right to take part in decision-making of the Company's material issues such as approval of key activities affecting business direction.

Apart from the basic rights of shareholders above, the shareholders have the right to receive information on operating performance, the newsletter from management and other key information via the Company's website. In accordance with good corporate governance guidelines, the Company has conducted its affairs with a view to protecting shareholders' rights and also encouraging all shareholders to exercise their rights. The policy for maintaining rights of shareholders is part of the Company's Corporate Governance Policy Manual which is disclosed on the Company's website.

The Company is responsible to the shareholders in terms of information disclosure, accounting methods, internal information usage and conflict of interests. The Board of Directors and Management are expected to be honest and any decision must be based on honesty and fairness to both major and minor shareholders, and for the collective benefit of all. Some of the policies and procedures followed to protect the Rights of the Company's shareholders are as follows:

1.1 Appointment of Board members

The Company has continuously improved the requirement of documents required for the appointment of each Board member individually to give additional information in the nominees'/existing Directors' profile in the Company's Annual Report and also to present to the Company's shareholders in the AGM. The aforesaid information is provided so that the Company's shareholders can get correct and complete information, which is relevant and required for their appointment, and include the following:

- Nominee's/Director's profile: Name, position, age, education, relevant knowledge, occupation, working experience and illegal acts (if any).
- Nominee's/Director's positions in any materially connected business.
- Nomination procedures (in case of the directors who retire by rotation).
- Directors' previous performance as director in terms of meeting attendance.

1.2 Consideration of the policy on Directors' remuneration

The Company follows the policy of obtaining the approval of the policy on Directors' remuneration from the shareholders in the AGM and has also disclosed guidelines/procedures for determining Directors' remuneration in 5.6 hereunder.

1.3 Appointment of auditors

The Company follows the policy of obtaining the approval of appointment of auditors from the shareholders in the AGM and has improved the information disclosure for the correctness and completeness of the information required for the decision on the appointment of auditors. The information provided in the AGM includes details as follows:

- Auditor's firm.
- Auditor's name.
- Auditor's remuneration for approval including separate disclosure for audit and non-audit related remuneration.
- Auditor's remuneration for the previous year.
- Relationship with the Company such as being the Company's advisor.
- Number of years as the Company's auditor (in case of reappointment of the present auditor).
- Auditor's performance.
- The reasons for changing the Auditor (in case the Company appoints a new auditor).

1.4 Consideration of the dividend policy

The Company obtained the approval of the new dividend policy in the shareholders' meeting in year 2004 and will continue to obtain such approvals in case of any changes in future.

1.5 Consideration of the share repurchase plan

The Company obtained the approval for the share repurchase plan from the shareholders in the shareholders' meeting in the year 2003, authorizing the Board of Directors to repurchase the Company's shares in accordance with SET/SEC regulations and provided the correct and complete information required for their decision.

1.6 Shareholders' Meetings

The Company has followed the recommended practices of SET/SEC for holding shareholders' meeting as follows:

- For the Annual General Meeting of shareholders (AGM) of 2013, the Company provided an opportunity to the shareholders to propose agenda items for the AGM and opportunity to the shareholders to nominate suitable candidates to be a member of the Board of Directors of the Company. This practice is continued for AGM 2014 as well. In practice, shareholders with a combined holding of at least 2,000,000 shares could propose agenda items or nominate qualified Directors from 1 October 2013 until 31 December 2013, which exceeds the privileges provided by law to shareholders. The Company set up the policy and communication channels through the website and announcement through the SET, based on which, a shareholder or a group of shareholders could propose an agenda item and nominate candidates to be Director for consideration in the AGM.
- Providing an opportunity to the shareholders to post questions in advance, to be addressed at the AGM 2013.
- Providing a complete and correct notice with full information to call shareholders' meeting is the normal policy of the Company. The notice includes the objective and reasons for each agenda item apart from the Board of Directors' comment/opinion, which has always been included. It is made certain that the Company does not amend the agenda of the shareholders' meeting without giving notice to shareholders.
- For AGM 2013, the Company disclosed the AGM schedule and the AGM Agenda through the SET on 4th February 2013 (55 days before the AGM date) for shareholders to plan their schedule for the meeting.
- For AGM 2013, the Company disclosed the notice of shareholders' AGM on the Company's website on 21st February 2013 (38 days before the AGM date) The Company also assigned the Thailand Securities Depository Co., Ltd. which is the Company's Registrar to send the AGM notice to shareholders on 1st March 2013 (30 days in advance of the AGM).
- The Company publishes the notice of shareholders' meeting in both Thai and English language newspapers for three consecutive days and at least 14 days prior to shareholders' meeting.
- The Company provides full opportunity for shareholders to participate in the meetings and encourages the shareholders to ask relevant questions which are answered by Management and/or related persons.
- The Company prepares minutes of shareholders' meetings, which are clear and complete and include the names of Board members' who attended the meeting. The minutes also include a correct and complete record of questions/answers, voting method, vote counting procedure and voting results.
- The Company has always followed the policy of obtaining shareholders' approval for any major event and in case of any serious situation that affected the Company's operations and provided correct and complete information required for their decision. An example of this was the acquisition of 15 ships during the year 2004, the signing of contracts for 12 new buildings during the year 2007 and 3 new buildings during the year 2008, for which, the Company also appointed an Independent Financial Advisor to advise the shareholders in all three cases.

- The Company follows the policy of regularly reviewing the outstanding unpaid dividends and tries to contact each shareholder who may have, for some reason, not received the dividends. Thereafter, the Company helps shareholders in terms of reminding and advising them on the required procedures to collect the dividends.

During the year 2013, the Company held one shareholders' meeting which was the Annual General Meeting (AGM), on 1st April 2013 at The Atrium Hotel Bangkok, formerly known as the Amari Atrium Hotel. All Board members attended the AGM of 2013 which also included the Chairman of the Board of Directors, the Chairmen of all the sub-committees, all Audit & Corporate Governance Committee Members and Independent Directors. The Auditors also attended the AGM to answer any questions raised by shareholders in respect of the accounts or the conduct of the Audit. The Chairman of the meeting explained the voting procedures to shareholders when the meeting was started and provided equal opportunity to all shareholders to examine the Company's operations, to ask questions and express their opinions and advice, and ensured that all items and resolutions including questions and answers were properly recorded in the minutes of the meeting. Thereafter, the minutes of shareholders' meetings were also sent to the SET and also disclosed on the website of the Company, including a video recording of the proceedings, under the subject of "Investor Relations" within 14 days after the meetings.

2. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company ensures the equitable treatment of all shareholders whether major shareholders or minority shareholders, foreign shareholders and institutional shareholders on a fair and equal basis and in terms of calling and holding shareholders meetings and for protecting the Rights of Shareholders for other matters by taking the following steps:

- Ascertaining that the date, time, venue of the meeting is convenient to attend.
- Offering one-share-one-vote.
- Facilitate proxy voting: clearly specifying the documents required to give proxy and by sending out the Notice to the extent possible under the regulations, to the Company's shareholders at least 4 weeks prior to the meeting date. For shareholders who are unable to attend in each meeting, the Company has designated the Chairman and/or Independent Director to attend and to vote on their behalf in each meeting. Full details for this purpose are provided in the Notice of shareholders' meetings. Moreover, the Notice, including Proxy (Form B.), was disclosed on the Company's website to facilitate its download by shareholders.
- Registration period is commenced at least 1 hour in advance to keep adequate time for completion of registration.
- Providing ballot papers for each agenda item.
- Arranging barcode system for registration and vote counting for shareholders' convenience and accuracy of the vote-count.
- Providing an opportunity to shareholders to propose agenda items and to nominate candidates to be Director in advance for the Annual General Meeting of Shareholders (AGM) through various channels including the Company's website.
- Providing an opportunity for shareholders to elect Director by voting on the given ballot papers for each of the Directors separately.
- Not adding any new agenda item without notice to shareholders in advance.
- Directors disclosing their interests and those of their related parties to the Board.
- Directors reporting their ownership of Company's shares to the Board regularly.
- Directors and Executives disclose and report their conflict of interests, including dealings with their relatives, if any, to the Company for the Company's use in complying with the regulation about connected transactions. Such report on interest is also useful in monitoring their adherence to their duties, by the following practices;

- A new director/executive submits the Form **“Report on Conflict of Interest Transaction”** within 30 days after appointment.
- Thereafter when there is a change, director/executive submits the updated Form **“Report on Conflict of Interest Transaction”** immediately or no later than 7 working days from the transaction date.
- The Company Secretary submits a copy of report on interest to the Chairman of the Board of Directors and the Chairman of Audit & Corporate Governance Committee within seven working days from the date on which the Company has received such a report.
- The Board of Directors has established a guideline to prohibit a director/executive, who has a conflict of interest on the issue, to participate in the decision-making process. Normally a director/executive, who has a conflict of interest on an issue, will leave from the meeting and join back once the issue has been discussed and a decision is made.
- Providing detailed explanation of related-party transactions characterizing names, relationship, policy, and value of each transaction as explained under the **“Connected Transactions”** section of this Annual Report. No non-compliance cases involving related-party transactions have been detected.
- Following an appropriate policy and laying down procedures for monitoring the use of insider information as explained under the **“Insider Trading Controls”** section of this Annual Report. No cases of insider trading involving the Directors and/or the Management have been detected.

3. ROLE OF STAKEHOLDERS

The Company recognizes the importance of all stakeholder groups whether it is the internal stakeholders such as shareholders, employees and management of the Company and subsidiaries or external stakeholders such as creditors, suppliers, customers, communities, government agencies and other related organizations. The Company is aware that the support from each stakeholder would help establish the Company’s competitive advantages and profitability, which would contribute greatly to the Company’s long term success and prosperity. The Company has also amended the Company’s website to include under the subject of “Stakeholder Activities”, the Policy and Code of Conduct towards stakeholders in Business Ethics and Code of Conduct Manual and included therein a way whereby the website can be used as one of the intended channels for any stakeholder to express his/her opinion and contact the Board of Directors in case they wish to contact the Board of Directors directly without going through the Management. The Board will treat such information seriously and will maintain utmost confidentiality. If the complaints are not unfounded, the Board would take all remedial action that may be necessary.

Management: The Company recognizes that Management is one of the key success factors for the Company’s operations and accordingly, Management remuneration is appropriately structured and comparable with the Industry norms and other equivalent listed companies in Thailand. The Management is also allowed to work independently without interference as defined in their duties and responsibilities, which are approved by the Board of Directors.

Employees: The Company recognizes that employees are one more key success factor for the Company’s operations. The Company provides equal opportunities in employment, job security, and career advancement, as well as adhering to other good principles related to employees and employment. The Company also ensures that employees are adequately knowledgeable and skillful to perform their jobs for the Company’s business, and understand relevant code of conduct and practice and are encouraged to gain knowledge and ability and keep them updated following Industry trends. The subject of safety and occupational health of all seafarers serving onboard the Company’s ships has been explained under the subject of **“Sustainability Report”** of this Annual Report.

The Company provides remuneration to office employees as salary, bonus, and other benefits, like Provident Fund on a voluntary basis, although the same is not required by law. Remuneration is

based on their performance, roles and duties and incentives/increments/bonuses are also based on financial status/performance and future plans of the Company. As a long-term incentive, the Company does not have an ESOP plan in place since the Company feels that to a large extent, the share price of the Company depends on a number of factors beyond the employees' direct control like the state of the International Freight Markets and therefore, the Company's share price may not adequately reflect the better performance of the employees. Therefore, the Company has implemented a profit sharing scheme, which ensures that the employees are paid bonus annually based on the performance of the Company against specified quantitative targets, which are laid down annually in advance.

The Company provides in-house and external training for officers of the Company both at Head Office as well as on the Ships. The costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses. Moreover, the Company supports good relationship between all employees including the Management.

Brokers: The Company recognizes that ship-brokers with whom the Company regularly deals with for obtaining business for Company's ships are one of the key success factors. Accordingly, terms are negotiated with a view to ensuring fairness and in keeping with industry norms so as to ensure a long term working relationship.

Creditors: The Company recognizes Financial Creditors as one more important success factor who provide funds which are particularly required for the Company's highly capital intensive business. The Company complies with all terms in borrowings including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed.

Suppliers: The Company recognizes the importance of satisfied Suppliers and the Company always ensures that terms and conditions for suppliers are based on industry norms and practices and thereafter, agreed terms and conditions are strictly followed by the Company.

Customers: The Company recognizes that the Customers are the key success factors for the Company's operations. The Company always protects customers' interests, is attentive and ultimately responsible for the needs of the customers with regard to service, and in setting and maintaining steady standards of service. The customers' confidential information is used exclusively for concerned business, without revealing it unless required by laws, regulations, or with consent from the information owners, including issues related to marketing, market power exercises, price setting, and details of services, quality and safety.

Competitors: The Company acts within the rules of fair trade, not destroying trade competitors' reputations with false allegations against their companies without truth, nor does the Company access competitors' confidential information or use dishonest or inappropriate means for any purpose.

Social Responsibility to the Community: The Company recognizes its responsibility to the Community and is often involved in supporting community activities and being attentive to the consequences of the Company's conduct that affect the people more than what the laws require, including making efforts to absorb social accountability. The Company has provided a separate detailed report under the subject of **"Sustainability Report"** of this Annual Report.

Regulators: Apart from the various regulations which the Company's ships are subjected to and explained hereunder in this Report, on a corporate level, the Company recognizes that Government is a regulator who is in control of the Company's operations in respect of the fairness and transparency of trading. The Company recognizes the significance of compliance with related laws and regulations and has included its review of compliance as one of the duties of the Internal Audit Department headed by a qualified Internal Auditor. Internal Auditors provide an annual compliance review report of related laws and regulation and directly report to the Audit & Corporate Governance Committee as explained under the **"Audit & Corporate Governance Committee Report"** of this Annual Report.

Environment: The Company recognizes that shipping operations if conducted irresponsibly may affect the environment, particularly in terms of air and/ or water pollution.

For the Environmental Protection Policy, the Company is committed to the protection and conservation of the environment and ranks environmental considerations equally with commercial and operational factors in managing its operations and implements this policy. The Company has provided a separate detailed report under the subject of “**Sustainability Report**” of this Annual Report detailing the steps taken by the Company and its compliance with various regulations/norms.

Respect for International Human Rights Principles: The Company requires that all of its directors, the management and staff strictly respect International human rights principles including forced labor or child labor as part of the operations and the Company does not tolerate any violations thereof. All stakeholders are treated fairly on human dignity and non-discrimination of national origin, race, gender, age, skin color, religion, physical condition, status, or birth. The Company also promotes the monitoring of human rights compliance within the Company and encourages subsidiary companies, investors, business partners, and all stakeholders to observe the international standards of human rights principles.

Ethics for Intellectual Property Rights: The Company requires that all of its directors, the management and staff respect the intellectual property rights of others with care and caution, whether in trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, such as using only licensed software that has been inspected and installed by the Company’s Information Technology Department, and encouraging our staff to ensure that the application of research findings or other data in their work does not constitute a violation of other people’s intellectual property rights.

Policy on preventing corruption and offering a bribe: The Company has a policy prohibiting all forms of bribery or corruption, either directly or indirectly to advance its business interests or those of its associates. The Company has a zero tolerance policy for fraudulent and/or corrupt behavior and takes corruption and bribery transactions, if any, very seriously. Any violation of this policy is regarded as a serious matter by the Company and will result in disciplinary action, including termination, consistent with local law.

For 2013, on countering corruption, the Company has signed a Declaration of Intent of the Thai Institute of Directors’ Private Sector Collective Action Coalition Against Corruption, whereby the Company vowed to adhere to the Coalition’s aim to fight corruption in all forms. To that effect, the Company will assess risks associated with corruption and prepared itself for self-assessment on anti-corruption measures.

Moreover, the Company has established channels for reporting any misconduct, fraudulent act or corruption and provides protection and remedies for any person who files a complaint or cooperates in the investigation of the charge.

The Company also provides the guideline for preventing corruption and offering a bribe such as the guideline for giving and receiving Gifts and Gratuities, transactions with government, etc. Details of this policy and guidelines are presented in the Company’s “Business Ethics and Code of Conduct” which is informed to all the employees and posted on the Company’s website.

Whistleblowing Policy: To ensure fair treatment of all stakeholders under the Code of Conduct, the Company has set up a channel to contact the Board of Directors directly (without passing through the Management of the Company) for any business suggestions, complaints, or recommendations indicating impact or risks of impact on stakeholders arising from its business or from wrongful action, or violation of the Code of Conduct, and complaints for special cases like immoral/dishonest acts of Management, breach of Code of Conduct, illegal acts, etc. Any staff member or any other stakeholder is accordingly welcome to send a message by email or mail a letter to Khun Thira Wipuchanin, Independent Director and Chairman, at the following address:

By mail:

Mr. Thira Wipuchanin
256 Lad Phrao Road, Soi Sannibathtedtaban,
Chankasem, Chatuchak, Bangkok 10900 Thailand.

By e-mail:

acthira@hotmail.co.th

The Complaint handling procedure and guidelines to protect whistleblower have been presented in the “Business Ethics and Code of Conduct” which is informed to all employees and posted on the Company’s website.

In 2013, the Company was engaged in no significant dispute with any stakeholders.

4. DISCLOSURE AND TRANSPARENCY

The Company has tightened procedures to take care of important information to be disclosed, including both financial and non-financial statements and Reports. The information is disclosed correctly, accurately, on a timely basis and transparently through the proper channels that users could fairly and trustfully access.

4.1 Board of Directors’ Report

The Board of Directors is responsible for the Company and its subsidiaries’ financial statements and financial information presented in this Annual Report. The Report on the Board of Directors’ Responsibilities for Financial Statements is presented along with the Report of Independent Auditor and Audited Financial Statements in this Annual Report.

4.2 Directors and Management Remuneration

The Board of Directors appointed the Remuneration Committee in its meeting held on 15th November 2007 in order to oversee the remuneration of Directors and Management. The proposal of the Directors’ Remuneration and the recommendations and opinion of the Board of Directors regarding the Directors’ Remuneration would be presented for approval in shareholders’ meeting. The details of Remuneration Committee such as members, qualification, duties, responsibilities and criteria to determine remuneration are disclosed on the website of the Company and under the subject “**Management Structure**” of this Annual Report.

In the years 2013 and 2012, the Company proposed the Directors’ Remuneration for the year as a fixed retainer fee without any other compensation which was paid quarterly in equal instalments for each respective quarter, which was approved in the Shareholders’ Meeting as follows:

(In million Baht)

	Name of Director	Position	Amount					
			2013			2012		
			Board of Directors	Audit & Corporate Governance Committee	Total	Board of Directors	Audit & Corporate Governance Committee	Total
1	Mr. Thira Wipuchanin	Chairman of the Board of Directors, Independent Director	1.20		1.20	1.20		1.20
2	Mr. Khalid Moinuddin Hashim	Managing Director	0.55		0.55	0.55		0.55
3	Mr. Munir Moinuddin Hashim	Executive Director	0.55		0.55	0.55		0.55
4	Mr. Khushroo Kali Wadia	Executive Director	0.55		0.55	0.55		0.55
5	Mr. Jaipal Mansukhani *	Director	0.55		0.55	0.55		0.55
6	Mr. Suphat Sivasriamphai	Independent Director	0.55	0.40	0.95	0.55	0.40	0.95
7	Ms. Nishita Shah	Director	0.55		0.55	0.55		0.55
8	Mr. Kirit Shah	Director	0.55		0.55	0.55		0.55
9	Mr. Chaipatr Srivisarvacha	Independent Director	0.55		0.55	0.55		0.55
10	Mr. Kamtorn Sila-On	Independent Director	0.55	0.20	0.75	0.55	0.20	0.75
11	Associate Professor Pavida Pananond, Ph. D.	Independent Director	0.55	0.20	0.75	0.55	0.20	0.75
12	Mr. Ishaan Shah	Director	0.55		0.55	0.55		0.55
Total Annual Remuneration**			7.25	0.80	8.05	7.25	0.80	8.05

* Employed in an executive position as a full-time employee in the Company’s subsidiary.

** Paid quarterly to the Chairman of the Board of Directors Baht 300,000 per quarter, each Board member Baht 137,500 per quarter, the Chairman of Audit & CG Committee an additional Baht 100,000 per quarter and each Audit & CG Committee member an additional Baht 50,000 per quarter.

The remuneration of the Executive Directors and Senior Management included their salary, bonus (which was paid during the year but the amount is mainly based on the Company's performance in the last 3 years), and other remuneration (income tax and house rental). During the years 2013 and 2012, the Company (and subsidiary) paid the remuneration to Executive Directors and Senior Management, totaling 15 persons (2012: 14 persons) of Baht 101.67 million and Baht 106.58 million, respectively.

The following 3 directors have been appointed by the Board of Directors as the Executive Directors of the Company and constitute the Executive Board of Directors as of 31 December 2013.

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Munir Moinuddin Hashim	Director (Commercial)
3. Mr. Khushroo Kali Wadia	Director (Finance)

Senior Management of the Company and subsidiary as of 31 December 2013 comprises of the following:

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Munir Moinuddin Hashim	Director (Commercial)
3. Mr. Khushroo Kali Wadia	Director (Finance)
4. Mr. Jaipal Mansukhani	Director of the Company (full time employed in the Company's subsidiary)
5. Mr. Shrilal Gopinathan	Vice President (Commercial)
6. Mr. Koka Venkataramana Sudhakar	Vice President (Fleet Management)
7. Mr. Kodakara Veetil Murali Menon	Vice President (Technical)
8. Mr. Neelakantan Vasudevan	Vice President (Risk Management)
9. Mr. Stephen Korah	Vice President (International Safety Management)
10. Mr. Kamal Kumar Dua	Vice President (Information Technology)
11. Mr. Nishikant Govind Desai	Vice President (Projects)
12. Mr. Prashant Mahalingam	Vice President (Procurement)
13. Ms. Somprathana Thepnaplern	Assistant Vice President (Finance & Accounts) & Company Secretary
14. Mr. Kiran Kesarinath Vaidya	Senior Manager (Accounts & MIS)
15. Mr. Yingyong Kanghae	Senior Manager - Group Accounts

The comparison of remuneration of the Chairman, Directors, the Chairman of Audit & Corporate Governance Committee, Audit & Corporate Governance Committee Member and Management between the Company and other listed companies and listed companies in the transportation and logistics sector and listed companies in the services sector is as follows:

(In Thousand Baht/Person/Year)

Description	* PSL		** Other Listed Companies								
			Transportation & Logistics			All Listed Companies with revenue >3,000 - <5,000 MB.			All Listed Companies		
	2013	2012	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max
Chairman of the BOD	1,200.00	1,200.00	1,048.71	15.00	3,170.00	908.64	50.00	5,462.00	1,014.72	10.00	11,082.74
Executive Directors	550.00	550.00	639.02	30.00	2,046.38	510.72	50.00	2,400.00	550.61	13.33	6,288.00
Non-Executive Directors	550.00	550.00	794.44	25.83	1,713.82	486.75	60.00	1,893.40	730.99	20.79	7,453.33
Management	6,777.93	7,612.86	3,774.81	965.03	9,196.25	3,770.99	837.74	42,161.43	4,434.51	200.00	42,497.04
Chairman of Audit & CG Committee ***	400.00	400.00	266.56	15.00	550.00	178.39	25.00	360.00	271.13	15.00	5,400.00
Audit & CG Committee members ***	200.00	200.00	400.05	25.00	1,625.00	N.A.	N.A.	N.A.	190.42	12.50	2,400.00

* PSL's figures are actuals of respective years.

** From SET's Remuneration Report for the year 2012.

*** Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member.

N.A. Not available since not reported

(In Thousand Baht/Person/Year)

Description	* PSL		** Service Sector							
			Mean		Median		Min		Max	
	2013	2012	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1,200.00	1,200.00	1,064.05	2,099.08	1,100.00	1,400.00	197.50	268.30	2,178.00	8,497.00
Executive Directors	550.00	550.00	484.46	1,016.01	310.00	589.00	134.00	169.40	1,310.00	3,837.00
Non-Executive Directors	550.00	550.00	512.59	991.08	335.00	612.00	134.00	169.40	1,424.80	3,951.80
Management	6,777.93	7,612.86	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	400.00	400.00	544.06	3,075.23	472.50	1,467.00	55.00	335.00	1,570.00	7,889.00
Audit & CG Committee members ***	200.00	200.00	393.95	3,270.70	286.63	3,163.38	40.00	738.50	1,330.00	6,385.00

* PSL's figures are actuals of respective years.

** From IOD's Thai Directors Compensation Survey 2012 (latest available Survey Results) – No survey conducted in Year 2013.

*** Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member.

N.A. Not available since not reported.

(In Thousand Baht/Person/Year)

Description	* PSL		** All Listed Companies with revenue 1,001 - 5,000 MB.							
			Mean		Median		Min		Max	
	2013	2012	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1,200.00	1,200.00	845.75	1,293.09	602.00	893.71	215.00	245.00	2,997.33	5,197.33
Executive Directors	550.00	550.00	392.29	663.69	338.00	534.67	155.00	175.00	1,020.00	1,920.00
Non-Executive Directors	550.00	550.00	415.51	705.09	345.00	545.00	155.00	175.00	1,319.80	2,719.80
Management	6,777.93	7,612.86	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	400.00	400.00	451.33	631.33	460.00	660.00	51.40	171.40	945.20	1,165.20
Audit & CG Committee members ***	200.00	200.00	333.93	488.93	315.00	480.00	55.00	155.00	858.60	1,058.60

* PSL's figures are actuals of respective years.

** From IOD's Thai Directors Compensation Survey 2012 (latest available Survey Results) – No survey conducted in Year 2013.

*** Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member.

N.A. Not available since not reported.

(In Thousand Baht/Person/Year)

Description	* PSL		** All Listed Companies							
	2013	2012	Mean		Median		Min		Max	
			Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1,200.00	1,200.00	1,170.09	2,205.12	656.80	1,099.02	117.50	147.50	8,730.00	15,930.00
Executive Directors	550.00	550.00	554.75	1,346.34	385.00	680.62	61.90	81.90	4,050.00	9,750.00
Non-Executive Directors	550.00	550.00	579.90	1,249.78	435.00	714.00	66.90	86.90	4,050.00	8,850.00
Management	6,777.93	7,612.86	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	400.00	400.00	507.52	1,513.46	485.00	705.00	36.40	86.40	1,829.50	8,148.50
Audit & CG Committee members ***	200.00	200.00	376.15	1,245.96	301.50	484.00	40.00	90.00	1,830.00	6,885.00

* PSL's figures are actuals of respective years.

** From IOD's Thai Directors Compensation Survey 2012 (latest available Survey Results) – No survey conducted in Year 2013.

*** Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member.

N.A. Not available since not reported.

4.3 Relations with investors

The Board of Directors recognizes the importance of accurate, complete and transparent disclosure of financial information and general information, which may affect the Company's share price. The Company provides the information through the channel of the SET, the Company's website and through regular newsletters and communications from the Managing Director. While the Company undertakes investor relations at the top management level, the Company has also designated persons as the contact points in the Company to service investors, shareholders, analysts and public as under:

Mr. Khalid Moinuddin Hashim	Managing Director (voted "Best Investor Relations Officer" in Thailand in the Corporate Governance Poll in December 2010 by "ASIAMONEY") Telephone 66 2696 8801, Email: kh@preciousshipping.com
Mr. Khushroo Kali Wadia	Executive Director Telephone 66 2696 8836, Email: kw@preciousshipping.com
Khun Somprathana Thepnaplern	AVP (Finance & Accounts) and Company Secretary Telephone 66 2696 8856, Email: som@preciousshipping.com

The Company has joined many events for press/analysts briefings, which are attended personally by the Managing Director. Some of the major events in which the Company participated in the last three years are enumerated herein as under:

Year / Times	Analyst Meetings	Investor Meetings	Presentations Road shows	Press & TV Interview	Total
2013	69	51	18	6	144
2012	50	35	12	8	105
2011	38	33	13	2	86

5. RESPONSIBILITIES OF THE BOARD

5.1 Board Structure

The number of members on the Board of Directors is commensurate with the size and complexity of the Company's business. Currently, there are 12 Directors on the Board of Directors of the Company which consists of 3 Executive Directors and 1 Director in an executive position in the Company's subsidiary (as full-time employees of the Company/Subsidiary), 3 Non-Executive Directors and 5 Independent Directors (more than one-third of Board of Directors). The Audit & Corporate Governance Committee and Nomination Committee comprises entirely of Independent Directors.

The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience.

Definition

Executive Director:

An Executive Director is a Director who is involved in the Management of the Company on a full-time basis and receives regular monthly remuneration from the Company in the form of salary or its equivalent.

Independent Director:

The Independent Directors are independent from the Management and have no business or activities with the Company and must not be involved in the day-to-day management of the Company or an affiliated company which may compromise the Interests of the Company and/or the Shareholders.

The qualifications of Independent Director of the Company comply with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand.

Qualifications of Independent Directors of the Company:

They must not hold shares exceeding 1 percent each, including shares held by a related person, of paid-up capital of the Company or of an affiliated, associated or a related company.

They must not be involved in the day-to-day management of the Company or an affiliated company, an associated company or a related company, or with the major shareholders of the Company.

They must not have any related business pursuant to the regulations of the Securities and Exchange Commission and also must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries, associated companies, or its major shareholders.

They must not be a blood relative or legal relative of any Executive Director, executive officer, major shareholder or significantly influential person in/of the Company.

They must not be acting as a nominee or representative of any director, major shareholder or shareholders, who are a relative of any major shareholders of the Company.

They must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or major shareholders of the Company, including related persons or relatives.

Definition of Related Persons

Related persons shall include persons who are involved in any kind of benefits or are related to the Company's business to a significant amount, such as suppliers, customers, or creditors. This kind of connection may affect the Independent Directors in carrying out their duties independently or conveniently.

Independent Director's Roles and Duties

Independent Directors should have access to adequate financial and other business information for them to perform their duties effectively.

They should regularly attend every board meeting, including committee meetings, and raise questions to ensure the interests of Company's shareholders' and the protection of rights of other stakeholders', and that the Company complies with best practices.

Independent Directors should possess abilities and display willingness to learn the Company's businesses, and express their views independently, as well as dedicate time and attention to the Company as needed.

Independent Directors should regularly hold meetings among themselves, and try in every way possible to look for opportunities in which they can discuss business management issues with the Management.

Independent Directors are expected to submit a confirmation letter to the Company verifying their independence in accordance with the Company's definition, on the date they accept the appointment and every subsequent year if required.

It is expected that there should be specific terms given to Independent Directors, and no director is expected to stay on beyond a certain time limit. Nonetheless, the difficulties of searching an appropriate replacement and the benefits of the working relationship built up over the years within the Independent Directors and their understanding of the business must also be taken into account. Accordingly, at present no time limit has been set up for the Independent Directors apart from the statutory limits placed under applicable law.

Other Committees

The Board of Directors appointed several committees as part of the good corporate governance policy of the Company viz. Audit and Corporate Governance Committee, Remuneration Committee and Nomination Committee. The details of these committees such as names and number of members, qualifications, duties and responsibilities are disclosed on the website of the Company and under the subject "**Management Structure**" of this Annual Report.

Aggregation or Segregation of Positions

The Chairman of the Board of Directors is an Independent Director and has no relationship with the Management, as defined by the Stock Exchange of Thailand. The Chairman is not the same person as the Managing Director of the Company nor is he related in any way to the Managing Director of the Company in order to segregate the duties between the policy maker and the policy manager.

The Chairman of the Board is the leader of the Board, and has duties as the chairman of both Board and shareholders' meetings. The Managing Director is the head and leader of the Company's executives and is responsible to the Board for managing the Company in order to achieve all planned objectives.

Company Secretary

In keeping with Good Corporate Governance, the Company designated a Company Secretary viz. Ms. Somprathana Thepnapalern, having duties and responsibilities in accordance with the Securities and Exchange Act and to be responsible for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and Good Corporate Governance, and responsible for holding the Board and shareholders' meetings. The additional tasks include assisting the Board to comply with resolutions and safeguard the Company's documents and information.

The detailed profile of the Company Secretary, Ms. Somprathana Thepnapalern, has been disclosed under the subject "**Management Team**" of this Annual Report.

5.2 Roles, Duties and Responsibilities

Leadership and Vision

The Board of Directors is the main driver in defining the direction of the Company's performance, achieving its goals and objectives and to define the Company Mission, Vision, Core Values, Strategic Business Plan, appointment of competent and effective management and managing the Company's affairs with Good Corporate Governance in order to reach the objectives in accordance with Company's policy and in accordance with the law. The Board of Directors comprises of persons who have the knowledge, expertise, business experience and backgrounds which qualify them to perform their duties and responsibilities in accordance with the highest standards of business ethics.

The Board of Directors has clearly defined and demarcated powers, duties and responsibilities between each committee as mentioned under the “**Management Structure**” section of this Annual Report.

The Corporate Governance Policy

In recognition of the fact that it is important and necessary for sustainable growth of operating business and long-term shareholder value, the Board of Directors has set up a Corporate Governance Policy for the Company. The Board of Directors has reinforced corporate governance by including policies and directions on operating the business, set up adequate internal controls and internal audit systems and monitoring management to perform effectively under the policy to ensure long term interests of shareholders under applicable laws with full transparency and correct business ethics. A Corporate Governance Policy Manual outlining its features has been drawn up by the Company and already circulated to the Company's employees for the recognition of the necessity of Good Corporate Governance and is also disclosed on the Company's website.

The Company's Corporate Governance Policy consists of:

1. Right and Equitable Treatment of Shareholders and various groups of Stakeholders.
2. Structure, Rules, Duties, Responsibilities, and Independence of the Board of Directors.
3. Information Disclosure and Transparency.
4. Controlling System and Risk Management.
5. Business Ethics.

The Board of Directors conducts an annual review of Corporate Governance Policy and evaluation of the policy implementation so that the Corporate Governance Policy of the Company is up to date and appropriate with the current situation.

In the Board of Directors' meeting held on 31st July 2013, the Board conducted a corporate governance self-assessment through a questionnaire following the SET and IOD guidelines. The scores of corporate governance self-assessment fall in the level of “Very Good”. The Board of Directors intends to use this result to further improve its corporate governance. The Company intends that the corporate governance self-assessment be done every year in order to comply with Good Corporate Governance practice and accordingly, this exercise will be conducted again in year 2014.

Business Ethics

The Company has set up a code of ethics for Directors, management and employees as a guideline to carry out their respective work for the Company in a transparent, honest, faithful and justifiable manner. It is also disclosed on the Company's website.

Conflict of Interest

In order to prevent conflict of interest transactions, The Board of Directors, through the Audit & Corporate Governance Committee has supervised carefully such potential transactions by setting out a written policy and procedure of approval of transactions involving any potential conflict of interests and has set up an appropriate policy as follows:

Potential conflict of interest transactions

Any transaction which could lead to a potential conflict of interest and/or a related party transaction is considered very carefully by the Board of Directors with a view to full compliance with the relevant rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand, apart from compliance with the internal policies and guidelines set up by the Company. Moreover, such transactions are entered into strictly on an “Arms-Length” basis. The terms and conditions of such transactions are always in compliance with generally acceptable, standard commercial terms and conditions and appropriate disclosure regarding the details of the transactions viz. value, counter-party, reason and necessity of the transaction is made in this Annual Report and also in Form 56-1.

In addition to the above, the Audit & Corporate Governance Committee and the Internal Audit Department prepared the annual audit plan to review transactions that may cause conflict of interest. For the year 2013, the internal auditors audited the aforesaid transactions and reported the results thereof to the Audit & Corporate Governance Committee in the Audit & Corporate Governance Committee’s Meeting No. 1/2014 held in February 2014. The Audit & Corporate Governance Committee found that the Company has a proper policy for approval and prevention of abuse in such transactions. The existing conflict of interest transactions are made only on the basis of proper comparison of market prices and for the benefit of the Company. Adequate disclosures of all such material transactions have been made in this Annual Report.

Moreover, the Internal Audit Department has reviewed the compliance of the Company in respect of the Notifications of the Stock Exchange of Thailand Re: The Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions 2003 as amended from time to time and Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as amended from time to time including circular letter of the Securities and Exchange Commission about the recommended practice to be followed under section 89/12 (1) of the Securities and Exchange Act (No.4) B.E.2551. The details of the connected transactions have been explained under the topic “**Connected Transactions**” of this Annual Report. The results of the review have been reported to the Board of Directors of the Company. The Board of Directors of the Company is of the opinion that such transactions are fair and for the full benefit of the Company.

Reporting changes in Company share ownership

To prevent abuse of inside information, all company directors, including their spouses, must report any changes in their company share ownership to the Company in case of sale or purchase of Company’s shares. The changes in Company share ownership is reported to the Board of Directors meeting every quarter.

Controlling System and Internal Audit

The Company recognizes the importance of internal control systems on an operational level to ensure that the operations are conducted efficiently. Powers and Duties of operations and management level personnel are laid down clearly. There is a proper level of control maintained on the utilization of the Company’s property/assets for the highest benefit of the Company and there is clear segregation between the operations units, control units and assessment units for the purpose of maintaining appropriate checks and balances. Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant management.

The Company has the Internal Audit Department in order to ensure that the key operations and financial activities are conducted efficiently under the guidelines and relevant laws. Moreover, to ensure that the Company has complied with laws and regulations relating to the business of the Company, the Internal Audit Department conducts regular checks. Internal auditors report directly to the Audit & Corporate Governance Committee on all matters, in order to make the Internal Audit Department completely independent of the management.

The detailed profile of the chief of Internal Audit Department is shown below:

MS. PANIDA SATJADECHACHAI

POSITION	Internal Audit Manager
AGE	37 years
EDUCATION	Master of Accounting Program (MAP), Thammasat University
TRAINING	
October 2013	Attended the training course “CSR Knowledge Management” held by Corporate Social Responsibility Institute (CSRI).
February 2013	Attended the training course “New CG Principles 2012” held by IOD and the SET.
March - April 2010	Attended the training course “Updating International Financial Reporting Standard (IFRS)” held by KPMG Poomchai Business
EXPERIENCE	
August 2012 - Present	Internal Audit Manager, Precious Shipping Public Company Limited
2006 - 2012	Assistant Internal Audit Manager, Precious Shipping Public Company Limited

Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant managers to achieve the following objectives:

1. Efficient and effective operations, including skillful use of resources for the best benefit of the Company.
2. Accurate, reliable and prompt financial reporting.
3. Full compliance with the Company's policies, laws and regulations.

The Board of Directors recognizes the importance of risk management and is responsible directly for the risk management of the organization with the objectives to support the work performance of the management of the Company to be efficient and effective and to achieve the business objectives. The Board of Directors has specified the Company's policy on risk management and internal control on the website of the Company and under the topic “**Internal Control**” of this Annual Report.

The Company also established the Legal & Compliance Department to review and evaluate compliance issues/concerns within the organization in order to mitigate legal risk and to ensure the Board of Directors, Management and employees are in compliance with the rules and regulations of regulatory agencies, that company policies and procedures are being followed, and that behavior in the organization meets the company's Standards of Conduct.

The detailed profile of the chief of Legal and Compliance Department is shown below:

MS. SIRASA SUPAWASIN

POSITION	Legal and Compliance Manager
AGE	30 years
EDUCATION	Bachelor of Law, Thammasat University Lawyer License, Lawyers Council of Thailand Notarial Service Attorney License, Lawyers Council of Thailand
TRAINING	
October 2013	Attended the training course “CSR Knowledge Management” held by Corporate Social Responsibility Institute (CSRI).
February 2013	Attended the training course “New CG Principles 2012” held by IOD and the SET.
October 2010	Effective Minute Taking Program, the Thai Institute of Directors
October 2008	Business Law Training Course, Faculty of Law, Thammasat University
October 2007	Company Secretary Program, the Thai Institute of Directors
September 2006	Human Resource Law Training Course, Faculty of Law, Thammasat University

EXPERIENCE

July 2011 - Present	Legal and Compliance Manager, Precious Shipping Public Company Limited
2007 - 2011	Senior Legal Officer, United Thai Shipping Corporation Limited
2005 - 2006	Legal Officer, Daikin Industries (Thailand) Limited

5.3 Board of Directors' Meetings

The Board of Directors' meetings are held quarterly on a regular basis (except in the first quarter when 2 ordinary meetings may be held), but extraordinary or special meetings, if required, may be called at any time during the year. The meeting has a specific agenda, which would include a review of the Company's operations. The Company Secretary sends the notice of the meeting and relevant documents to all Directors, at least 7 days prior to the meeting date, so as to allow sufficient time for them to review the information before joining the meeting.

Board of Directors' meetings are held about 7 to 10 days after the Audit & Corporate Governance Committee meeting so that the minutes of the Audit & Corporate Governance Committee meeting can be sent to the Board of Directors for their consideration and discussion during the Board meeting. However, in case a Director either feels suspicious or has any questions, the Director can seek answers or clarifications directly from the Executive Directors at all times.

In every meeting, the minutes of the meeting are recorded, reviewed and adopted by the Board of Directors. The minutes of the meeting are kept with the Company Secretary for ready reference and review by other concerned parties.

The Board of Directors' meetings normally take around 2-3 hours. In the year 2013, the Board of Directors held 7 ordinary meetings (2012: 4 meetings) and 1 extraordinary meeting (2012: 1 extraordinary meeting). The record of attendance of the Directors is summarized as follows:

Name of Director		Attendance / Total Meetings (Times)			
		Year 2013		Year 2012	
		Ordinary Meeting	Extraordinary Meeting	Ordinary Meeting	Extraordinary Meeting
1.	Mr. Thira Wipuchanin	7/7	1/1	4/4	1/1
2.	Mr. Khalid Moinuddin Hashim	7/7	1/1	4/4	1/1
3.	Mr. Munir Moinuddin Hashim	7/7	1/1	4/4	1/1
4.	Mr. Khushroo Kali Wadia *	6/7	1/1	4/4	1/1
5.	Mr. Jaipal Mansukani	7/7	1/1	4/4	1/1
6.	Mr. Suphat Sivasriamphai	7/7	1/1	4/4	1/1
7.	Miss Nishita Shah	5/7	0/1	1/4	1/1
8.	Mr. Kirit Shah	5/7	1/1	4/4	1/1
9.	Mr. Chaipatr Srivisarvacha	7/7	0/1	4/4	1/1
10.	Associate Professor Pavida Pananond, Ph.D.	7/7	1/1	4/4	1/1
11.	Mr. Kamtorn Sila-On	7/7	1/1	4/4	1/1
12.	Mr. Ishaan Shah	6/7	0/1	4/4	1/1

* Missed one Board meeting due to urgent travel for urgent and emergency Company work

The Non-Executive Directors hold meetings among themselves for discussing the business management issues and performance of the Executive Directors.

5.4 Board Self Assessment

In the Board of Directors Meeting held on 31st October 2013, Board members conducted a self-assessment through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board
- Roles and responsibilities of the Board
- Readiness
- Strategy Setting and Policy Making
- Risk Management and Internal Control
- Conflict of Interest
- Monitoring of financial reports and the results of operation
- Board of Directors' meetings
- The Board's performance of duties
- Relationship with Management
- Self-development of Directors and Executive Development
- Nomination
- Remuneration
- Performance Assessment for CEO/MD

The scores of Board's Self Assessment fall in the level of "Excellent". The Board of Directors intends to use this result to further improve its performance. The Company intends that the self assessment be done every year in order to comply with the Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2014.

5.5 Managing Director Evaluation

In the Board of Directors Meeting held on 31st October 2013, the Board members conducted a Managing Director Evaluation through a questionnaire following the SET guidelines which covered the subjects as follows:

- Leadership
- Strategy formulation
- Strategy execution
- Financial planning/ Performance
- Relationships with the Board
- External Relations
- Human Resources Management/ Relations
- Succession
- Product/ Service Knowledge
- Personal Qualities

The score of Managing Director Evaluation fell in the level of "Excellent". The Company intends that the Managing Director Evaluation be done every year in order to comply with Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2014.

5.6 Directors and Management Remuneration

The Management remuneration is fixed in accordance with the principles and policies set by the Board of Directors. The Board of Directors directly and specifically approves the remuneration of the Executive Board and the Director employed in an executive capacity in the Company's subsidiary based on

the remuneration in the Industry for equivalent positions, financial status/performance of the Company and their respective individual performances.

Since the year 2007, the Board appointed and assigned the Remuneration Committee to set procedures for consideration of the remuneration of the Directors and Management in accordance with international standards and comparable with other equivalent listed companies including companies in the transportation industry.

The remuneration of the Senior Management included their salary, bonus, and other remuneration (income tax, house rent and provident fund contributions) and the Directors' Remuneration was a fixed annual amount which was approved in Shareholders' Meeting. The remuneration of Directors and Management has been disclosed hereinabove under the subject of "Disclosure and Transparency".

5.7 Directors and Management Training

The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge. All the Company's Directors have attended important training courses that are available such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

In year 2012, 2 Directors, Mr. Kamtorn Sila-On and Associate Professor Pavida Pananond, Ph. D., attended the "Audit Committee Program (ACP)" conducted by the Thai Institute of Directors.

In year 2013, Associate Professor Pavida Pananond, Ph. D., attended the 'Financial Statements for Directors (FSD)' training course conducted by the Thai Institute of Directors.

Directors' Orientation

If someone is newly appointed on the Board of Directors by the shareholders, the Company Secretary will inform and provide relevant documents for new Directors such as Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, laws, regulations and practices which are related to the trading of Company's shares.

The Company arranged such a Directors' Orientation program for the 4 new Directors who were appointed in year 2011.

The following principles below are the Corporate Governance Principles 2012 recommended by the Stock Exchange of Thailand (SET) which the Company has not yet complied within year 2013:

Principle	Opinion from the Board of Directors
The Board of Directors should establish a succession plan for Managing Director and Senior Management.	The Board is working on establishing a succession plan for Managing Director and Senior Management but it was not possible to complete this immediately this year.
The Board of Directors does not have any Independent Directors who have served more than nine consecutive years.	It is difficult to obtain suitable and qualified Candidates repeatedly and therefore such a term limit cannot be implemented presently.
The Board of Directors should establish an annual performance assessment conducted of Individual Directors.	This has not been adopted for the present but may be considered in future.
The Board of Directors should establish an annual performance assessment conducted of the sub-committees.	This has not been adopted for the present but may be considered in future.
The Company should establish a proper incentive and remuneration policy for its Executives and Directors.	The Company may consider this and structure a plan based on advise from external expert but it was not possible to complete this immediately this year.

INSIDER TRADING CONTROLS

Precious Shipping Public Company Limited has the policy to ensure correct and adequate disclosure of information such as financial statements and other significant data or information related to the business, on a transparent and timely basis to shareholders, investors and general public.

The Board is committed to comply with rules and regulations with regard to the disclosure of information in a timely manner with full transparency. The monitoring of the use of insider information of the Company is considered the responsibility of the Directors, executives and senior staff who are obliged to strictly monitor and prevent any leaks of the Company's confidential and privileged information including information not yet revealed to the public or any data that might affect the Company's operations or share price. This includes the prohibition on use of Company's information obtained from directorships or employment for personal benefit or conducting business or other activities in competition with the Company. The Company has determined it as policy and guideline in the Business Ethics and Code of Conduct Manual which is disclosed on the website of the Company under the subject of Corporate Governance.

Pursuant to section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Management personnel are required to report the changes in their (and that of their spouse and minor children) shareholding to the Office of the Securities and Exchange Commission, which was fully complied by the Company's Directors and Management during the previous year. Moreover, the Directors in an executive position, who are full-time employees of the Company (or its subsidiary) and Senior Management, are not allowed to trade/transfer in the Company's shares during the period of 3 weeks before and two days after the annual audited results (2 weeks before in case of quarterly reviewed results) are announced and also at least 3 days before the Company makes any significant announcement. The rest of the Management personnel are also strongly encouraged to follow this policy and during the year, all members of management have complied fully with this policy and no non-compliance cases have been observed.

According to the Company's Corporate Governance Policy, all Directors and Senior Management, including their spouses and minor children, are encouraged to inform the Company their intention to trade in the Company shares at least a day in advance.

INTERNAL CONTROLS

Precious Shipping Public Company Limited recognizes the importance of Internal Control Systems on an operational level to ensure that the operations are conducted efficiently within risk parameters acceptable to the Company and prevailing business circumstances for the activities of each of the individual departments. To ensure suitable control measures in keeping with prevailing circumstances, environment, and risks, the internal audit department regularly monitors the internal controls in place and the internal control practices. The Company has implemented Internal Control Systems in accordance with the recommendations of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) as follows:

1. CONTROL ENVIRONMENT

The Company has forged ahead with setting up a proper control environment and accordingly set up the Corporate Governance Policy and Business Ethics Manual in writing. These are recognized by the staff of the Company as the basis of working. In addition, the Company has established the alignment of the organization structure with the Company's goals and business direction, including clear definition of functions, roles/responsibilities, and reporting lines of each business division. The Company recognizes that the Control Environment will lead to efficiency and effectiveness of work and bring out the best benefits to the Company.

2. RISK ASSESSMENT

The Company recognizes the importance of Risk Assessment as a tool to indicate a dangerous signal that could result in loss and therefore, the Company has annually assessed prominent risks by dividing them into two categories as being on 1) Organization Level that is managed by Management and published in the Company's Annual report, 2) Activities Level for which both, Internal Audit Department as independent entity and each specific department (being in possession of sound knowledge and skills required for operations), are responsible. Such assessments bring out the risks that affect the Company's operations which are then required to be managed through a set-up of correct and appropriate control systems. The results of Risk Assessment for various activities are reported periodically to Management and the Board of Directors for consideration.

3. CONTROL ACTIVITIES

The Risk Assessment process also involves an assessment of Control Activities. The objective of assessment is to ensure that the Company has good control systems and conforms to the related risks to decrease/distribute all risks of the Company with a view to ensuring efficiency and effectiveness of operations. In terms of the Company's functional management, the Managing Director clearly delegates authority to the Company's functional management, resulting in practical and easily - tracked courses of action. The Company has allocated responsibilities to four main departments to verify, control and supervise the business to ensure strict compliance with laws and regulations. These consist of the Company Secretarial and Compliances Department, Internal Audit Department, Accounting and Finance Department and International Safety Management (ISM) Department.

4. INFORMATION & COMMUNICATION

The Company recognizes the importance of accurate, reliable and prompt Information & Communication, including the continuous development of IT systems and database which include financial, operational, and compliance systems. This leads to accurate and timely data being made available for decision-making. The Company has provided an effective communication system, including internal and external channels. As an internal channel, all staff and Management can easily communicate through the Intranet System enabling the efficiency and effectiveness of communication to achieve the Company's objectives. As an external channel, the Company provides the information through the channel of SET, the Company's website and the Company's top management is very prompt in answering any queries, which may be raised by Investors, or any stakeholder.

5. MONITORING & EVALUATION

The Company features a performance monitoring and evaluation system as follows:

Level	Monitored and evaluated by	The frequency of monitoring and evaluation (per year)
Staff	Head of Department	At least 1 time
Head of Department	Management	At least 1 time
Management	Board of Directors	At least 4 times

The results of monitoring and evaluation are considered while setting up the Company's strategic plans. In addition, the Internal Audit Department monitors and assesses internal control procedures and outcomes, and then reports its findings to the Audit & Corporate Governance Committee. The findings of internal control assessment for 2013 have been provided in the **"Audit & Corporate Governance Committee Report"** section of the Annual Report.

At the Board of Directors' Meeting No.1/2014 on 7th February 2014, which the Audit & Corporate Governance Committee also attended, the Board agreed with the Audit & Corporate Governance Committee's opinion about internal control evaluation results. It was concluded that the Company and its subsidiaries have properly maintained the internal control systems and have effectively improved control measures to correspond with changing situations, which lead to the achievement of Company and subsidiaries' objectives and compliance with regulatory requirements.

Moreover, the result of the Year 2013 Audit of the Company by Ernst & Young Office Limited, the independent and external auditors, have not identified any significant weakness in internal controls which may have a material impact or cause disruption in business operations.

SUSTAINABILITY REPORT

MESSAGE FROM THE BOARD OF DIRECTORS ON SUSTAINABILITY REPORT

To the Shareholders,

We are pleased to present the Company's Sustainability Report in a new format, adopting the Global Reporting Initiative ("GRI") G3 guidelines. This Report includes Economic Performance, Environment Performance and Social Performance.

The Company's mission is to be the most respected shipping company in the world, providing best services and solutions to facilitate International dry-bulk trade. We believe this can be achieved with an unwavering focus on the Company's stakeholders, namely customers, governments & other statutory/industry organisations, employees, shareholders, and society & the community, and serving their respective needs in a constructive manner. The Company has also included elements of Corporate Social Responsibility as its core values which are followed at all times on a day-to-day level by all in the Company.

The Sustainability Report summarises the Company's interactions with its stakeholders and reflects the Company's continuous search for ways to improve at all levels. We welcome comments, suggestions and views on this Report, and we assure you that each and every response is and will be taken very seriously and considered for appropriate action.

On behalf of the Board of Directors of Precious Shipping Public Company Limited, we would like to express our gratitude to all those who have contributed to the success of the Company.

**For and on behalf of the Board of Directors of
Precious Shipping Public Company Limited**



Mr. Khalid Moinuddin Hashim
Managing Director



Mr. Khushroo Kali Wadia
Executive Director

7th February 2014

Overview of Sustainability Report

The Company places the highest priority to deliver long-term value and sustainable returns to its shareholders. The Report also includes information relating to the performance of the Company and its subsidiaries based locally and internationally. The focus of the Report is on the main businesses which have a material impact on the achievement of the long-term sustainability.

The Company is committed to conducting business under Good Corporate Governance principles; doing business ethically and striving for the betterment of society and the environment. The Company acknowledges that its unique character, having all of its ships trade all over the world flying the Royal Thai flag, obliges it to act as the country's ambassador to the world, and the Company takes this responsibility very seriously.

The Company's previous report for 2012, published on 21 February 2013, was not made pursuant to the GRI guidelines. For the year 2013, this Sustainability Report is the 2nd such Report to be included in the Annual Report, to present the Company's performance in material aspects under economic, environmental and social categories. Further information on the Company's Corporate Governance, risk management and mitigation strategies, all of which are part of Sustainability, can be found in the relevant chapters under the **Corporate Governance Report**, **Internal Controls** and **Significant Risk Factors** sections of this Annual Report.

This edition of Sustainability Report is the first one to use the reporting principles and framework of GRI G3, Application Level C in terms of materiality, stakeholder engagements, sustainability context, completeness, accuracy and comparability. This Report addresses activities and data that fall within the Company's financial year for the period from 1st January to 31st December 2013.

The scope of the Report

The data and information contained in this Report relates to Precious Shipping Public Company Limited and all its wholly-owned subsidiaries.

The boundary and limitations of the Report

Data in this Report has been collected from the Company's operations as listed above.

The process for defining the content of the Report

We have defined the content of the Report through research with key stakeholder groups in order to gain their feedback on requirements and preferences. Data is provided and reviewed by Senior Management prior to submission to Managing Director for approval. Final Report is approved by the Company's Board of Directors.

Stakeholder Engagements

The Company recognizes the importance of all stakeholder groups whether it is the internal stakeholders such as shareholders, employees and management of the Company and subsidiaries or external stakeholders such as creditors, suppliers, customers, communities, government agencies and other related organizations whom we have an ongoing relationship and impact as the result of our business operations. We have identified our primary stakeholders as the picture showed below:



The Company engages our stakeholder groups in a variety of ways, with the frequency and communication mechanisms based on the most effective means of facilitating dialogue. The Company has also provided channels on our website for any stakeholder to express his/her opinion and contact the Board of Directors in case they wish to contact the Board of Directors directly without going through the Management. The Board will treat such information seriously and will maintain utmost confidentiality.

Stakeholders	Key Action and Engagements
Shareholders	<ul style="list-style-type: none"> Create, preserve and enhance long term value for our shareholders Disclosing timely, concise and relevant information Responsive to inquiries
Customers	<ul style="list-style-type: none"> Develop services to respond to diverse needs Provide efficient, reliable and professional service to all our customers
Employees	<ul style="list-style-type: none"> Respecting human rights, diversity Develop employees' competency Ensuring equal opportunity Ensuring a safe and healthy work environment Providing competitive compensation and benefits
Community & Society	<ul style="list-style-type: none"> Support and get involved in many community and society-based activities on a regular basis
Regulators	<ul style="list-style-type: none"> Follow the guidelines in doing transactions with the State, code of conduct and participate on academic collaboration
Brokers	<ul style="list-style-type: none"> Ensuring fairness and in keeping with industry norms
Suppliers	<ul style="list-style-type: none"> Ensure that terms and conditions for suppliers are based on industry norms and practices Follow strictly in agreed terms and condition
Creditors	<ul style="list-style-type: none"> Comply with all terms in borrowings including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed

Sustainable Management Performance

Economic Performance

In 2013, the Company's Senior Management has set up goals for the next year with targets that are both realistic and aggressive as follows:

- Daily earnings per vessel to be at least 10% higher than the corresponding industry average;
- Daily Operating costs per vessel to be at least 15% lower than the industry average as published by Moore Stephens;
- Target quarterly dividend payments to the shareholders; and
- Additional bonus to employees linked to the Company's annual net profits.

The Company's operations contribute to national economies by generating economic benefits for different shareholder groups. The related direct monetary flows indicate the extent of added value.

Direct Economic Value Generated and Distributed (Million USD)

Description	2010	2011	2012	2013
Direct Economic Value Generated:				
Revenues:-				
Vessel Operating Income	92.40	100.51	112.34	124.76
Revenue from financial investments	0.82	0.85	0.65	0.27
Revenues from sale of assets	13.37	0.06	0.01	0.00
Other income	0.34	10.77	10.24	31.69
Direct Economic Value Generated	106.93	112.19	123.24	156.72
Economic Value Distributed:				
Operating Costs (excluding crew costs)	10.76	26.33	40.17	42.93
Employee wages and benefits (including crew costs)	24.62	26.23	32.55	42.89
Payment to providers of loans	9.29	14.20	13.85	14.82
Dividend distribution	40.37	21.14	15.08	13.76
Tax payments to governments	3.32	0.36	0.15	0.31
Community Investments	0.80	0.08	0.06	0.04
Other payments	1.24	1.93	2.09	1.10
Economic Value Distributed	90.40	90.27	103.95	115.85
Economic Value Retained as under:	16.53	21.92	19.29	40.87
Depreciation and amortization	21.70	21.40	29.63	37.09
Provisions	0.48	0.00	0.39	0.04
Transfer to (from) Reserves	(5.65)	0.52	(10.73)	3.74

For Financial Performance: see the Financial Highlights and Management Discussions and Analysis sections in this Annual Report.

Environment Performance

The Company recognizes that irresponsible shipping operations will inevitably lead to catastrophic environmental impact, particularly in terms of air and/or water pollution. Therefore, The Company is firmly committed to the protection and conservation of the environment, and ranks environmental considerations equally with commercial and operational factors.

However, over years of operation the Company has realized that simply complying with regulations is not enough, but what is needed is to go above and beyond the mandatory regulations by developing internal emergency response plans and quality control systems, constantly searching for new technologies to employ to help reduce our environmental impact, and also a firm commitment to reducing CO2 emissions and waste generation.

This Report outlines the most significant environment-related maritime regulations and the Company's compliance therewith; the Report also outlines the Company's internal emergency and quality control systems and CO2 reduction efforts. This Report concludes with a statement of goals and objectives set by the Company for the coming year.

Environment Performance Highlights:

1. Annual review meetings conducted every year are utilized as a platform to discuss and address issues related to review of the maritime regulations.
2. Environment protection policy statement, as below, has been made public in line with ISO 14001 requirement: It is the Company's policy to conduct its operations in an environmentally sustainable manner in order to protect the environment and planet earth for a better life for the present and future generations (please see details below in "**ISO 14001 Certification**").
3. For use of new technology and innovations, the Company has signed contracts for new-build vessels with specifications exceeding those mandated by the regulations and which enhance the vessels' ability to protect and conserve the environment.
4. Environmental objectives and targets are set and assigned to all levels of employees in the Company, both ashore and afloat, with stipulated time frames and action plans. The Company recognizes that training and improving awareness at all levels is the key to achieving the environmental policy and seeks to accomplish these through in-house training described herein under.
5. The Company has evaluated significant environmental impacts for all shipboard and company activities that have been analysed and it has been found that the Company's existing procedures can effectively reduce the environmental impact of any incident.
6. In-house training programs are conducted for all staff (serving at shore office as well as on vessels) on the EMS policy, objectives that have been set, and for general awareness. These training programs are conducted at the Company's training center and through internal audit visits to vessels.
7. The Company uses best endeavors to influence and encourage all vendors associated with the Company to comply with environmental standards / good practices.

Compliance with Regulations & Conventions

In order to have the Company's ships sailing in international waters, the Company is legally required to be fully compliant with the regulations imposed by the International Maritime Organization (IMO) and other regulatory bodies.

Safety of Life at Sea (SOLAS), Maritime Regulations for Prevention of Pollution (MARPOL), Standards for Training Certification and Watchkeeping (STCW) & Maritime Labour Convention (MLC) are the four pillars of the international maritime industries regulatory frame work.

Some of the other regulatory instruments are:

- International Convention for the Control and Management of Ships' Ballast Water and Sediments 2004.
- International Convention on the Control of Harmful Anti-Fouling Systems 2001.
- International Convention on Civil Liability for Bunker Oil Pollution Damage 2001.
- International Maritime Dangerous Goods Code.
- International Maritime Solid Bulk Cargo Code.
- National Regional and Local regulations more stringent than the international requirements like US environment protection acts, European Union air pollution directives etcetera.

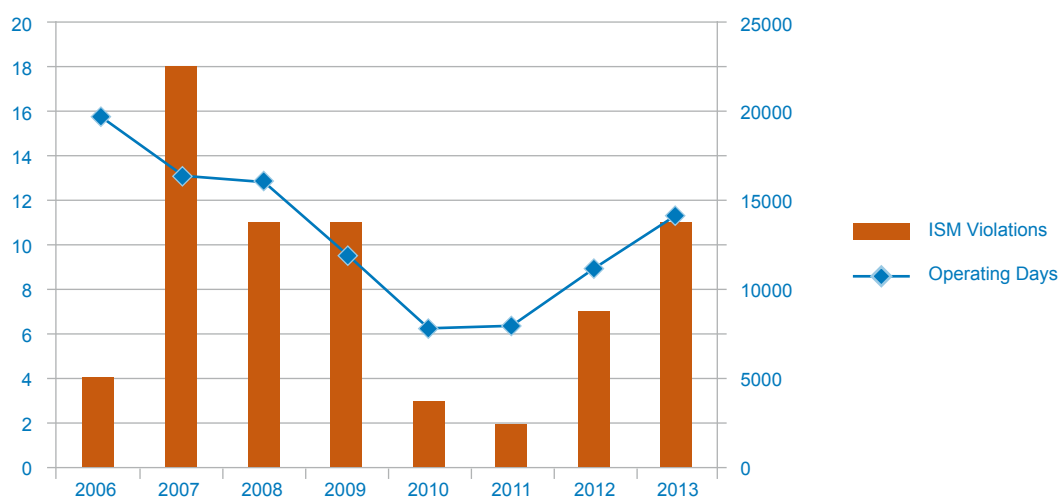
In addition to the above, the most significant regulations are outlined below, and the Company's efforts to remain compliant.

International Safety Management Code (ISM Code): Learning from various marine casualties over the years, "International Safety Management Code" (ISM Code) was introduced by the International Maritime Organization, to enhance the safe operation of ships and pollution prevention. The ISM Code became mandatory on 1st July 1998 for passenger ships including passenger high-speed crafts, oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high-speed crafts of 500 gt and upwards, but the Company implemented this in 1995 itself after obtaining due certification.

The Code is implemented on board the vessels and offices ashore in order to provide an international standard for the following objectives:

1. Ensure safety at sea.
2. Prevent human injury or loss of life.
3. Avoid damage to the environment.

Below is a graphical account of the Company's ISM Code violations viewed against Operating days from 2006-2013. For the purpose of this analysis, violations are considered as any incident that results in a fire, explosion, injury or death to crew members, collisions, and groundings. Operating days hit a peak with 19,710 days in 2006, while ISM code violations peaked in 2007 with 18 violations. However, between 2007 and 2011 the code violations declined by 94%; there has been an uptick in 2012 & 2013, and the Company has analysed each violation in detail and conveyed to all senior employees as a case-study, and to avoid recurrence on violations per operating day basis, 2006 and 2011 were the Company's best years with the violation at the lowest at 0.02%, while even at worst, in 2007, the violations were a negligible fraction, at only 0.11%. Across the period, the average violation for the whole fleet was only 0.06%.



As per the ISM code requirements, annual internal audits are conducted on board by a dedicated team of qualified and experienced ship auditors reporting directly to the Managing Director. All incidents of non-compliances, accidents and near misses are thoroughly investigated and analyzed, after which procedures are reviewed immediately. Furthermore, all lessons learned from various accidents and near miss incidents are shared with organizations like Marine Accident Reporting Scheme (MARS) for the mutual benefit of the industry and to enhance maritime safety in general. The Nautical Institute, London, which publishes the MARS reports every month, has appreciated the Company's participation in MARS and for promotion and sharing "lessons to learn" incidents and case studies from its own fleet for the benefit of the industry. This is in compliance with our highest ideals of quality management and social responsibility.

In addition to the above, the Company is undertaking following initiatives to limit ISM Code violations through preventative action:

- **Enhanced staff training:** An increasing trend in the industry is that Port State Control inspectors are getting more stringent in their enforcement of the ISM Code. As such our ship staff are given regular checks on their ISM knowledge, sharing of experiences from across the fleet.
- **Enhanced maintenance of vessels:** The head office has stressed that all machinery checks and inspections be carried out with greater frequency, and any difference observed by ship staff are immediately reported. Also the Company's management has stressed that internal auditors enforce the code more stringently than ordinary inspectors to achieve a higher level of compliance and safety for our ships, cargoes and crew.
- **Timely warnings and reminders to vessels:** Vessels entering North American and Australian waters often require additional certificates for compliance with local regulations. As a preventative measure the head office gives instructions to the crew well in advance of the vessel's arrival in such waters to ensure that all documents are in order and the vessel is in full compliance.
- In 2012, the Company became a member of INTERCARGO, the International Association of Dry Cargo Shipowners. Intercargo, quoting their own words, 'exists in order to link industry stakeholders in a commitment to a safe, efficient and environmentally friendly dry cargo maritime industry, and our vision is for a safe, efficient and environmentally friendly dry cargo maritime industry where its member's ships serve world trade – operating competitively, safely and profitably'. This perfectly fits in with the Company's philosophy and the Intercargo membership reflects Company's resolve towards sustainability.
- In 2012, the Company also became a member of RightShip, an independent ship-vetting organization formed by BHP Billiton, Rio Tinto and Cargill, three of the world's largest trans-national corporations and major users of sea transport services. RightShip's ship vetting model is known for its exacting and stringent standards, and focuses on ship safety (including crew and cargo) and marine environmental protection; and the Company's membership is yet another affirmation towards sustainability.

Keeping in line with the declining trend observed in the previous graph, the Company has set an internal target of zero ISM Code violations resulting in injury or death, fire, collisions or groundings or any vessel detentions resulting from an ISM Code violation.

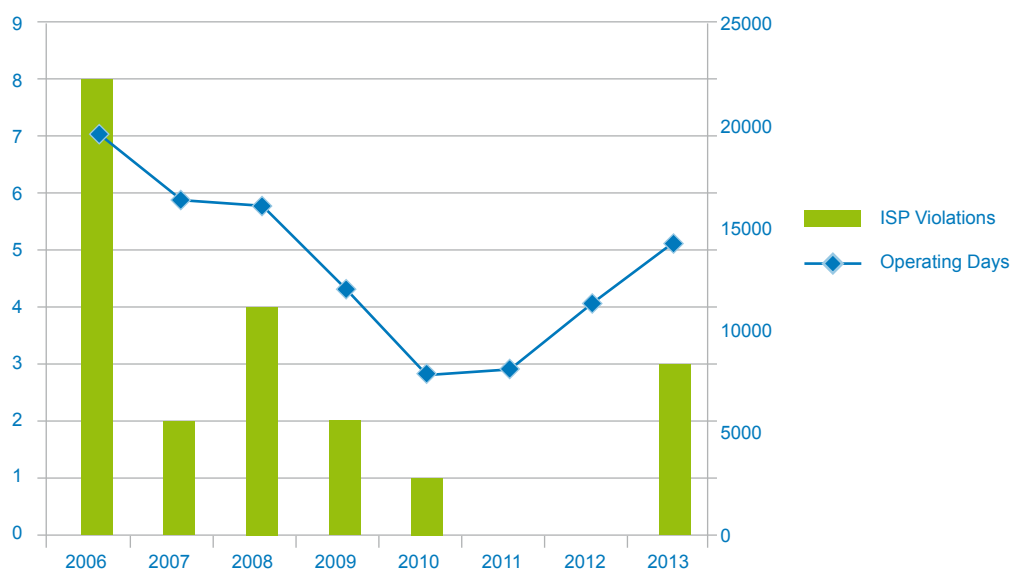
International Ship and Port Safety (ISPS) Code: In light of changing security circumstances across the globe, the International Ship and Port Safety Code was adopted in 2004. The code is an amendment to the Safety of Life At Sea (SOLAS) Convention that encompasses a greater level of security arrangements for ships and ports. The code assigns responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to "detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade" (ISPS Code Part A 1.2.1).

In implementing the ISPS Code the Company has developed standard operating procedures for vessels entering ports prone to drug smuggling, and stowaways. This includes employing sniffer dogs and armed guards where appropriate. Furthermore, standard policies are employed whenever vessels call European, British, American, Australian or Canadian ports, and to date the Company has had only 1 detention from an ISPS violation.

Annual internal reviews are conducted on preventative measures including the performance of the companies providing the sniffer dogs and guards. Like the ISM audits mentioned above, these are carried out by a dedicated team of qualified and experienced ship auditors reporting directly to the Managing Director. All incidents of non-compliance, accidents and near misses are thoroughly investigated and analyzed. In the event of any failures of the standard operating procedures, reviews are immediately conducted.

Below is a graph displaying the number of ISPS Code Violations (left-hand axis) against the number of Operating days (right-hand axis) from 2006-2013. ISPS violations peaked in 2005 with 11 violations occurring that year, while operating days peaked in 2006 with 19,710 days. Both operating and ISPS violations reached their lowest levels in 2011 with 0 code violations during 5,842 operating days. There were no ISPS violations in 2011 and 2012 but the fleet witnessed 3 violations in 2013, being incidents when stowaways secreted onboard – these stowaways are typically very poor and desperate to escape to a foreign country for a better living. Even though the stowaways were detected by ship-staff and were taken off at the same port where they came onboard, the Company has counted them as ISPS violations for reporting purposes, in line with the Company's zero tolerance for such lapses.

The Company has set an internal target of zero violations for the coming year.

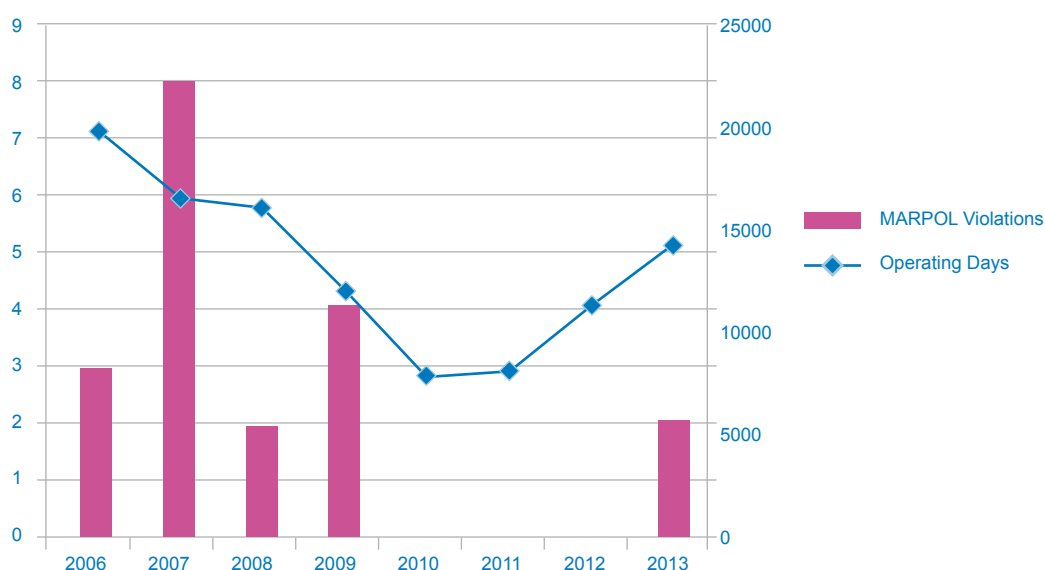


MARPOL: is one of the most important environmental regulations in the maritime industry and aims “to preserve the marine environment through the complete elimination of pollution by oil and other harmful substances and the minimization of accidental discharge of such substances.” This convention is divided into 6 distinct sub-areas (IMO, 2011):

1. Regulations for the Prevention of Pollution by Oil.
2. Regulations for the Control of Pollution by Noxious liquid substances in bulk.
3. Regulations for the Prevention of Pollution by harmful substances carried by sea in packed forms, or in freight containers, portable tanks or road and rail tank wagons.
4. Regulations for the Prevention of Pollution by Sewage from ships.
5. Regulations for the Prevention of Pollution by Garbage from ships.
6. Regulations for the Prevention of Pollution by Air from ships.

There is a companywide acknowledgment that the risk posed to the marine environment from a marine incident is severe. The Company has adopted a great deal of preventative measures to limit this risk factor. The first is to limit human error, and the second is to maintain the vessel's machinery to the highest possible standard.

In order to limit human error the Company has developed an internal training programme for all seagoing staff. This includes simulator exercises designed to improve navigational skills and awareness by putting officers through various weather, sea and port conditions. Furthermore, the Company also ensures that all engineers employed are put through their own specific rigorous programme aimed at enhancing their ability to maintain engines and avoid any fuel or sludge discharge while the vessel is in port or at sea.



The above graph demonstrates the number of MARPOL violations (left-hand axis) resulting in an insurance claim and Operating days (right-hand axis) from 2006-2013. For the purpose of the analysis, any incident counts as a violation if it is resulted in an insurance claim. MARPOL violations were most numerous in 2007 with 8 violations, while operating days peaked in 2006. The average number of violations for the period was less than 3, while the average number of operating days was 13,805 days. From 2007 to 2012, the total number of incidents declined by 100% while operating days declined by 32%. On a per day basis in 2007, the Company violated MARPOL 0.03% of all Operating days, while in 2010, 2011 and 2012, the Company obtained a rate of 0% violations per Operating day. The Company reported 2 MARPOL violations in 2013, both more in the sense of lack of awareness of ship-staff than any actual physical loss of pollutants from any of our vessels. These 2 incidents were analysed and the findings have been circulated by way of fleet memorandum to all the vessels in the fleet. As is the case with the 2 previous codes outlined, the Company aims to have zero MARPOL violations in 2014 and that none of our vessels are detained as a result of a MARPOL violation.

Upcoming regulations: Following are some of the regulations coming into force within the immediate future:

- US vessel general permit (VGP) requirements of Environment Protection Agency (EPA) is becoming more stringent from January 2014.
- Scope of requirements for US Non Tank vessel response plan (NTVRP) is becoming larger and more vessel specific.
- California waters: Beginning 1 January 2014 the maximum fuel sulfur (S) limit for both marine gas oil (DMA) and marine diesel oil (DMB) will be 0.1% S.

- Caribbean Emission Control Area (CECA) becomes mandatory from 1 January 2014. The emission standards applicable will be the same as those for the North American ECA, i.e. vessels must use Low Sulfur Fuel Oil (LSFO) with maximum 1% sulfur content during the first phase from January 2014 until January 2015. The second phase begins in January 2015, when vessels in both the North American and Caribbean ECAs must use fuel with a maximum sulfur content of 0.1%. Please note that unlike “Wider Caribbean area for Garbage Special area”, the United States Caribbean Sea ECA for LSFO includes the sea area located off the Atlantic and Caribbean coasts of the Commonwealth of Puerto Rico and the United States Virgin Islands only.
- Non-compliant Lifeboat simultaneous release mechanisms need to be replaced at the time of first dry docking after 1 July 2014.

Having successfully outlined and explained the significant maritime regulations that safe guard the environment and those that will soon play a significant role, the next section details the Company’s internal environmental control system.

Protection and conservation of the environment:

ISO 14001 Certification: With an increasing demand for environmental conservation the Company has established an “Environment Protection Policy.” In addition to minimum requirements based on international conventions and regulations, the Company implements an Environment Management System (EMS) complying with the ISO 14001 standards. ISO 14001:2004 provides a framework for a holistic, strategic approach to the Company’s environmental policy, plans and actions, and demonstrates that the Company is an environmentally responsible organization. Upon completion of one year after initial certification, the Company has successfully completed annual audit verification conducted by Class NK, confirming compliance with the standards. The EMS supplements the Quality Management System, meeting ISO 9001 standard, and the International Safety Management (ISM) code. This integrated Management System is known as Safety Quality and Environment Management System (SQEMS). According to the SQEMS, the Technical Manager, who also heads the Management Company, is appointed as the “Management Representative” and is also the “Designated Person” for the purpose of the ISM code. In 2008, ClassNK issued the Company a QMS certificate - the new 2008 version of ISO 9001. In general, dry bulk shipping companies do not go for this certification which is more or less the exclusive preserve of tanker companies where protection of the environment is the paramount issue.

Objectives of the EMS:

- Minimize pollution caused to the environment.
- Comply with all national, international legislations and other regulations pertaining to pollution of the environment.
- Establish procedures for the efficient use of natural resources.
- Improve environmental awareness of all employees.
- Ensure effective monitoring of the environmental performance of the Company is carried out.
- Ensure continual improvement of environmental performance and pollution prevention.

Through periodic review and continual improvement of our SQEMS, the Company hopes to elevate environmental performance over the coming years and make significant contribution to conservation of the environment and reducing the Company’s carbon footprint. Another tangible effort being made by the Company to reduce the environmental impact of the business is the adoption of new environment friendly technology on new ships acquired.

The Company is the proud recipient of Port of Long Beach Green Environment Achievement Flag from the Port of Long Beach (‘the green port’), California, USA, for our commitment to reducing air pollution in Southern California. Besides the citation, our fleet also gained an additional 25% off on dockage dues payable to the Port of Long Beach!

Use of New Technology and Innovations: The Company's commitment to protection and conservation of the environment and prevention of pollution is reflected in the new building contracts the Company has signed with various shipyards in China as explained in this Annual Report. These vessels are being built to comply with all regulations presently in force and also those which are known to be applicable in the foreseeable future. In addition, wherever practical, the vessel's specifications exceed those mandated by regulations, both for ease of operations as well as to enhance the vessels' ability to protect and conserve the environment.

Some of the "Green" features of these new ships are:

1. Double Hull construction is utilized (for 38,500 DWT bulkers) to minimize environmental pollution in case of accidental hull damage.
2. The vessels' hull form has been perfected after several rounds of careful design analysis using the latest technology, with a view to arrive at the most optimal combination of ship-size & shape to achieve the desired speed at minimum fuel consumption. The fuel consumption of these vessels will be far less than comparable sized older ships: the main engine on the 38,500 DWT ships will consume about 19T/day as compared to about 25T/day for older ships of similar size, whereas the main engine fuel consumption on 64,000 DWT ships will be about 26.4T/day as compared to 30T/day on the older 57,000 DWT ships. Such low fuel consumption has been made possible by combining highly fuel efficient main engine with a new design of slow-speed high-efficient propeller on an optimized hull form. These new generation ships will have EEDI (Energy Efficiency Design Index) of about 25% below the permissible limits.
3. Although it is not mandatory at this stage, all these new ships will be fitted with onboard treatment plants for water ballast which will fully comply with regulations likely to be enforced in the future. These treatment plants will kill harmful bacteria and invasive species of micro-life in sea water which have been found to be responsible for destroying native marine environment.
4. Engines fitted will be in compliance with Nitrogen oxide (NOx) emission standards.
5. The 38,500 DWT ships will have flush, box-type ship-sides for cargo holds. This will reduce accumulation of cargo residues in the holds, thereby reducing the need for harmful cleaning chemicals for removal of the same, since the holds can be cleaned using water only.
6. Deep-well sump pumps for Main Engine oil circulating system - this will reduce the overall quantity of lubricating oil required for the Main Engines, which will in due course reduce the quantities of waste oil.
7. Large capacity Incinerator compliant with IMO performance standards (capable of incinerating plastics if required).
8. The vessels will be fitted with large incinerators, well above the requirements of MEPC.76 (40) Standards, to burn waste and sludge. This will ably supplement the Company's garbage and waste management system which is already in operation on all of the Company's vessels.
9. Larger capacity Bilge water/sludge storage tanks - these will enable environmentally friendly waste disposal ashore by allowing more flexibility in selecting the best waste disposal facilities ashore separately for oily water and sludge.
10. Improved Sewage Treatment Plants are being installed on the ships.
11. Ships will be in compliance with IMO's "Ship Recycling Convention": The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, was adopted in May 2009. It is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety or to the environment. Presently the Convention is open for accession by States. It will enter into force 24 months after the date on which 15 States, representing 40% of world merchant shipping by gross tonnage, have either signed it without reservation as to ratification, acceptance or approval or have

deposited instruments of ratification, acceptance, approval or accession with the Secretary General. Furthermore, the combined maximum annual ship recycling volume of those States must, during the preceding 10 years, constitute not less than 3 percent of their combined merchant shipping tonnage. As it stands, all ships contracted for building before 2015 will need to comply by the year 2020. New ships contracted from 2015 need to comply upon delivery. Our new building contracts will ensure compliance with this requirement. We will also be preparing all existing vessels to meet the requirements before the deadline arrives. Vessels will be maintaining an inventory of Hazardous material in compliance with the convention recommendation, specifically by prohibiting/restricting the use of hazardous materials at the ship construction stage. If any hazardous materials are used in the construction, a continuous inventory of the same will be maintained, so that all the vessels are eligible to apply for an International Certificate of Inventory of Hazardous Material.

A few significant developments in respect of new ship-design and construction are outlined below. As far as practically possible, the Company will take these into consideration while acquiring new ships in the future.

Eco-friendly ships: Shipping is one of the cleanest and greenest industries among all international industries. It is also an environmentally friendly and fuel-efficient industry. It is estimated that shipping carries roughly 90% of world trade, and yet, according to the latest figures from IMO, it is responsible for just 2.7% of global carbon dioxide emissions. Nevertheless, the shipping industry continues to look for ways to reduce that figure still further.

Shipping industry has not yet solved all its green issues; rather it is far from it. Present endeavors of the industry and the IMO are two-fold:

- For existing vessels: Adoption of a number of established “good management practices” to conserve and save fuel burned by ships.
- For new vessels: Use of improved hull designs and more fuel efficient engines and technology.

Ballast Water Treatment: Presently mid ocean ballast water exchange is permitted as means to get rid of unwanted species in the ballast water finding its way and damaging local species in another port. However, when the Ballast water management Convention enters into force 12 months after ratification by 30 States, representing 35% of world merchant shipping tonnage, ballast water on board need to be treated to achieve standards specified by IMO. Installation schedule for Ballast water treatment system applicable to our vessels have been relaxed. As per amended schedule, vessels are required to comply only at the time of first renewal survey of the International oil pollution prevention certificate (IOPP) following the date of entry into force of the convention. As of now the convention has attained ratification by 38 countries amounting to only 30.38% of the total tonnage.

All efforts outlined thus far will have no significant impact unless there is a firm commitment from management to reduce CO2 emissions. Thus the following sections details what efforts are currently being undertaken to limit the Company's CO2 and waste output.

Carbon Footprint and Waste Generation:

The most recognized and constant source of CO2 comes from the burning of fuel oil onboard ships. In order to reduce CO2 emission, the only alternative available is to reduce the fossil fuel burnt. But that is not possible without sacrificing growth and development. The need therefore is to achieve higher efficiency while reducing the quantity of fuel oil burnt, and the Company has taken the following steps to achieve this.

- Improved voyage planning with reduced/minimized ballast passage.
- Weather routing.
- Speed Optimization.
- Optimized ship handling by Trim, Ballast condition.
- Hull Maintenance.

- Use of improved Hull coatings like Silicon based anti-fouling that does not release biocides like other anti-fouling paints.
- Improved cargo handling.
- Good Engine Maintenance.

The Company has consciously opted to acquire larger ships, of 54,000 – 64,000 tons deadweight; these ships can carry almost twice the amount of cargo, i.e. 100% more, compared to smaller ships in the fleet. However, more importantly, the larger ships burn just about 40-45% more fuel than the smaller ships per day of sailing. On this basis, the fuel burnt per unit load of cargo reduces drastically; this is yet another example of the Company's efforts towards sustainability and to reduce the carbon footprint.

The Company's stated goal is to own approximately 60-70 ships in the near future, and as such the aim is to endeavor to reduce the fuel and diesel oil consumption on a progressive basis every year. To accomplish this, the Company continuously looks at new technologies available in the market and examines their applicability for our type & size of ships. Ship builders the world-over are actively marketing their vessels as 'eco friendly' and describing them with speed and consumption figures that were previously never achieved. The Company seriously evaluates all new developments, but realized that the builders' claims are often sensationalised to grab attention and when technical parameters such as calorific value of fuel, design and scantling draft and 'sea margins' are taken into consideration, the so-called benefits simply do not exist or they are not cost-effective. In any event, the Company looks very closely at the machinery installed on all new acquisitions, whether new buildings or second hand vessels, and monitor their performance very carefully to arrive at optimum speed and consumption variables, while ensuring that emissions are kept to a minimum.

Another source of harmful substances generated by our ship's consumption of fuel and diesel oil is sludge. Sludge is a product of 'on board' fuel oil purification and as an alternative to incinerating sludge and releasing even more harmful gasses into the environment, the Company has made a substantial effort to dispose off such material to shore based reception facilities. This is a much more expensive way for dealing with this issue but the Company is committed to reducing its carbon footprint and reflects the Company's efforts towards environmental conservation. Waste oil or sludge generated on each ship is about 1% of all fuel burnt. Empirical research suggests that every ton of oil burnt generates approximately 3 ton of CO₂.

Between 2012 and 2013, the Company increased the disposal of sludge ashore by 11% from 900 tons to 995 tons of sludge. This accounts for approximately 2,985 tons less CO₂ emitted into the atmosphere had the sludge been incinerated on board. By delivering sludge to a suitable reception facility, this waste can be recycled to make products like grease which is a lubricant widely used in multiple industries.

Conclusion and Environmental Objectives and Goals

Having explained all facets of the Company's efforts to protect the environment this section concludes with a summary of all objectives put forward and how each will be monitored. Compliance with the ISM, ISPS and MARPOL codes will be monitored by the Company's internal audit team, and all initiatives subsequently employed to minimize violations will be subject to half-yearly reviews by the Company's senior management and technical team. As previously stated the target set by the Company's management is to have zero violations in 2014. Additionally, the Company will also strive to maintain our SQEMS ISO certification. The Company will constantly look for ways to improve the SQEMS and look to incorporate all new regulations into the initiative even before they become effective. Likewise, the Company will also constantly be on the lookout for newer technology that can be employed on our ships to reduce our environmental impact. And finally, given the Company's rapid fleet expansion programme, the Company has set a highly ambitious target of a 3-5 percent reduction for fuel and diesel oil consumption.

We are happy to report that the Company's Annual Report this year is printed on recycled paper, our token contribution to the conservation of the natural environment and in line with our stated desire to reduce our carbon footprint.

Social Performance

The Company treats Corporate Social Responsibility (CSR) as one of its highest priorities and has built it into the Company's Mission Statement and Core Values. The Company allocates an amount of 0.50% of net profit every year to CSR Reserve which is subject to a minimum of Baht 1.75 million and a maximum of Baht 25 million per year. The actual utilisation out of this Reserve is decided by the Company's senior management and/or the Board of Directors, and is periodically, or at least once a year, reviewed by the Board of Directors.

Customer Relationship Management

The Company recognises that it is in the sea transportation industry and its success depends on adding value to customers by way of transporting goods from place of production to the place of consumption. As part of its commitment to add value to its Customers, the Company is committed to provide substantive reply to any query from a Customer promptly, but in any event within 24 hours including weekends and national/international holidays. Further, whilst operating within the scope of the agreed contract, the Company tries to provide solutions to any situation/problem the Customer may face, even if any of our vessels are not involved at that moment. The Company is happy to report that its service is well appreciated and some typical comments from Customers are quoted below:

"...Your prompt assistance is, as always, very much appreciated..."

"...like to thank you for your professional services during our 117 days t/c together.

It was a pleasure working with you..."

New computer-based Management Information System: As reported in the previous years, the new Computer Program implemented by the Company covers all the operations in the Head Office and also links all the vessels in the fleet. This software gives real-time information on vessel operations, costs, etc. and keeps the Head Office in close contact with the Master of each and every vessel; and assists in effective decision making on all issues. This System has enhanced the Company's ability to better serve its Customers, and to provide support to its employees serving onboard the ships.

Employee

The Company has committed to be a fair and caring employer offering our staff equitable opportunities to develop and grow.

In line with our commitment to high ethical standards and good corporate governance practices, the Company has in place a group-wide whistle-blowing policy and encourages all employees to report any possible improprieties on a confidential basis without fear of recrimination. The employees may also provide feedback via email or mail.

Employee Recruitment

The Company recognizes that employees are one more key success factor for the Company's operations. The Company provides equal opportunities in employment, job security, and career advancement, as well as adhering to other good principles related to employees and employment. The Company also ensures that employees are adequately knowledgeable and skillful to perform their jobs for the Company's business, and understand relevant code of conduct and practice and are encouraged to gain knowledge and ability and keep them updated following Industry trends.

Directors' Orientation: If someone is newly appointed on the Board of Directors by the shareholders, the Company Secretary will inform and provide relevant documents for new Directors such as Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, laws, regulations and practices which are related to the trading of Company's shares.

Employee Development

The Company provides in-house and external training for officers of the Company both at Head Office as well as on the Ships. The costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses. Moreover, the Company supports good relationship between all employees including the Management.

Directors and Management Training: The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge. All the Company's Directors have attended important training courses that are available such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

Employees Benefits

The Company provides remuneration to office employees as salary, bonus, and other benefits like Provident Fund on a voluntary basis, although the same is not required by law. Remuneration is based on their performance, roles and duties and incentives/increments/bonuses are also based on financial status/performance and future plans of the Company. As a long-term incentive, the Company does not have an ESOP plan in place since the Company feels that to a large extent, the share price of the Company depends on a number of factors beyond the employees' direct control like the state of the International Freight Markets and therefore, the Company's share price may not adequately reflect the better performance of the employees. Therefore, the Company has implemented a profit sharing scheme, which ensures that the employees are paid bonus annually based on the performance of the Company against specified quantitative targets, which are laid down annually in advance.

Performance Data	2011	2012	2013
Social Performance			
Employee Information			
Number of Employees* (persons)	111	117	124
Number of Employees by Gender (persons)			
• Male	47	49	53
• Female	64	68	71
Proportion of Employees by Level (%)			
• Senior Management	12.6	11.9	12.1
• Middle Management	19.8	18.8	18.5
• Operations	67.6	69.3	69.4
Proportion of Employees by Gender (%)			
• Male	42.3	41.9	42.7
• Female	57.7	58.1	57.3
Proportion of Employees by types of employment (%)			
• Full time	100.0	100.0	100.0
• Part time	-	-	-
Proportion of Employees by Age groups (%)			
• Under 30 years old	4.5	5.9	10.4
• 30-50 years old	72.0	71.9	68.6
• Over 50 years old	23.5	22.2	21.0
Proportion of Absence by Type (%)			
• Sickness	0.8	1.1	1.1
• Work-Related Injuries	0	0	0
• Others	-	-	-
Return to Work after Parental Leave of Female Employees**			
• Number of Employees that were Entitled to Parental Leave.	64	68	71
• Number of Employees that Took Parental Leave	3	3	1
• Number of Employees who Returned to Work after Parental Leave Ended	3	3	1
• Number of Employees who Returned to Work after Parental Leave Ended who were still Employed Twelve Months after Their Return to Work	3	2	1
Proportion of Management by Age Group (%)			
• Under 30 years old	-	-	-
• 30-50 years old	52.8	52.8	55.3
• Over 50 years old	47.2	47.2	44.7

Note : * Includes Employees in a subsidiary company at the office.

** Only female employees are entitled to parental leave by Thai law.

Number and proportion of employees at Company's Offices ashore, by gender and nationality *

Occupational levels	Male			Female			Total
	Thai	Indian	Singaporean	Thai	Indian	Singaporean	
Senior Management							15
• Under 30 years old	-	-	-	-	-	-	0
• 30-50 years old	2	3	-	1	-	-	6
• Over 50 years old	-	8	1	-	-	-	9
Middle Management							23
• Under 30 years old	-	-	-	-	-	-	0
• 30-50 years old	10	2	-	3	-	-	15
• Over 50 years old	-	8	-	-	-	-	8
Operator							86
• Under 30 years old	5	-	-	8	-	-	13
• 30-50 years old	8	1	-	55	-	-	64
• Over 50 years old	2	3	-	4	-	-	9
Total permanent	27	25	1	71	0	0	124
Temporary/contract	-	-	-	-	-	-	0
2013 Grand total	27	25	1	71	0	0	124
Percentage (%)	21.77	20.16	0.81	57.26	0	0	100

Note : * Includes Employees in a subsidiary company based at the Company's office

Safety & Occupational Health: The Company recognizes that respect for human rights is the foundation of Human Resources' improvement, which adds value to the business. Moreover Human Resource is a key success factor for business and adds value to the Company in all aspects. It is the Company's policy to conduct its activities in a manner that promotes the health and safety of its employees so that the actions of the Company, and its employees, promote the health and safety of others too. The Company considers health and safety to contribute equally with commercial and operational factors and is considered a management responsibility. To this end, the health and safety responsibilities of all personnel have been defined and allocated. The Company's Safety Management System (SMS) is intended to affirm that the Company achieves its purpose in this area and is based on the philosophy that accidents can be prevented by the identification and management of risk.

The Company also has a Drug and Alcohol Abuse Policy. It is based on the recommendations contained in OCIMF's "Guidelines for the Control of Drugs and Alcohol On board Ship". They are detailed in the Safety Management System available on all vessels and displayed for all crew members.

Ensuring that each crew member gets enough rest is a necessity. In order to avoid fatigue and stress related accidents on board, minimum rest periods have been recommended by STCW 95 convention and ILO Convention 180. Both these conventions have undergone considerable amendments. As a result, the requirements have become more stringent. STCW 2010 Manila amendments are effective from January 2012 whereas ILO 2006, which is known as MLC (Maritime Labor Convention) 2006, has been ratified in August 2012 and has become effective in August 2013. Thai flagged vessels operated by the company are obtaining a Statement of Compliance with the MLC 2006 after inspections and verification by a Recognized organization. However, Thailand has not ratified the Maritime Labour Convention until now. It is not clear if Thailand would ratify MLC before Aug of 2014. After the grace period of one year proposed by ILO which expires in Aug 2014, the Statement of Compliance with Maritime labour convention carried by Thai flag vessels will not be acceptable to countries that have ratified the convention. This may cause uncertainty in smooth trading of Thai flagged vessel worldwide.

The Company's medical fitness requirements are higher than the standards set by International Labour Organization (ILO) and other regulatory bodies. As a result, the Company finds very few cases of fitness or sickness related problems amongst its seafarers.

PIRACY: As outlined in the **Board of Directors' Report**, piracy is major threat faced by the Company's ships and the officers/crew sailing onboard are under tremendous pressure when sailing through areas where armed pirates are known to attack. This is especially true of the Indian Ocean / Arabian Sea area, extending from the mouth of the Persian Gulf in the north to the south of Madagascar. The Company takes this threat very seriously and ensures all ships are routed outside these areas and closer to the Indian coast; where this is not possible for any reason, the Company engages security guards to sail with the vessel for the passage through these high risk areas. In any case, all ships transiting through the high risk areas are 'hardened', amongst other things, by rigging barbed razor wire around the ship thereby making it harder for the pirates to climb onboard our ships. The Company is committed to doing everything possible to ensure safety of the ship and officers/crew.

Teamwork: Unlike a conventional ship owning Company which outsources the technical management of its ships, the Company's Management Company, viz. Great Circle Shipping Agency Limited (GCSHIP) is a wholly owned subsidiary of the Company. The staff of the Management Company work as one team under the same roof. Good co-ordination is achieved in all areas of ship operation by this arrangement. Besides ISM code certification, GCSHIP is also certified for Quality Management System "ISO 9001: 2008", and has obtained certification for their Environment Management System "ISO 14001:2004."

Training & Development: Over the years, the Company has not only acquired expertise in the field of ship management, but in the process, has developed a pool of highly qualified and competent staff, both, on-board and ashore. It is through this dedicated and loyal work force of floating staff, technical superintendents, and internal auditors that the Company has been able to achieve high standards of Safety and Quality in all aspects of ship operations. It is the Company's policy to encourage and support competent and efficient seafarers and give them the opportunity to grow within the Organization.

All officers are required to visit the head office for briefing before being assigned to vessels. Here, they are briefed and updated about new developments and practices in the industry. Regular updates are also sent to the vessels. Officers are often sent to attend value addition courses in order to enhance their skills. The costs for these courses are borne by the Company.

The Company is introducing a mechanism whereby the officers and crew serving onboard our ships can send in their complaints and/or suggestions to the office. This, we expect will encourage the ship-staff to make effective contribution to the shipboard operations, and help us further improve the Company's performance.

The Company has provided on board the vessels, selected video training programs from the best available in the market.

In order to motivate the junior officers and also keep up with the process of learning while on board, senior officers are asked to actively interact with them. In order to measure their levels of competency, computer based competency test facility is provided on board. Based on the results of these tests, officers are able to determine their weaknesses and work to improve upon on weak areas.

Maritime Training Center & Bridge Navigation Simulator: The Company has set up a full-fledged Maritime Training Center at its Head Office in Bangkok which includes a state-of-the-art Bridge Navigation Simulator. The PSL Training Center, which commenced operations in March 2008, has given a solid foundation to the Company's training activities and has enabled its Officers and Crew to keep abreast of the latest developments in ship operations. The Bridge Navigation Simulator recreates the actual bridge on a ship as it enters a major port and provides ideal conditions in which to train Officers and Crew in ship-handling and navigation. The Training Center continually develops new training courses for marine engineers, navigating officers and crew at all levels. The PSL Maritime Training Center is a significant step taken by the Company to train and equip its Officers and Crew to take better care of themselves and their ships, all with a view to ensure Safety of the Crew and preventing accidents, thus preserving the environment.

List of Major Training Programs conducted by The Company's Maritime Training Center for the year 2013

Training Courses	Course Overview	For year 2013	Participants in Y2013						Average hours (per person)				Total Man-hours
			Ship's staff						Ship's staff				
			S/Off	J/Off	S/Eng	J/Eng	S/Off	J/Off	S/Eng	J/Eng			
Maritime Resource Management Course (MRM)	The course, supported by the Swedish Club under a license agreement, is aimed at training masters, officers & senior engineers as well as key shore-based personnel. The course aims to create good teamwork & resource management attitudes and skills that are required to avoid management error-caused accidents.	4 days	13	42	14	n/a	24	24	24	24	n/a	1,656	
Bridge Team Competency Simulator Course I (BTC - I)	This training course aims to improve various competency skills & knowledge of navigating officers for safe conduct of voyages.	3 days	n/a	64	n/a	n/a	n/a	18	n/a	n/a	n/a	1,152	
Bridge Team Competency Simulator Course II (BTC - II)	Hands-on practices to gain competence, knowledge & experiences on Ship Handling, Maneuvering, Turning and Anchoring in various conditions and under various effects of controllable forces.	3 days	21	n/a	n/a	n/a	18	n/a	n/a	n/a	n/a	378	
Bridge Team and Resource Management Course (BTM) and Vessel Traffic Service (VTS)	This training course aims to train the ship's masters and officers in effective bridge teamwork and resource management in various situations as well as bridge operations in emergencies. The course also develops our officers' communication skills in communicating with a vessel traffic service (VTS) using various SMCP's through the VHF and GMDSS communication equipment in our Bridge Simulator.	5 days	22	58	n/a	n/a	30	30	n/a	n/a	n/a	2,400	
Maritime Professional Briefing Course (MPB)	This training course aims to keep senior officers and engineers updated on new regulations and information. Senior staff from several departments co-conduct this course which covers 1. Marine Insurance & Loss Prevention 2. Ship Commercial & Cargo Operations 3. Port State Control-Ship Inspection & Pollution Prevention 4. ISPS and ISM Implementation & Documentation, Paint Maintenance 5. EMS Awareness & Shipboard Safety.	2 days	46	n/a	36	n/a	12	n/a	12	n/a	n/a	984	
Officer Of the Watch (OOW) and Shipboard Safety Course	To enhance the standards of watchkeeping at sea as well as in port. It is designed to help junior watchkeeping officers to understand his duties on board, and realize their significance. It also enables them to make a positive contribution to success of the entire commercial venture.	3 days	n/a	97	n/a	n/a	n/a	18	n/a	n/a	n/a	1,746	
Chief Mate Course (CMC)	To strengthen the professionalism and competence of chief officers and prepare experienced second officers for the chief mate rank.	3 days	11	25	n/a	n/a	18	18	n/a	n/a	n/a	648	
Command Course (Command)	The purpose of this course is to further train Masters in all necessary skills and topics and prepare chief officers for the command. It includes modules for Leadership, Business & Law, International Sale of Goods and related rules/codes/conventions, Time Charter & Voyage Charter, Cargo matters and Ship's Certificates, Documentation, Ship Handling/ Anchoring techniques, etc.	5 days	37	n/a	n/a	n/a	30	n/a	n/a	n/a	n/a	1,110	

Training Courses	Course Overview	For year 2013	Participants in Y2013						Average hours (per person)				Total Man-hours
			Ship's staff			Ship's staff			Ship's staff				
			S/Off	J/Off	S/Eng	J/Eng	S/Off	J/Off	S/Eng	J/Eng	S/Off	J/Off	
Electronic Chart Display and Information Systems (ECDIS)	To ensure that users of ECDIS are properly trained in the operation and use of electronic charts and are familiar with the shipboard equipment. This course aims to enhance navigational safety with the safe operation of ECDIS equipment, proper use of ECDIS related information and knowledge of the limitations of ECDIS equipment. (new IMO requirement)	2 days	10	11	n/a	n/a	12	12	n/a	n/a	n/a	252	
E/R Management & Competency Enhancement course and Engineer Of the Watch Course (EMC & EOW)	This course aims to train senior engineers (C/E & 2/E) in various management & competency knowledge and skills that are required for safe and efficient running of the ship. The junior engineers taking this course are trained in watch-keeping duties, engine parameters monitoring, operation & maintenance, safety & pollution prevention, record keeping.	5 days	n/a	n/a	37	92	n/a	n/a	30	30	30	3,870	
Wartsila RT-Flex Engine Familiarization	To familiarise the engineers with the company's new type of engine "Wartsila RT-Flex Electronic Engine" before they join a ship equipped with this type of engine. This course focuses mainly on the practice part.	3 days	n/a	n/a	64	106	n/a	n/a	18	18	18	3,060	
Basic English Course (Basic)	This course is designed to help the students to be able to understand and use the English language correctly and provide them with all the basic language skills such as the pronunciation of the Standard English sound system, practical and useful listening, speaking, reading and writing practices with suitable grammar and vocabulary in various functional contexts.	10 days	-	24	-	15	-	30	-	30	30	1,170	
Elementary Maritime English Course level-I (EMT- I)	This course is designed to improve and raise the students' competence in English to elementary-II level and offer the students' opportunities to gradually overcome their individual difficulties in English usage, as well as to improve their English knowledge and abilities in daily life.	10 days	-	18	4	7	-	30	30	30	30	870	
Elementary Maritime English Course level-II (EMT- II)	This course is designed to improve and raise the students' competence in English to intermediate level and give the students' wide-ranging opportunities to practice communicating in English for both maritime and general purposes at elementary-II level.	10 days	1	6	9	7	30	30	30	30	30	690	
Intermediate English Course level-I	This course aims to improve the students' pronunciation and develop the four English skills- speaking, listening, reading and writing. After the course, the students will be able to speak English with better pronunciation, accent and intonation, communicate more effectively in daily situations, using appropriate vocabulary, expressions and idioms, and make sentences with fewer grammatical mistakes.	10 days	8	2	1	1	30	30	30	30	30	360	

Training Courses	Course Overview	For year 2013	Participants in Y2013						Average hours (per person)		Total Man-hours
			Ship's staff			Ship's staff			Ship's staff		
			S/Off	J/Off	S/Eng	J/Eng	S/Off	J/Off	S/Eng	J/Eng	
Intermediate English Course level-II	This advanced course aims to further develop the students English skills with an emphasis on advanced grammar structures, business-related vocabulary and letter & email writing (main focus). The students will learn typical words and phrases used in English correspondence and learn how to write letters and emails with proper word choices, styles, and level of formality for different occasions.	10 days	5	1	2	1	30	30	30	30	270
Maritime English Computer and Video-Based Training Programs (Maritime English CBT)	To increase the learners' knowledge of Maritime English, IMO Standard Marine Communication Phrases (SMCP), vocabulary and phrases frequently used in navigation, engineering, cargo handling, ship operation, etc	10 days	14	51	16	31	30	30	30	30	3,360
Total Participants Average Hours training per year per employee =23976/(188+399+183+260)/2 = 46.56		188	399	183	260						23,976

S/Off = Senior Officer (Masters & Chief Officers)
 J/Off = Junior Officer (Second, Third, Fourth Officers & Cadets)
 S/Eng = Senior Engineer (Chief & Second Engineers)
 J/Eng = Junior Engineer (Third, Fourth, Fifth Engineers & Cadets)

Summary Training by Rank

Course	Master	Chief Officer	2 nd Officer	3 rd , 4 th , Junior Officers	Chief and 2 nd Engineer	3 rd , 4 th , 5 th , Junior Engineers
MRM	24	24	24	24	24	-
BTM	30	30	30	30	30	-
BTC - I	-	-	18	18	18	-
BTC - II	18	18	-	-	-	-
CMC	-	18	18	-	-	-
MPB	12	12	-	-	12	-
OOW & SS	-	-	18	18	-	-
Command	30	30	-	-	-	-
English Course	30	30	30	30	30	30
Maritime English CBT	30	30	30	30	30	30
ECDIS	12	12	12	12	-	-
EMC & EOW	-	-	-	-	30	30
Wartsila RT-Flex Engine	-	-	-	-	18	18
Total hours/year/employee	186	204	180	162	192	108

“Automated Mutual assistance Vessel Rescue System” (AMVER): Sponsored by the United States Coast Guard (“USCG”), AMVER is a unique, computer-based, and voluntary global ship reporting system used worldwide by search and rescue authorities to arrange for assistance to persons in distress at sea. The Company continues to be involved in the AMVER program and its good performance is recognized by the USCG in the form of AMVER awards given to the Company every year through their representative at the United States Embassy in Bangkok. A quote from the USCG citation letter would perhaps reflect what this award is all about: “...you can take pride in the voluntary commitment of your officers and crew to the safety of life at sea.”

Social and Community Development

The Company recognizes that a solid community and society is a significant factor to support the Company’s business. Therefore, the Company supports and gets involved in many community and society-based activities on a regular basis. The Company fully recognizes its responsibility to the Community and is attentive to the consequences of the Company’s conduct that affect the people around more than what the laws require, including making efforts to gradually absorb social accountability. The creation and expansion of the Company’s CSR Fund will provide a permanent and formal framework to enhance the Company’s CSR activities.

The unprecedented floods in Thailand in 2011 affected millions of people and wrought damage and destruction not witnessed before. The Company’s employees were also affected and many had their homes under 2 meters of water! Keeping aside the misery of living in such appalling conditions and despite their precious valuables being completely damaged, the Company’s employees continued to perform their duties normally and the Company records its appreciation of the employees’ commitment. The Company, for its part, issued a policy directive that all possible assistance be extended to those affected by the floods, and the Human Resources Development (‘HRD’) Department was designated as the nodal point for this purpose. Those who were unable to travel to the office were granted special leave and excused from attending office; where the houses were inundated, the employees and their families were provided accommodation in the city center, and for others who made their own arrangements, their expenses were reimbursed by the Company.

Some of the Social and Community activities undertaken by the Company are as follows:

- The Company takes an active interest in the Merchant Marine Training Center, Thailand (MMTC) and has awarded Gold medals for graduates finishing at the top of the class since 1998. Besides, the Company also donates text-books to MMTC on a regular basis.
- The Company has instituted Scholarship scheme for students of MMTC. In 2013, 2012, 2011 and 2010, an aggregate of Baht 1,345,400, Baht 2,131,900, Baht 2,339,800 and Baht 2,355,120, respectively, have been disbursed to outstanding students in need of funding.
- The Company employs most of the cadets passing out from the Merchant Marine Training Center, Thailand and thus contributes to the development of qualified Thai officers. This pool of officers is available to any/all Thai ship-owners and not just restricted to the Company.
- As reported in the previous report, the Company had signed a MOU with the Vocational Education Commission to implement knowledge and promote teaching and learning for Nakhon Si Thammarat Industrial and Shipbuilding College (NASIC). Pursuant to this MOU, the Company built and handed over a student dormitory facility at NASIC, at a total cost of about Baht 25.40 million. The Company continues to provide financial assistance to the students by purchasing books & other materials for their library. For their part, NASIC has introduced new courses and curriculum under consultation with the Company to develop/train Engineering Officer graduates for a career in shipping, thus developing a new career option for Thai youth. The Ministry of Education, Vocational Education Department, awarded a Honor Shield to the Company in recognition of its participation with NASIC.
- The Company awarded Baht 165,000 Scholarship to a student of The International Maritime College, Kasetsart University, Si Racha Campus to support his entire Maritime Science degree course in the University. The final installment under this scholarship award was paid in April 2010.

- In 2013, the Company donated Baht 137,000 to the project Hom Bah Hai Nong 15th by cadets of Merchant Marine Training Centre to build toilets facilities, repair the building, renovate school infirmary and surrounding areas at Ban Nong Kaie School in Sakaew Province. This is further to the donation made by the Company in the previous years of: 1) In 2011, the Company donated Baht 113,160 to the project Hom Bha Hai Nong 14th by cadets of Merchant Marine Training Centre to build canteen for Wat Ta Phang Klee school, Chachoengsaoprovence. 2) In 2010, Baht 139,000 to the project Hom Bha Hai Nong 13th by cadets of MMTC to build toilet facilities at Bann Non Pha Suk School, Sa Kaew province. 3) In 2009, Baht 80,466 to the project Hom Bha Hai Nong 12th by cadets of MMTC to buy a projector and build an activities stage for Wat Bang Kra Jao School in Samut Sakorn province; and 4) In 2008, Baht 100,000 to the project "Hom Bha Hai Nong 11th" by cadets of MMTC to repair classrooms and renovate the library for Ban Bhai See Thong School in Suphanburi province.
- In January 2013, The Company donated Baht 5,000 to Department of Labour Protection and Welfare for gifts to children on the Children Day at Suapa Field, Dusit Palace.
- During the year 2010, the Company donated 28 used computers to Mathayom Warichpoom School, Sukhothai School, Bann Koh School, Sathya Sai School and to Pak-Kret Community Administration Office. This is in continuation of the Company's tradition to assist in the education of needy children, when the Company has reported the donation of 15 computers for teaching program to Bann Koh School in Surin province which was followed up by further three computers of modern vintage (Dell Celeron 2 GHZ, Hard Disk 40 GB) to upgrade the teaching facilities.
- The Company donated Baht 40,000 for Muslim youth center Bann Pak Lad at Prapadaeng, Samutprakarn to support educational equipments and scholarship for Children day activity held on 19th January 2008.
- The Company makes regular donations to the needy and poor and for various causes. For instance, the Company, in collaboration with employees, donated over Baht 1 million to the Thai Red Cross for those affected by the Tsunami in Thailand, and in early 2004, donated computers to four primary/secondary schools in Rayong province for use by 877 students studying in these schools.
- The Company helped build a school for children affected by the earthquake which hit western India in 2001. The "Indo-Thai Friendship School" is now fully operational and can accommodate 700 students in Elementary, Middle and High School levels. This has been greatly appreciated by all concerned and projects a very favorable impression of Thailand.
- The Company readily responded to the needs of the people living in South Thailand affected by the deadly Tsunami of Dec 2004. As an immediate measure, the Company and its employees contributed Baht 590,000 to the villagers of Talay Nok in Ranong province, to renew/repair their fishing boats and resume earning their livelihood. The Company has adopted the Talay Nok village and undertakes regular visits there to ascertain their requirements. The Company has extended an open invitation to needy children to apply for study scholarships (one such girl child is presently studying in a Bangkok college). Moreover, with a view to provide a source of livelihood to the youth, the Company is also encouraging able-bodied youngsters from this village to come forward for basic seamanship training, to be provided at Company's cost, following which they can become sailors on the Company's ocean-going ships for a fruitful and fulfilling career in international shipping.
- The Company along with the staff and crew donated Baht 1,325,867 in year 2008 to construct a new building for housing the Physics, Chemistry and Computer laboratories in a school in Semmangudi, Tamil Nadu, India. This school is in a very poor village and was seriously affected by the Tsunami of Dec 2004.
- The Company organizes blood donation camps on a regular basis in collaboration with the Thai Red Cross. These blood donation camps have been organized since the past several years. In 2013, 2 donation camps were organized in January and July with a total collection of 43,200 cc.

- Every year, the Company organizes a 5-KM run “PSL Annual Maritime Day Run” at the Lumpini Park to encourage all its employees to inculcate a habit of doing regular exercise to maintain good health.
- In 2012, the PSL Run was not held and instead the Company decided to utilize the funds for providing assistance to those affected by the devastating floods in Thailand.
- The Company is one of the sponsors of the annual sports day function at the Merchant Marine Training Center. The co-operation with MMTC thus extends to Sports, besides academics (as outlined above), and helps in all-round development of Officer Cadets.
- The Company is setting up schemes to provide assistance by way of annual scholarships or otherwise, to our own staff members who are not able to afford school admission and/or tuition fees for their children.
- The Company donated money and equipment to make a scientific laboratory that supported study activities at Ban Koh School in Surin province in September 2006. The Company donated Baht 100,000 and books to cadets of Merchant Marine Training Centre to repair classrooms and build up the library for Bannwangsanuan School in Nakhonratchasima province in September 2007.
- The Company contributed Baht 100,000 to The Council for Social Welfare of Thailand under The Patronage of His Majesty the King to develop knowledge and foster career skills of disabled people, supporting them to seek their own income, on the 43rd Cripple Day in November 2007.
- The Company donated Baht 68,000 to Ban Koh School in Surin province in year 2008 to support the “Student Field Trip” to Skaerat Evironmental Research Station in Nakhon Ratchasima province.



Capt. Nopphong Ratanachaiphornphan, Senior Manager – Post Fixture, and Khun Somprathana Thepnaplern, Assistant Vice President (Finance & Accounts), receiving the CSR Recognition 2013 from the SET.

Blood Donation 2013

The Company organizes blood donation camps on a regular basis in collaboration with the Thai Red Cross. In January and July 2013, the Company organized 2 blood donation camps with a total collection of 43,200 cc.



Blood Donation Award

In March 2013, Princess Soamsavali Kitiyakara conferred an award to blood donor Mr. Stephen Korah, PSL's Vice President in International Safety Management, for donating blood more than 36 times.



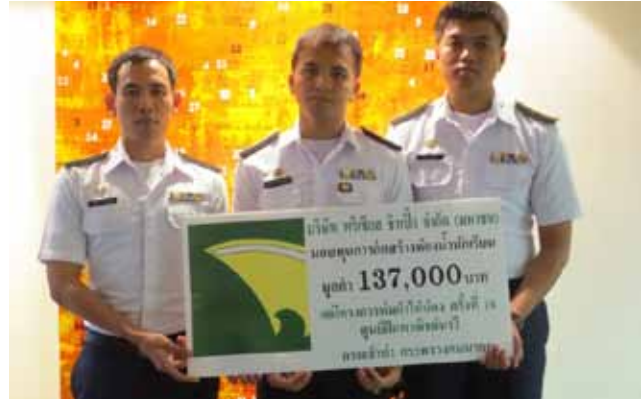
Scholarships to MMTC 2013

In July 2013, the Company awarded Baht 1,345,400 worth of scholarships to selected students of Merchant Marine Training Center (MMTC) to support their entire education year. The photograph shows MMTC scholarship students along with Mr. Koka V. Sudhakar, PSL's Vice President, Fleet Management.



Hom Bha Hai Nong 15th by cadets of Merchant Marine Training Centre

In October 2013, the Company donated Baht 137,000 to the project Hom Bah Hai Nong 15th by cadets of Merchant Marine Training Centre to build toilet facilities, repair the building, renovate school infirmary and surrounding areas at Ban Nong Kaie School in Sakaew Province.



National Children Day

In January 2013, the Company donated Baht 5,000 to Department of Labour Protection and Welfare for gifts to children on the Children Day at Suapa Field, Dusit Palace.



G3 GRI Content Index

STANDARD DISCLOSURES: Profile Disclosures

1. Strategy and Analysis

GRI Ref.	GRI Indicator	2013 Annual Report Page Number	2013 Annual Report Section Reference
1.1	Statement from the most senior decision-maker of the organization.	73	Message from the Board of Directors
		30-46	Board of Directors' Report
1.2	Description of key impacts, risks, and opportunities.	37-45	The Issues Facing Our Industry
		102-107	Significant Risk Factors

2. Organizational Profile

GRI Ref.	GRI Indicator	2013 Annual Report Page Number	2013 Annual Report Section Reference
2.1	Name of the organization.	Cover Page	Cover
2.2	Primary brands, products, and/or services.	12-15	Nature of Business and Industry
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	6-7	Corporate Structure
2.4	Location of organization's headquarters.	8	Other Information Pursuant to SEC. 114
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	9-11	Registered Office Address of Subsidiary and Associated Companies
2.6	Nature of ownership and legal form.	8	Other Information Pursuant to SEC. 114
		28-29	Organization Chart
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	12-23	Nature of Business and Industry
2.8	Scale of the reporting organization.	4-5	Financial Highlights
		9-10	Name and Category of Subsidiaries and Associated Companies in which the Company holds more than 10% of shares sold by them
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	4-5	Financial Highlights
		25	Revenue Structure
		33-34	Fleet Rejuvenation
		45	Joint Venture
2.10	Awards received in the reporting period.	32	Awards and Accolades

3. Report Parameters

GRI Ref.	GRI Indicator	2013 Annual Report Page Number	2013 Annual Report Section Reference
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Cover Page	Cover
3.2	Date of most recent previous report (if any).		21 February 2013
3.3	Reporting cycle (annual, biennial, etc.)	Cover Page	Cover
3.4	Contact point for questions.	8	Other Information Pursuant to SEC. 114
3.5	Process for defining report content.	74-75	The process for defining the content of the report, Stakeholder engagements
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	74	The scope of the report
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).	74	The boundary and limitations of the report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	74	Overview of Sustainability Report
3.12	Table identifying the location of the Standard Disclosures in the report.	98-101	G3 GRI content index

4. Governance, Commitments, and Engagement

GRI Ref.	GRI Indicator	2013 Annual Report Page Number	2013 Annual Report Section Reference
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	28-29	Organization Chart
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	26-27	The Board of Directors

GRI Ref.	GRI Indicator	2013 Annual Report Page Number	2013 Annual Report Section Reference
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	26-27 62-63	The Board of Directors Board Structure
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	53-54	Shareholders' Meetings
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	68 58-61, 68-69	Board Self Assessment Directors and Management Remuneration
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	64-65	Conflict of interest
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	114	The Nomination Committee
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	1 64	Core Values Business Ethics
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	30-46 102-107	Board of Directors' Report Significant Risk Factors
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	30-46	Board of Directors' Report
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	57	Collective Action Coalition against Corruption in Private Sector
4.14	List of stakeholder groups engaged by the organization.	74-75 55-57	Stakeholder engagement Role of Stakeholders
4.15	Basis for identification and selection of stakeholders with whom to engage.	74-75 55-57	Stakeholder engagement Role of Stakeholders
4.16	Approaches to stakeholder engagements, including frequency of engagement by type and by stakeholder group.	74-75 55-57	Stakeholder engagement Role of Stakeholders
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	74-75 55-57	Stakeholder engagement Role of Stakeholders

STANDARD DISCLOSURES: Performance Indicators

Economic

Economic performance		2013 Annual Report Page Number	2013 Annual Report Section Reference
	Management approach		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	76 76 76 76 76 76 76 76	Direct Economic Value Generated and Distributed Vessel Operating Income Vessel Operating Cost Salaries, wages, welfare and other benefits of employees and crews Dividend to shareholders - Finance costs paid to lender Interest payments made to providers of loans. Income tax Investments and expenditures regarding community development, Social infrastructure and environment
EC3	Coverage of the organization's defined benefit plan obligations.	87	Employee benefits
EC4	Significant financial assistance received from government.		None
Market presence		2013 Annual Report Page Number	2013 Annual Report Section Reference
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	62 88 62	Board Structure Number and proportion of employees at the based office by gender and nationality Definition in CG report

Indirect economic impacts		2013 Annual Report Page Number	2013 Annual Report Section Reference
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit.	93-97	Social and Community Development
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	102-107	Significant Risk Factors
		30-46	Board of Directors' Report
Environmental			
Energy		2013 Annual Report Page Number	2013 Annual Report Section Reference
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	83-85	Use of New Technology and Innovations
Emissions, effluents and waste		2013 Annual Report Page Number	2013 Annual Report Section Reference
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	84-85	Carbon Footprint and Waste Generation
Products and services		2013 Annual Report Page Number	2013 Annual Report Section Reference
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	84-85	Carbon Footprint and Waste Generation
Compliance		2013 Annual Report Page Number	2013 Annual Report Section Reference
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	-	Note : no significant fines
Social: Labor Practices and Decent Work			
Employment		2013 Annual Report Page Number	2013 Annual Report Section Reference
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	87	Social Performance table
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	-	None
LA15	Return to work and retention rates after parental leave, by gender.	87	Social Performance table
Labor/management relations		2013 Annual Report Page Number	2013 Annual Report Section Reference
LA4	Percentage of employees covered by collective bargaining agreements.	87	Social Performance table
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	-	Note : comply with Thai Law
Occupational health and safety		2013 Annual Report Page Number	2013 Annual Report Section Reference
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	-	Note : comply with Thai Law
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	87-88	Social Performance table, Employee Health and Safety
Training and education		2013 Annual Report Page Number	2013 Annual Report Section Reference
LA10	Average hours of training per year per employee by gender and by employee category.	90-92	List of Major Training Programs conducted by the Company's Maritime Training Center
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	90-92	List of Major Training Programs conducted by the Company's Maritime Training Center
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	88-93	Training & Development
Diversity and equal opportunity		2013 Annual Report Page Number	2013 Annual Report Section Reference
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	87-88	Social Performance table

Social: Human Rights			
Non-discrimination		2013 Annual Report Page Number	2013 Annual Report Section Reference
HR4	Total number of incidents of discrimination and corrective actions taken.	-	Note : no incidents
Indigenous rights		2013 Annual Report Page Number	2013 Annual Report Section Reference
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	Note : no incidents
Assessment		2013 Annual Report Page Number	2013 Annual Report Section Reference
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	100% reviewed by Business Ethics and Code of Conduct
Remediation		2013 Annual Report Page Number	2013 Annual Report Section Reference
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	-	Note : no incidents
Social: Society			
Local communities		2013 Annual Report Page Number	2013 Annual Report Section Reference
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	93-97	Social and Community Development
Corruption		2013 Annual Report Page Number	2013 Annual Report Section Reference
SO4	Actions taken in response to incidents of corruption.	-	Note : no incidents
Public policy		2013 Annual Report Page Number	2013 Annual Report Section Reference
SO5	Public policy positions and participation in public policy development and lobbying.	57-58	Policy on preventing corruption and offering a bribe, Whistleblowing policy
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-	Non Relevance
Anti-competitive behavior		2013 Annual Report Page Number	2013 Annual Report Section Reference
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	-	Non Relevance
Compliance		2013 Annual Report Page Number	2013 Annual Report Section Reference
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	-	Note : no significant fines
Social: Product responsibility			
Product and service labelling		2013 Annual Report Page Number	2013 Annual Report Section Reference
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	12-15	Nature Business
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	Compliance with Regulations & Conventions
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	56, 86	Customers, Customer Relationship Management

SIGNIFICANT RISK FACTORS

The Company has classified the various risk factors the Company is exposed to into three categories viz. Operating Risk, Financial Risk and Market Risk. In view of the continued weakness in the Dry Bulk Shipping Market since the second half of 2008, the Company additionally identified and categorized a special risk associated with maintaining and expanding capacity, which has been classified as “**Capacity Replacement and Expansion Risk**”. Although the Company has made considerable progress this year in mitigating this risk, this has been retained this year also as the Company continues to be exposed to this risk until the Company’s stated objectives in this respect are fully achieved. Further, the Company remains exposed to the significant risk factors arising out of the Global Financial Crisis and its aftermath, exacerbated by the continued crisis in the Euro Zone, which are classified hereunder as “**Effect of Global Financial Crisis**”. The significant risk factors under each of these categories are explained as under.

Apart from the above risks which the Company is exposed to, an investor (or shareholder) in the Company’s shares is also exposed to additional risks on the investment in the Company’s shares and the risks associated with this investment are explained hereunder as “**Investment Risk**”.

OPERATING RISK

The Company, as an owner and operator of ocean-going vessels operating without any geographical limitations is exposed to risks of marine disaster, environmental mishaps resulting in substantial claims, cargo/property loss or damage and business interruptions due to accidents or other events caused by mechanical failure, human error, political action in various countries, labor strikes, terrorist actions, piracy, adverse weather conditions and other such circumstances and events. This could result in increased costs or loss of revenues. However, to cover against most of these risks, which are standard for an International Ship owner/Operator, insurance covers are available in the international insurance industry. Accordingly, the Company is adequately covered against such aforesaid circumstances and events.

The operations of the Company depend on extensive and changing environment protection laws and other maritime regulations, non-compliance with which may entail the risk of detention of ships leading to loss of time which would lead to loss of revenues or claims from charterers, significant expenses including expenses for ship modifications and changes in operating procedures. However, the Company is vigilant on these issues and maintains internationally prescribed safety and technical standards.

The operations of ships and the management of the Company as a public company listed on the Stock Exchange of Thailand require skilled personnel to be employed as crew to operate its ships and managers at the corporate level with appropriate knowledge and experience. Sourcing and retaining such personnel is crucial for the business operations of the Company. This continues to remain a crucial risk factor especially in light of the rejuvenation plan for the Company. However, due to the adoption of fair and reasonable staffing policies, the Company has hitherto been quite successful in sourcing and retaining such highly skilled and qualified personnel. The Company continues to take a number of initiatives to attract and retain talent, and therefore does not expect any future cause for concern in this regard, although International Shipping is facing a shortage of qualified crew, particularly in the officers’ cadre, required on board the ships.

As a publicly listed company, the Company is required to comply with various laws and regulations and failure to comply with any one or more of such laws and/or regulations could expose the Company to penalties or other legal action against the Company and its senior management. The Company remains vigilant on this issue and has taken adequate steps to employ qualified staff and also adopted adequate and effective systems to ensure full compliance with all laws and regulations.

The Company is not directly exposed to any risk of increased costs due to fluctuations in international oil prices. Whenever the fuel costs are on the Company’s account (in case of a Voyage Charter), increase/decrease in oil price is passed on to the Customers since the freight rates are quoted and charged after incorporating the increased/decreased fuel cost. In case the business is done on a Time Charter, the fuel cost is directly on the Customer’s account.

FINANCIAL RISK

Almost the entire Revenues and Expenses of the Company are denominated in US Dollars. Further, almost all the Fixed Assets of the Company, viz., ships are US Dollar based assets, since they are readily salable in US Dollars in the International market. Therefore, the Company is exposed to the risk of realising a Foreign Exchange loss in respect of its liabilities in any currency other than US Dollars. The US Dollar equivalent figure of such “Non-USD” denominated debt may increase or decrease with a fluctuation in the respective exchange rate. In recognition of this risk, the Company has attempted to maintain least possible exposure in other currencies and accordingly always maintained US Dollar denominated credit facilities and loans. As on 31st December 2013 the Company’s loans and Credit Facilities for financing the new ships ordered by the Company are denominated in US Dollars only. However, due to the effect of the Global Financial Crisis and the inability of the Company’s Local Lenders to extend a loan in US Dollars in the beginning of 2009, one of the Company’s facilities originally denominated in US Dollars was converted into Thai Baht when the availability period of the facility was extended by one year. However, in recognition of this risk, the Company obtained commitment from the same Lenders to convert the Thai Baht liability into US Dollars through the use of a USD/THB Swap whereby the principal portion of the Loan is converted into US Dollars, thereby eliminating the Foreign Exchange risk associated with the loan principal. Accordingly, the liability against this facility of Thai Baht 1,502.35 million drawn for financing two vessels was immediately converted (swapped) to US Dollars with a matching amortization schedule to the Thai Baht Loan. The interest on the loan is payable in Thai Baht and to that extent, the Company continues to be exposed to this risk. Other than this, all other loans and financing facilities of the Company are denominated in US Dollars only.

The Company also maintains almost all its Bank balances in US Dollars whereby there is no risk of realizing any loss on these balances, in US Dollar terms. However, it must be noted that the Company is exposed to an exchange loss in Thai Baht terms on translation of its US Dollar denominated Assets, Liabilities, Income and Expenses, arising out of the Currency translation from US Dollars to Thai Baht in the Thai Baht Financial Statements and also on the expenses of the Company which are incurred in Thai Baht.

The Company’s debt facilities carry interest at floating rates based on LIBOR (London Inter-Bank offered rate) and as such, the Company is exposed to fluctuations in its interest rates due to changes in the LIBOR. The Company monitors market interest rates regularly and remains vigilant on this issue. In the year 2012, the Company entered into an Interest rate Swap (IRS) whereby the Company’s Interest liability on a part of its Loans on a Loan amount of USD 64.82 million was converted from floating to fixed but since the Company was of the opinion that the Interest rates would not increase appreciably until Year 2014, the fixed rate is only payable by the Company from Year 2015.

The Company’s Assets, i.e. ships, have a finite life and as and when the ships reach a certain age, they need to be sold for onward trading or scrapped. This leads to a decrease in capacity as it has happened in the previous years when the Company had sold 35 ships out of its fleet of 54 ships, and if the Company wants to maintain capacity in terms of fleet size, the Company has to continuously follow a program of replacement of its older scrapped (or sold) vessels. Purchase of ships requires considerable funding, which may be through equity or debt or both. If the Company is not able to raise the necessary funds required for the purchases of ships to maintain capacity, the Company’s Capacity will continuously deplete, and as such, the Company is exposed to a funding risk. However, in recognition of this risk, the Company has put in place credit facilities for acquisition of additional ships, which are available to the Company to purchase new (if delivered immediately) or second-hand or to order new ships directly from Shipbuilders.

MARKET RISK

The shipping industry and market has been cyclical, experiencing volatility in profitability, vessel values and freight rates, resulting from changes in the supply of and demand for shipping capacity. This has been explained in the section on “**Nature of Business and Industry**” of this Report. The Company had traditionally marketed all its ships in the spot market and had therefore been exposed to market fluctuations and the cyclical nature of the business. The Company believes that with the majority of its assets being in the ‘niche’ small handy size sector of the industry there is a fundamental advantage of demand over supply hence there is some downside protection against the cyclical nature of the business. Traditionally clients in this sector of the market did not take ships on long term contracts and preferred to do the majority or all their business only on the spot market. This situation

has of course changed in the last 5 to 6 years because of the increase in freight market volatility leading to a change in strategy of the Company as well as that of our clients. We can now fix a portion of the Company's fleet on longer term charters, keeping the Company insulated somewhat from the volatility of the spot markets and ensuring visibility and stability in its revenue stream. However due to the very soft market conditions this year, it has not been possible for the Company to fix most of the Company's vessels on long term charters and to this extent the Company remains exposed to the volatile conditions of the freight markets.

The demand side of the Company's business is generated by the quantity of cargo its vessels are required to transport. The generation of this demand is mainly dependent on World Trade and Economic Growth. Severe depression in Growth and Trade could reduce the demand for ships. The spurt in demand for dry bulk shipping capacity in the past 7/8 years has largely been driven by the demand from China (supplemented by India and countries in the Middle-East) which is importing commodities and raw materials in huge quantities for major infrastructure projects. If there is a significant reduction in the Demand from China, particularly in the next few years when a significant number of new ships have entered the market over the last few years (2009 – 2013), it could have an adverse impact on the overall demand/supply balance in Shipping Capacity, which could lead to a further fall in freight rates coupled with a fall in ship values. The Company had acquired a number of second hand ships at market values mainly in 2003 and a couple in 2004, and therefore, the Company was exposed to the risk of reduced earnings and/or fall in asset values if there had been a significant downturn in the market. This did not happen and the Company was able to generate substantial revenues and extremely good returns on its acquisitions. Further, in December 2006/first Quarter 2007, the Company sold 10 of its oldest vessels in the fleet with an average age greater than 26 years, at attractive sales prices which reduced the risk to a large extent as this risk is higher in respect of the older vessels. The Company also sold 25 of its oldest vessels in 2009-2010 at reasonably attractive prices and thereby avoided exposure of these older vessels to unemployment and/or very low rates in the spot market once their long term contracts had expired. In respect of revenues on the rest of the fleet, the Company attempted to continue its strategy to mitigate this risk for its fleet by entering into period charters or contracts for a longer period for most of its ships, wherever possible, whereby the Company was able to "lock-in" future earnings at higher freight rates. This was a significant change made in 2004 in the Company's strategy of doing business, whereby the Company had deviated from its traditional policy of trading on the spot market with Voyage Charters and/or Time Charters of very short durations. During the year 2007, the market continued to move significantly higher until it reached a peak in the middle of the year 2008, after which the Industry witnessed a sharp drop in market rates to levels close to all time lows. There was a recovery in the dry bulk markets in 2009 from the second quarter and which lasted till the end of the second quarter of 2011 but the situation deteriorated thereafter because of the large supply of new vessels which entered the market between 2009 and 2013. As expressed earlier, in the Company's opinion, given the uncertainty and the extreme volatility in the market where rates can shoot up or collapse very quickly, it is always prudent to "lock-in" future earnings, at reasonable freight rates whenever possible, as a cushion against a sudden and, more particularly, sustained collapse of the freight rates in the spot market. This strategy had been vindicated with the Company's earnings outperforming the market in the volatile market circumstances of the previous few years but as explained above, it has not been possible to book long term charters at reasonable rates in the present difficult conditions and it is expected that the Company shall remain exposed to the spot markets for some more time to come.

The above strategy of locking in future earnings vide long term contracts (period charters) at high rates when the markets are performing well exposes the Company to counterparty risk of its Customers. In case of a fall in the market and consequent fall in freight rates, the Company's customers (Charterers) with whom the period charters are signed could default on their obligations, as a result of which, the Company will not be able to achieve the higher contracted freight rates and would be forced to contract these ships in a depressed market when rates would be lower. The Company is always conscious of counterparty risk associated with its period charters and accordingly takes steps in analysing the counterparty risk of its potential charterers, particularly those with whom the Company signs longer period charters, and such contracts (Charters) are signed only with first class charterers with the highest possible credibility. It is for this reason that right through the depressed market, the Company did not suffer any losses on account of defaults by the Company's Charterers and even during the current weak period, there has been no default by any of the Company's long term contracts.

The Company's ships ply in international waters quite evenly distributed all over the world without any concentration in any particular area. As such, the Company is not exposed to a risk of geographical concentration of the Company's market and its customers. Therefore, any major adverse change in the market conditions in any one particular area of the world due to war, political action, or any other reason shall not result in a significant drop in revenues.

The Company's revenues are generated from a number of customers and the Company is not dependent on any single customer for the majority of its business. As such, the Company is not exposed to any risk of concentration of its business with any one customer and any loss of business from one such customer shall not have any significant impact on the Company's business and will not result in sudden and significant loss of revenues.

CAPACITY REPLACEMENT AND EXPANSION RISK

As explained above, the Company's Assets, i.e. ships, have a finite life and as and when the ships reach a certain age, they need to be sold or scrapped. This leads to a decrease in capacity and if the Company wants to maintain capacity in terms of fleet size, the Company has to continuously follow a program of replacement of its older scrapped (or sold) vessels. In about three years (2007- 2010) the Company sold 35 of its oldest vessels thereby reducing its Fleet size substantially. If the Company wishes to maintain capacity, a replacement of the sold ships has to be undertaken. Replacement of scrapped/sold ships could be achieved by purchase of second-hand ships from the open "Sale & Purchase" market. However, due to the boom in the International Shipping market in the past few years, the values (cost) of second-hand vessels were at unprecedented highs and the Company did not deem it prudent to be buying ships at such inflated values and expose itself to the risks of an impairment charge on its assets as a result of a fall in the market values of ships in case of a sustained downturn that appeared to have been triggered in the latter half of the year 2008. If the ship values had not fallen appreciably or in fact increased, although the Company may have wanted to replace all its scrapped/sold ships with younger and bigger ships, the Company may not have been able to buy enough second-hand (or new ships for immediate/early delivery) ships and the inability to buy reasonably priced ships exposed the Company to the risk that the Company could not replace its capacity as a result of the sale of the Company's very old ships. However, since the last quarter of the year 2011 the Company has been able to acquire new/second-hand vessels at reasonable values and it does appear that this risk of not being able to replenish or rejuvenate the Fleet is on its way to being reduced considerably, if not totally eliminated, in the immediate future.

Considering the prolonged period of high Ship Values, the Company attempted to mitigate the above Capacity Replacement risk, by entering into contracts for construction of new ships (newbuildings) in years 2007 and 2008 with ABG Shipyard at reasonable prices and specifications matching the Company's requirement and needs. This was done to ensure capacity replacement/expansion as and when the ships are delivered in accordance with the contracts. However, due to the delays in delivery of these ships, the Company cancelled a number of newbuilding contracts with ABG Shipyard as a result of which the Company has just 1 outstanding contract left with ABG Shipyard as on date in December 2013. However, in the current year (2013), the Company has signed a number of more newbuilding contracts with Chinese Shipyards for deliveries of Cement Carriers and Dry Bulk Vessels as explained elsewhere in this Annual Report. While the Operating and Market risks associated with the ships as and when delivered have been discussed above, the specific risks associated with the newbuilding contracts are summarized as under:

- **Risks associated with the Ship Builders:** The Company is exposed to a default risk by the respective Ship Builders in terms of adhering to delivery schedules and/or achieving the right quality of the ships whereby the ships may not be delivered for any reason or delivery of the ships is delayed and/or the ships delivered are not of the expected and contracted quality. The Company has attempted to mitigate these risks by not only carefully evaluating the capacity of each Ship Builder in terms of meeting contracted delivery schedules and maintaining quality but has also obtained bank guarantees to cover refund of pre-delivery installments and/or delay in deliveries apart from including stringent penalties in the contracts, both, for delays as well as departure from specified quality parameters. Further, the Company has also appointed and deployed a team of highly qualified and experienced marine personnel to supervise the construction of the ships at the respective shipyards. In the event that one or more of the vessels are not delivered in time, the Company could sell/novate these Contracts as was done in the past 3 years or could cancel the respective Vessel's order in accordance with the Contracts, against which, there would not be any direct financial loss for the Company since all payments made would be refunded with Interest although the Company loses the opportunity of replacing capacity and earning revenues from the delayed/cancelled vessels. However, the Company remains exposed to the counter-party risk of the respective Ship Builders and if each Ship Builder is unable to refund the installments paid by the Company, the Company would have to resort to making claims against the bank guarantees obtained

from such Ship Builder and when these bank guarantees are honored, it is possible that the entire interest due on the installments may not be received. Similarly in case of a Novation, even if an interested New Buyer is found, it is possible that the New Buyer may default in the performance of the Novation Agreements and thereby the entire Novation Proceeds may not be received, in which case, once again, the Company will have to make claims against the bank guarantees received from the respective Ship Builders.

- **Risks associated with a Cyclical Industry:** The Company is exposed to the risk that when the newbuildings are delivered, or soon after acquiring a number of second-hand ships, the Shipping Market remains in a cyclical downturn for a sustained period and in such case, apart from a fall in the ship values, it may not be possible to charter out these ships at the expected rates which would lead to operating losses (including cash losses) for the Company. These losses or low rates achieved by the Company for a sustained period could lead to default by the Company to meet its debt obligations including a default of the financial covenants applicable to the Company under its various Debt facilities.

Further, if the newbuildings are delivered while the industry continues in the midst of this cyclical and prolonged downturn, the market values of the new ships could drop to levels much lower than cost and if this drop is considered permanent, it may expose the Company to an impairment charge in the Company's accounts and the Company may also default under the "Loan to Value" Covenant required to be maintained in accordance with the Loan Facility Agreement.

- **Risks associated with funding:** The Company is exposed to the risk that the funding required for the newbuildings is not tied up through external sources in which case, the Company would be forced to utilize internal operating cashflows for this purpose, which, may not have left sufficient or any excess cash for dividends or other capital expenditure. In order to mitigate this risk, the Company has tied up credit facilities to fund three of the newbuilding contracts for cement carriers entered into by the Company in this year but has not yet drawn any funds against this facility for the pre-delivery Instalments paid by the Company. Further, the Company also has further unused credit facilities available to fund the second-hand ships to replace the old vessels sold by the Company and these could be used to fund the newbuilding vessels on delivery.

EFFECT OF GLOBAL FINANCIAL CRISIS

The most significant risk factors arising as a direct effect of the Global Financial Crisis on the Shipping Industry and consequently on the Company, are summarised as under:

- **Demand Loss Risk:** The financial crisis led to a closure or downsizing of a number of businesses and business units all over the developed world coupled with reduced access to Trade Finance, thereby affecting World Trade and resulting in a loss in demand for shipping services and consequent collapse in freight rates in 2008 and early 2009. Although there was a small recovery in demand in second half 2009 till the first half of 2011, the Company's strategy of signing longer term charters for the Company's ships at reasonably high rates, somewhat cushioned the Company's revenues from the effects of any sudden and appreciably large falls in Freight rates. However, with the continued crisis in the Euro Zone and the absence of appreciable Growth in US, demand growth could not keep pace with the supply of new Vessels as evidenced from the sustained fall in the Freight markets from the second half of 2011 right until the middle of this year. In case of a prolonged period of low freight rates, the Company's revenues may be significantly affected because the Company is being forced to charter those ships, which are not chartered on long periods or those of which have expired, at very low rates on a sustained basis. Further, if the situation continues, the Company may be forced to scrap its ships which are not very old because of the absence of demand for such ships or because of its inability to charter these ships even at their respective break-even rates.
- **Counterparty Risk:** In case of a relapse of the Global Financial Crisis or its spread to other regions after the US and Europe, a number of Companies which are users of shipping services including the Companies' Customers or Charterers with whom the Company has signed longer term period charters at high rates may close down or become insolvent or face financial difficulties in the future, resulting in nonpayment of charter revenues to the Company and/or termination of the Charters. However, as explained

hereinabove, the Company is conscious of the counter-party risk associated with its period charters and accordingly has taken steps in analysing the counter-party risk of its potential charterers, particularly those with whom the Company signed longer period charters, and such contracts (Charters) were signed only with first class charterers with the highest possible credibility.

- **Credit Crunch:** The Financial Crisis has led to a Credit crunch because of the risk aversion policy adopted by Global banks to bolster or maintain Capital reserves, whereby it is still extremely difficult to raise new debt from International Banks particularly European Banks which are the traditional Lenders to the Shipping Industry. If this situation continues, the Company may not be able to raise new credit facilities or renew existing credit facilities required by the Company for capital expenditure, i.e. for purchase or order of ships to maintain or expand the Company's fleet of ships. However, to mitigate this risk, so far, the Company already has credit facilities in place to fund some of the newbuilding orders and has also renewed (extension of availability period) existing credit facilities to purchase additional second-hand vessels or newbuildings.

INVESTMENT RISK

Apart from the above risks which the Company is exposed to, an Investor investing in equity shares of the Company is exposed to the risks associated with the equity investment in the Company as a company listed in Thailand, which include the following:

- The value of the stocks listed on the Stock Exchange of Thailand (SET) may fluctuate due to factors affecting the Thai Stock Market as a whole without any connection to the performance of the Company. Such factors affecting the Thai Stock Market could include political instability or political disturbances, slowdown in growth of the Thai economy, US Federal Reserve action, withdrawal of economic stimulus by governments of key export markets, general slowdown in regional, Asian or other developed economies and so on.
- Since the investment in the equity shares is made in Thai Baht currency, the investor is exposed to the exchange risk associated with the investment due to the fluctuation of the investor's investment currency as against the Thai Baht whereby the investor may suffer a loss in the investor's own investment currency terms if the Thai Baht depreciates against the same when the equity shares are sold and the proceeds thereof are remitted back to the Investor after converting the same into the Investor's investment currency.
- The Investor may suffer a loss on his investment in the event one or more Thai laws pertaining to the investment are amended adversely. An example of such an adverse change in law would be imposition of taxes or other duties on the investment or sale of investment in equity shares.
- If the Thai Government introduces exchange controls on investment proceeds or on the repatriation of investment proceeds, the Investor's cost of the investment may increase and/or the Investor may not be able to repatriate the sale proceeds of the investment.
- Further, the Investor is exposed to additional risks like lower standards of Corporate Governance of the companies listed on the SET, insufficient legal checks and balances on company management, high proportion of concentrated shareholding with one individual or one group leading to unduly high control exercised by the individual or group, unavailability of qualified and experienced persons to act as Directors, etc.

MAJOR SHAREHOLDERS AND DIVIDEND POLICY STATEMENT

Major Shareholders per share register as on 31 st December 2013 and 2012					
No.	Name	As on 31 st December 2013		As on 31 st December 2012	
		No. of shares	Percentage	No. of shares	Percentage
	Globex Corporation Limited	266,625,206	25.65%	266,625,206	25.65%
	Ms. Nishita Shah	98,586,000	9.48%	98,586,000	9.48%
	Graintrade Limited	74,668,000	7.18%	74,668,000	7.18%
	Unistretch Limited	7,600,400	0.73%	7,600,400	0.73%
1	* Total shares under control of Ms. Nishita Shah	447,479,606	43.04%	447,479,606	43.04%
	Mr. Khalid Moinuddin Hashim (20,000 shares held at Securities Company included)	87,610,850	8.43%	87,610,850	8.43%
	Mr. Munir Moinuddin Hashim (1,728,000 shares held at Securities Company included)	94,567,850	9.10%	94,567,850	9.10%
2	** Total shareholding of Hashim family	182,178,700	17.53%	182,178,700	17.53%
3	Thai NVDR Limited	76,026,758	7.31%	70,480,808	6.78%
4	STATE STREET BANK EUROPE LIMITED	34,600,500	3.33%	12,760,300	1.23%
5	STATE STREET BANK AND TRUST COMPANY	15,309,518	1.47%	13,536,986	1.30%
6	HSBC (SINGAPORE) NOMINEES PTE LTD	14,479,000	1.39%	12,263,000	1.18%
7	GEDRA ENTERPRISES INC	11,634,294	1.12%	11,634,294	1.12%
8	PICTET & CIE	9,619,000	0.93%	9,619,000	0.93%
9	J.P.MORGAN IRELAND (NOMINEES) LIMITED 574	9,349,818	0.90%	8,631,100	0.83%
10	Phatra Capital Public Company Limited	8,533,600	0.82%	0	0.00%
11	Other shareholders (apart from the Top Ten shareholders as mentioned above)	230,309,806	22.16%	270,936,806	26.06%
Grand total		1,039,520,600	100.00%	1,039,520,600	100.00%
		Total : 4,692 shareholders		Total : 6,496 shareholders	

Note: * Ms. Nishita Shah who is the Director of the Company is also the Director and Shareholder of Globex Corporation Limited, Graintrade Limited and Unistretch Limited

** Mr. Khalid Moinuddin Hashim is the brother of Mr. Munir Moinuddin Hashim
No shareholder agreement between the Shareholders Nos. 1 and 2

Dividend Policy Statement

“The Company’s dividend policy approved by the Annual General Meeting of Shareholders No. 1/2004 dated 30th April 2004 is to pay out not less than 25% of Net Profits after taxes and appropriation to any reserves required by law. Upon approval by the Board of Directors, the annual dividend payout is to be presented to the shareholders’ annual general meeting for approval. As regards the interim dividend, however, the Board is authorised to pay it and then report the payout at the next shareholders’ general meeting.”

MANAGEMENT STRUCTURE

The Company has 5 Boards / Committees

1. The Board of Directors
2. The Executive Board of Directors
3. The Audit & Corporate Governance Committee
4. The Remuneration Committee
5. The Nomination Committee

ELECTION OF THE BOARD OF DIRECTORS

The election of Directors is conducted by the meeting of shareholders. Each shareholder has one vote per share and each shareholder exercises all votes applicable in appointing one or more persons to be a Director. The candidates are ranked in descending order from the highest number of votes to the lowest, and are appointed as Directors in that order until the Director positions are filled. Where the votes for candidates are tied, which would otherwise cause the number of directors to be exceeded, the Chairman has the casting vote.

1. THE BOARD OF DIRECTORS

There are 12 Directors on the Board of Directors of the Company which consists of

- 9 Non-Executive Directors 5 of whom are Independent Directors.
- 3 Executive Directors.

The Board of Directors' members as of 31st December 2013 are as follows:

Director's Name	Position	The last re-appointment Date
1. Mr. Thira Wipuchanin	The Chairman of the Board of Directors Independent Director	26 th March 2012
2. Mr. Khalid Moinuddin Hashim	Managing Director	26 th March 2012
3. Mr. Munir Moinuddin Hashim	Executive Director	14 th March 2011
4. Mr. Khushroo Kali Wadia	Executive Director	14 th March 2011
5. Mr. Jaipal Mansukhani	Director	14 th March 2011
6. Mr. Suphat Sivasriumphai	Independent Director	14 th March 2011
7. Ms. Nishita Shah	Director	26 th March 2012
8. Mr. Kirit Shah	Director	26 th March 2012
9. Mr. Chaipatr Srivisarvacha	Independent Director	1 st April 2013
10. Associate Professor Pavida Pananond, Ph. D.	Independent Director	1 st April 2013
11. Mr. Kamtorn Sila-On	Independent Director	1 st April 2013
12. Mr. Ishaan Shah	Director	1 st April 2013

Powers, duties and responsibilities of the Board of Directors are as follows:

1. The Board of Directors performs its duties in conformity with applicable laws, and carries on the business of the Company in accordance with the laws, the Company's objectives and the articles of association as well as the resolutions of the shareholders' meetings. The Board of Directors is authorized to carry out the Company's activities as prescribed in the memorandum or those related thereto under the Public Limited Companies Act B.E. 2535. The Board of Directors is responsible to the Company's shareholders. Each Director represents all shareholders and takes part in supervisory and regulatory functions in the Company's operations, in an independent and impartial manner, for the benefit of all shareholders and other stakeholders.
2. The Directors, in their business conduct, are expected to generally act with care to preserve the interest of the Company.
3. The quorum for the Board of Directors meeting is at least two-thirds of Board size. However, in emergency cases, this can be waived and the quorum required by the Articles and Law will be followed.
4. The Board of Directors or the Shareholders at their meeting is entitled to designate the authorized Directors to bind the Company and accordingly, any two of the following with the Company's Seal are the present authorized signatories:
 - 1) Mr. Khalid Moinuddin Hashim
 - 2) Mr. Munir Moinuddin Hashim
 - 3) Mr. Khushroo Kali Wadia
5. The Board of Directors is inter alia authorized to sell or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for the period more than three years, to make a gift, to compromise, to file complaints to the Court and to submit the dispute to the Arbitration.
6. Review and approve the Mission Statement, Core Values and Code of Business Conduct whenever appropriate but at least once every 5 years.
7. Review and discuss Management's proposed strategies and options and approve major decisions in respect of the Company's business direction and policies. The Board of Directors also reviews and approves the Business and performance goals proposed by the Management.
8. Monitor the Company's performance and progress toward achieving set objectives as well as compliance with the laws, regulations and related policies.
9. Ensure the existence of an effective internal control system and appropriate risk management framework.
10. Ensure an effective audit system executed by both internal and external auditors.
11. Approve quarterly and annual financial reports to ensure that the reports are prepared under generally accepted applicable accounting standards.
12. Ensure that the Company has a proper system in place to communicate effectively with all stakeholders and the public.
13. Define policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
14. Define policy and guidelines for good corporate governance and ensure that the duties and responsibilities of Directors and the management comply with Corporate Governance principles.
15. Define policy and guidelines to implement Corporate Social Responsibility.

2. THE EXECUTIVE BOARD OF DIRECTORS

The following 3 directors are appointed by the Board of Directors as the Executive Directors on the Executive Board of Directors.

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Munir Moinuddin Hashim	Director (Commercial)
3. Mr. Khushroo Kali Wadia	Director (Finance)

Powers, duties and responsibilities of the Executive Board of Directors are summarized hereunder:

1. To manage the Company's business under the resolutions / regulations of the Board of Directors.
2. To execute any agreements / contracts binding the Company the terms and conditions of which must be in their scope of authority vested by the Board of Directors. Such agreements / contracts must be affixed with signatures of any two Executive Directors together with the Company's seal.
3. To generally act on behalf and in the interest of the Company and its subsidiaries as may be required to carry on the business.
4. The Executive Board of Directors shall report on the business operations conducted by the Executive Board to the Board of Directors for acknowledgement and discussions. However, policy-related issues, or issues likely to have significant and major impact on the Company's business, or issues requiring action by the Board of Directors in compliance with laws, or the Company's Articles of Association, must be approved by the Board of Directors. This also includes issues for which the Executive Board of Directors considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.
5. Prepare and review strategic objectives, financial plans and key policies of the Company, to be submitted to the Board of Directors for approval.
6. Review management authority in various aspects stipulated in the approval authority hierarchy, to be submitted for approval to the Board of Directors.
7. Appoint, monitor and evaluate the performance of employees from the level of department head down to middle managers.
8. Monitor and report on the Company's operating results to the Board of Directors as well as on other work in progress to achieve the Company's objectives.
9. Communicate with external stakeholders, per designated authority, and as deemed appropriate.
10. Prepare and review policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
11. Prepare and review policy and guidelines for good Corporate Governance and guidelines to implement Corporate Social Responsibility.

3. THE AUDIT & CORPORATE GOVERNANCE COMMITTEE

The Audit & Corporate Governance Committee has been appointed by Board of Directors with the objective of having a mechanism to assist the Board independently in accordance with the regulations and the recommendations in respect of Good Corporate Governance, to give an opinion of the accuracy of the Company's Financial Statements and their credibility and transparency, to encourage the good corporate governance including coordination with the Board of Directors for risk management and internal control systems in the Company. This is expected to create efficiencies in operations and also provide for an independent check on the functioning of the Management of the Company including checks on conflict of interest issues and connected party transactions, if any.

The Board of Directors has appointed the Audit Committee since 24th August 1998 with the term of 2 years for each member. Thereafter on 3rd February 2012 the Board has resolved to amend the name of Audit Committee from Audit Committee to “Audit & Corporate Governance Committee” since the existing roles and responsibilities of the Audit Committee of the Company include Corporate Governance also and in also to ensure that the Audit & Corporate Governance Committee emphasizes consistently on the compliance of relevant regulations and continue the development of Corporate Governance of the Company. The current Audit & Corporate Governance Committee Members are as follows:

Name	Position	Status	Duration on the Committee
1. Mr. Suphat Sivasriumphai **	Chairman of the Audit & Corporate Governance Committee	Independent Director	2 Years
2. Mr. Kamtorn Sila-on *,**	Audit & Corporate Governance Committee Member	Independent Director	2 Years
3. Associate Professor Pavida Pananond, Ph. D. *,**	Audit & Corporate Governance Committee Member	Independent Director	2 Years

* Mr. Kamton Sila-On and Associate Professor Pavida Pananond, Ph. D, Member of the Audit & Corporate Governance Committee, were reappointed by resolution of the Board of Directors in the Board of Directors Meeting No. 1/2013 held on 4th February 2013.

** Each of the above three Audit & Corporate Governance Committee members has knowledge and experience in accounting and financial field and details of the experience have been presented in the “**Board of Directors - Profile**” section of this Annual Report.

The Audit & Corporate Governance Committee is responsible for reviewing and reporting the following matters to the Board of Directors.

1. To review the Company's financial reporting process to ensure accuracy with adequate and complete disclosure.
2. To ensure that the Company has an appropriate and efficient internal control system subject to internal audit and to also ensure that there is an efficient internal audit system in place and to ensure the independence of internal audit department, including approval of the selection, promotion, rotation or termination process of the internal audit head.
3. Review risk management system of the Company and recommend improvements on a regular basis.
4. Review guidelines for the Company's Corporate Governance as compared with those of International organizations and present its recommendations to the Board of Directors.
5. To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Exchange and other laws relating to the business of the Company.
6. To select and nominate for the shareholders' approval, the external auditor of the Company, including recommendation of remuneration of the external auditor after considering the independence of the external auditor and to freely discuss significant matters, the Audit & Corporate Governance Committee shall meet privately with the external auditor at least once a year, without the management team being present.
7. To review connected party transactions that may lead to conflict of interest to comply with all related rules and to ensure the transactions are reasonable and for the full benefit of the Company and to ensure accurate and complete disclosure of the same.

8. To prepare a report on the monitoring activities of the Audit & Corporate Governance Committee, in accordance with the required details per SET regulations and disclose it in the annual report, such report to be signed by the Chairman of the Audit & Corporate Governance Committee.
9. To perform any other acts as delegated by the Board of Directors and accepted by the Audit & Corporate Governance Committee.

4. THE REMUNERATION COMMITTEE

The Remuneration Committee has been appointed by the Board of Directors as a mechanism to assist the Board in independently proposing the criteria of and setting guidelines for the Remuneration of Directors and Senior Management and to propose the remuneration of the Board of Directors who will then act (accept fully, partially or reject totally) in accordance with the regulations and good governance practices based on the recommendations made by the Remuneration Committee. The Board of Directors is not empowered to fix the Remuneration of the Directors but is required to place their recommendations on the same to the shareholders for their approval.

The Board of Directors appointed the Remuneration Committee in their meeting held on 15th November 2007, which consists of 3 Directors as follows:

Name	Position	Status	Duration on the Committee
1. Mr. Kamtorn Sila-on *	Chairman of the Remuneration Committee	Independent Director	2 Years
2. Associate Professor Pavida Pananond, Ph. D. *	Remuneration Committee Member	Independent Director	2 Years
3. Mr. Kirit Shah **	Remuneration Committee Member	Director	2 Years

* Mr. Kamtorn Sila-On, Chairman of the Remuneration Committee, and Associate Professor Pavida Pananond, Ph. D, member of the Remuneration Committee, were reappointed by resolution of the Board of Directors in the Board of Directors Meeting No. 1/2013 held on 4th February 2013.

** Mr. Kirit Shah, a member of the Remuneration Committee, was reappointed by resolution of the Board of Directors in the Board of Directors Meeting No. 5/2013 held on 31st October 2013.

For the year 2013, in performing its role as assigned by the Board, the remuneration committee put in its best efforts with due care, prudence, independence, and thoroughness in compliance with its mandate. Two meetings were held during the year with 100% attendance.

Duties and Responsibilities of the Remuneration Committee.

The Remuneration Committee is responsible for duties assigned by the Board of Directors as follows:

1. Set out compensation guidelines for Directors and Senior Management and propose the same to the Board of Directors.
2. Propose the Directors' Remuneration for the Board to make its recommendations and express its opinion for approval in shareholders' meeting.
3. Update the Board of Directors about compensation norms being followed by Companies in Thailand and abroad.
4. Other specific jobs assigned by the Board of Directors.

5. THE NOMINATION COMMITTEE

The Nomination Committee has been appointed by the Board of Directors in order to set up a mechanism to assist the Board to independently propose the criteria and set guidelines for nomination of new Directors and recruitment and selection of Senior Management and thereafter propose to the Board of Directors who could then consider the proposal and decide to accept or reject the same or amend it for further approval by shareholders if required (for the appointment of Directors).

The Board of Directors appointed the Nomination Committee in their meeting held on 15th November 2007, which consists of 3 Directors as follows:

Name	Position	Status	Duration on the Committee
1. Mr. Chaipatr Srivisarvacha *	Chairman of the Nomination Committee	Independent Director	2 Years
2. Mr. Suphat Sivasriamphai **	Nomination Committee Member	Independent Director	2 Years
3. Mr. Kamtorn Sila-on *	Nomination Committee Member	Independent Director	2 Years

* Mr. Chaipatr Srivisarvacha, Chairman of the Nomination Committee, and Mr. Kamtorn Sila-on, member of the Nomination Committee, were reappointed by resolution of the Board of Directors in the Board of Directors Meeting No. 1/2013 held on 4th February 2013.

** Mr. Suphat Sivasriamphai, a member of the Nomination Committee, was reappointed by resolution of the Board of Directors in the Board of Directors Meeting No. 5/2013 held on 31st October 2013.

For the year 2013, in performing its roles as assigned by the Board, the nomination committee put in its best efforts with due care, prudence, independence, and thoroughness in compliance with its mandate. Two meetings were held during the year with 100% attendance.

Duties and Responsibilities of the Nomination Committee

The Nomination Committee is responsible for duties assigned by the Board of Directors as follows:

1. Set out selection and nomination guidelines of appropriate persons and propose the same to the Board of Directors.
2. Review the Board structure and propose a succession plan for Directors and Senior Management.
3. Propose to the Board, names of potential candidates for appointment as Directors.
4. If requested by the Board of Directors, assist in the process of review of performance of Directors.
5. Prepare specific reports on latest trends and practices in the appointment of the Directors and Senior Management for consideration by the Board of Directors.
6. Other jobs assigned by the Board of Directors.

6. COMPANY SECRETARY

In keeping with good Corporate Governance, the Company designated a Company Secretary viz. Ms. Somprathana Thepnapaplern, having duties and responsibilities in accordance with the Securities and Exchange Act and to be responsible for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and good Corporate Governance, and responsible for holding the Board and Shareholders' meetings. The additional tasks include assisting the Board to comply with resolutions and safeguard the Company's documents and information.

BOARD OF DIRECTORS - PROFILE

MR. THIRA WIPUCHANIN	
POSITION	Chairman of the Board of Directors / Independent Director
DATE OF APPOINTMENT ON THE BOARD	13 July 2000
AGE	64 years
EDUCATION	B.Sc. in Economics and Business Administration, University of Wisconsin - Stevens Point, U.S.A.
TRAINING	
• 2005	Attended training course on the topic "Audit Committee Program" (ACP) held by Thai Institute of Directors (IOD).
• 2001	Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP), Class 6/2001.
EXPERIENCE TO REVIEW CREDITIBILITY OF THE FINANCIAL STATEMENTS	
• 2008 - March 2011	Audit Committee Member, Precious Shipping Public Company Limited.
• 2005 - Present	Chairman of the Audit Committee, United Palm Oil Industry Public Company Limited.
• 2003 - Present	Audit Committee Member, Siam Makro Public Company Limited.
• Present	Chairman of the Audit Committee, Bangkok First Investment & Trust Public Company Limited.
OTHER EXPERIENCE	
• 2000 - Present	Director, Precious Shipping Public Company Limited.
• 2000 - 2003	Senior Executive Vice President, Export - Import Bank of Thailand.
	Director, Sanyo Universal Electric Public Company Limited.
	Treasurer, The Community Support Foundation, Thailand.
	Member, Company Establishment Preparatory Committee / T.O.T. and C.A.T.
	Member, Company Establishment Preparatory Committee / P.T.T.
	Board member, Capital Market Opportunity Center / SET.
• 1994 - 1997	Senior Vice President, Premier Group of Companies.
• 1990 - 1994	Thailand Representative, Prudential Asset Management Asia Limited.
• 1975 - 1990	Vice President (Investment), American International Assurance Company Limited.
• 1974 - 1975	Business Loan Manager, Commercial Credit Corporation (Thailand) Limited.
• 1973 - 1974	Served the Royal Thai Army.
OCCUPATION	Company Director.
DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS	
• LISTED COMPANIES 4 Companies:	<ol style="list-style-type: none"> 1. Chairman of the Board of Directors, Chairman of the Audit Committee, Independent Director, Nomination Committee Member and Remuneration Committee Member, United Palm Oil Industry Public Company Limited. 2. Independent Director, Audit Committee Member, Nomination and Remuneration Committee Member, Siam Makro Public Company Limited. 3. Chairman of the Audit Committee, Independent Director, Nomination and Remuneration Committee Member, Bangkok First Investment & Trust Public Company Limited. 4. Chairman of the Board of Directors and Independent Director, Interhides Public Company Limited.
• NON - LISTED COMPANIES 1 Company:	Aira Advisory Co. Ltd.
• CONNECTED COMPANIES	Nil
• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
• OTHER ORGANISATIONS	Director, Thai Shipowners' Association.
NO. OF SHARES HELD AS OF YEAR END 2013	
• BY HIMSELF	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY)	60,000 shares (0.00% of total paid-up shares)
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013	
• BY HIMSELF	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY)	Nil
No family relationship with any of the other Directors and any of the Management Team.	

MR. SUPHAT SIVASRIAUMPHAI

POSITION	Chairman of the Audit and Corporate Governance Committee* / Independent Director / Nomination Committee Member
DATE OF APPOINTMENT ON THE BOARD	11 January 1994
AGE	67 years
EDUCATION	Assumption Commercial College.
TRAINING	Working/training & Experience with many joint venture companies including large Japanese, American and Indian companies. Completed "Director Accreditation Program" (DAP), Class 57/2006 of Thai Institute of Directors (IOD).
<ul style="list-style-type: none">• 2006	
EXPERIENCE TO REVIEW CREDITIBILITY OF THE FINANCIAL STATEMENTS	
<ul style="list-style-type: none">• March 2011 - Present	Chairman of the Audit and Corporate Governance Committee, Precious Shipping Public Company Limited.
<ul style="list-style-type: none">• 1998 - 2011	Audit Committee Member, Precious Shipping Public Company Limited.
OTHER EXPERIENCE	
<ul style="list-style-type: none">• 1994 – present• 1989 – 1993	Director, Precious Shipping Public Company Limited. Director, Precious Shipping Limited. (Converted into Public Company Limited in 1994)
<ul style="list-style-type: none">• 2007 - 2011	President, India - Thai Chamber of Commerce (2 terms). Managing family owned companies.
OCCUPATION	
DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS	
<ul style="list-style-type: none">• LISTED COMPANIES• NON - LISTED COMPANIES 3 Companies :	Nil 1. Managing Director, Thai Filament Textiles Company Limited. 2. Managing Director, Thai Ambica Chemicals Company Limited. 3. Managing Director, Rembrandt Hotel Corporation Limited.
<ul style="list-style-type: none">• CONNECTED COMPANIES• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)• OTHER ORGANISATIONS	Nil Nil Nil
NO. OF SHARES HELD AS OF YEAR END 2013	
<ul style="list-style-type: none">• BY HIMSELF• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY)	800,000 shares (0.08% of total paid-up shares) Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013	
<ul style="list-style-type: none">• BY HIMSELF• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY)	Nil Nil

*Note : Audit Committee Member who has adequate expertise and experience to review creditability of the financial statement.
No family relationship with any of the other Directors and any of the Management Team.

MR. KHALID MOINUDDIN HASHIM

POSITION	Managing Director / Executive Director
DATE OF APPOINTMENT ON THE BOARD	11 January 1994
AGE	60 years
EDUCATION	Master's Degree in Management Studies specializing in Finance, University of Bombay.
TRAINING	
<ul style="list-style-type: none">• 2005	Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP), Class 57/2005.
EXPERIENCE	
<ul style="list-style-type: none">• 1994 - Present• 1991 - 1993	Managing Director, Precious Shipping Public Company Limited. Managing Director, Precious Shipping Limited. (Converted into Public Company Limited in 1994)
<ul style="list-style-type: none">• 1984 - 1991• 1979 - 1983	Head of Shipping Department, Geepee Corporation Limited. Senior Executive, Pan Ocean Navigation & Trading Pte. Ltd.
OCCUPATION	Managing Director and Executive Director, Precious Shipping Public Company Limited.
DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS	
<ul style="list-style-type: none">• LISTED COMPANIES• NON - LISTED AND CONNECTED COMPANIES• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil Nil 60 Companies Director in the Company's 60 subsidiaries (Subsidiary Companies Nos. 1 - 60 on page 9 - 10 of this Annual Report)

- OTHER ORGANISATIONS 3 Organisations

1. Deputy Chairman of the Board of Directors, The Swedish Club, Sweden.
2. Regional Committee Member, American Bureau of Shipping.
3. Austral - Asia Regional Committee Member, Bureau Veritas.

NO. OF SHARES HELD AS OF YEAR END 2013

- BY HIMSELF 87,610,850 shares (8.43% of total paid-up shares)
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

Mr. Khalid Moinuddin Hashim is the elder brother of Mr. Munir Moinuddin Hashim but has no family relationship with any of the other Directors or any of the Management Team.

MR. MUNIR MOINUDDIN HASHIM

POSITION	Director / Executive Director
DATE OF APPOINTMENT ON THE BOARD	11 January 1994
AGE	58 years
EDUCATION	Master's Degree in Management Studies specializing in Marketing, University of Bombay.
TRAINING	
• 2005	Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP), Class 57/2005.
EXPERIENCE	
• 1994 - Present	Director (Commercial), Precious Shipping Public Company Limited.
• 1991 - 1993	Director (Commercial), Precious Shipping Limited. (Converted into Public Company Limited in 1994)
• 1986 - 1991	Head of Operations, Geepee Corporation Limited.
• 1981 - 1985	Head of Commercial Operations, Maldives Shipping Limited.
OCCUPATION	Director (Commercial) and Executive Director, Precious Shipping Public Company Limited.
DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS	
• LISTED COMPANIES	Nil
• NON - LISTED AND CONNECTED COMPANIES	Nil
• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	
59 Companies	Director in the Company's subsidiaries (Subsidiary Companies Nos. 1 - 59 on page 9 - 10 of this Annual Report)
• OTHER ORGANISATIONS 1 Organisation	Director, UK Defence Club, U.K.

NO. OF SHARES HELD AS OF YEAR END 2013

- BY HIMSELF 94,567,850 shares (9.10% of total paid-up shares)
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

Mr. Munir Moinuddin Hashim is the younger brother of Mr. Khalid Moinuddin Hashim but has no family relationship with any of the other Directors or any of the Management Team.

MR. KHUSHROO KALI WADIA

POSITION	Director / Executive Director
DATE OF APPOINTMENT ON THE BOARD	20 August 1999
AGE	50 years
EDUCATION	Bachelor's Degree in Science, University of Bombay. Chartered Accountant, Institute of Chartered Accountants of India.
TRAINING	
• 2005	Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP), Class 64/2005.
EXPERIENCE	
• 1999 - Present	Director (Finance), Precious Shipping Public Company Limited.
• 1994 - 1999	Director (Finance & Accounts), Maxwin Group of Companies.
• 1997 - 1998	Vice President (Finance & Administration), Suretex Limited.
• 1990 - 1994	Financial Controller, Maxwin Group of Companies.
• 1988 - 1990	Assistant Manager, A.F. Ferguson & Co.

OCCUPATION

Director (Finance) and Executive Director,
Precious Shipping Public Company Limited.

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

- LISTED COMPANIES 1 Company
Managing Director, Christiani & Nielsen (Thai) Public Company Limited.
- NON - LISTED AND CONNECTED* COMPANIES
2 Companies
 1. Director, Maxwin Builders Ltd.*
(Provider of hotel and management services)
 2. Director, The Atrium Hotel Ltd.
- * Note : Please refer to "CONNECTED TRANSACTIONS" on page 244 - 245 of this Annual Report.
- OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)
60 Companies
Director in the Company's subsidiaries
(Subsidiary Companies Nos. 1 - 60 on page 9 - 10 of this Annual Report)
- OTHER ORGANISATIONS
Nil

NO. OF SHARES HELD AS OF YEAR END 2013

- BY HIMSELF 745,100 shares (0.07% of total paid-up shares)
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

No family relationship with any of the other Directors or any of the Management Team.

MR. JAIPAL MANSUKHANI**POSITION**

Director

DATE OF APPOINTMENT ON THE BOARD

11 January 1994

AGE

63 years

EDUCATION

Directorate of Marine Engineering Training 1967 - 1971.

TRAINING

- 2005
Graduate member of Thai Institute of Directors (IOD) - Completed.
"Directors Certificate Program" (DCP), Class 64/2005.

EXPERIENCE

- 1994 - Present
Director, Precious Shipping Public Company Limited.
- 1991 - 1993
Director, Precious Shipping Limited.
(Converted into Public Company Limited in 1994)
- 1988 - 2001
Technical Manager, Great Circle Shipping Agency Limited.
- 1985 - 1987
Deputy Engineer Superintendent, Scindia Steam Navigation Limited.
- 1981 - 1984
Assistant Engineer Superintendent, Scindia Steam Navigation Limited.
- 1977 - 1981
Chief Engineer, Scindia Steam Navigation Limited.
- 1971 - 1976
Marine Engineer, Scindia Steam Navigation Limited.

OCCUPATION

Director, Precious Shipping Public Company Limited.
Director, Great Circle Shipping Agency Limited. (Company's subsidiary)

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

- LISTED COMPANIES Nil
- NON - LISTED COMPANIES AND CONNECTED COMPANIES Nil
- OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)
2 Companies
 1. Director, Great Circle Shipping Agency Limited.
 2. Director, Precious Projects Pte. Limited, Singapore.
(Subsidiary Companies Nos. 37 and 51 on page 10 of this Annual Report)
- OTHER ORGANISATIONS
4 Organisations :
 1. Member, Regional Committee, Nippon Kaiji Kyokai.
 2. Member, Regional Technical Committee, American Bureau of Shipping.
 3. Member, Regional Committee, Lloyds Register of Shipping.
 4. Member, Regional Technical Committee, Bureau Veritas.

NO. OF SHARES HELD AS OF YEAR END 2013

- BY HIMSELF 270,000 shares (0.03% of total paid-up shares)
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

No family relationship with any of the other Directors or any of the Management Team.

MISS NISHITA SHAH

POSITION	Director
DATE OF APPOINTMENT ON THE BOARD	23 August 2002
AGE	33 years
EDUCATION	Bachelor of Science in Business Administration; concentration in Finance and Business Law, Boston University, School of Management.
TRAINING	
• 2007	Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP) Class 83/2007.
• 2006	Completed "Director Accreditation Program" (DAP), Class 57/2006 of Thai Institute of Directors (IOD).
• 2004	Completed "Anatomy of Shipping" course, Seatrade Academy/Cambridge Academy of Transport.
EXPERIENCE	
• 2002 - Present	Director, Precious Shipping Public Company Limited.
OCCUPATION	Management, GP Group of Companies.
DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS	
• LISTED COMPANIES	Nil
• NON - LISTED AND CONNECTED* COMPANIES	
6 Companies	1. Director, Globex Corporation Limited. 2. Director, Graintrade Limited. 3. Director, Unistretch Limited.* (Lessor of the main operations office space leased by the Company) 4. Director, Ambika Tour Agency Limited.* (Seller of air-tickets to the Company) 5. Director, Maestro Controls Limited.* (Provider of maintenance and management services for the air-conditioning systems of Company's main operations offices and apartments owned by a subsidiary) 6. Director, Maxwin Builders Ltd.* (Provider of hotel and management services)
* Note : Please refer to "CONNECTED TRANSACTIONS" on page 243 - 245 of this Annual Report.	
• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	
37 Companies	Director in the Company's subsidiaries (Subsidiary Companies Nos.1 - 37 on page 9 - 10 of this Annual Report)
• OTHER ORGANISATIONS	Nil
NO. OF SHARES HELD AS OF YEAR END 2013	
• BY HERSELF	98,586,000 shares (9.48% of total paid-up shares)
• BY HER SPOUSE AND MINOR CHILDREN (IF ANY)	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013	
• BY HERSELF	Nil
• BY HER SPOUSE AND MINOR CHILDREN (IF ANY)	Nil

Miss Nishita Shah is the daughter of Mr. Kirit Shah and the elder sister of Mr. Ishaan Shah but has no family relationship with any of the other Directors or any of the Management Team.

MR. KIRIT SHAH

POSITION	Director / Remuneration Committee Member
DATE OF APPOINTMENT ON THE BOARD	24 April 2007
AGE	60 years
EDUCATION	Studied Commerce from H.R. College of Commerce, Bombay, India.
TRAINING	
• 2005	Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP), Class 57/2005.
EXPERIENCE	
• 2007 - Present	Director, and Remuneration Committee Member, Precious Shipping Public Company Limited.
• 1999 - 2003	Vice Chairman and Executive Director, Phoenix Pulp and Paper PCL, Bangkok.
• 1989 - 2002	Director, Precious Shipping PCL, Bangkok.
• 1980 - 2003	Managing Director, G. Premjee Ltd., Bangkok.
OCCUPATION	Company Executive.

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

- LISTED COMPANIES 1 Company
Director & Vice-Chairman,
Christiani & Nielsen (Thai) Public Company Limited.
Director, Mega Lifesciences Public Company Limited.
- NON - LISTED AND CONNECTED* COMPANIES
6 Companies
 1. Director, Globex Corporation Limited.
 2. Executive Director, Graintrade Limited.
 3. Director, Premthai International Limited.
 4. Director, Unistretch Limited.*
(Lessor of the main operations office space leased by the Company)
 5. Director, Maxwin Builders Ltd.*
(Provider of hotel and management services)
 6. Director, Maestro Controls Limited.*
(Service provider of management of the offices leased and apartments owned by the Company and its subsidiary respectively)
- * Note : Please refer to "CONNECTED TRANSACTIONS" on page 243 - 245 of this Annual Report.
- OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)
2 Companies
 1. Director, Southern LPG Limited, India.
 2. Director, International Seaports (Haldia) Private Limited, India.
(Subsidiary Company No. 60 and Associated Company No. 61 on page 10 of this Annual Report)
- OTHER ORGANISATIONS
Nil

NO. OF SHARES HELD AS OF YEAR END 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

Mr. Kirit Shah is the father of Ms. Nishita Shah and Mr. Ishaan Shah but has no family relationship with any of the other Directors or any of the Management Team.

MR. CHAIPATR SRIVISARVACHA

POSITION	Chairman of Nomination Committee / Independent Director
DATE OF APPOINTMENT ON THE BOARD	14 March 2011
AGE	54 years
EDUCATION	
• 1984	Illinois Benedictine College, MBA (Finance).
• 1981	Lehigh University, Bachelor of Science (Metallurgy).
TRAINING	
• 2003	Diploma, Directors Certification Program (DCP), Thai Institute of Directors Association (IOD).
• 2005	Certificate, Chairman 2000, Thai Institute of Directors Association (IOD).
EXPERIENCE TO REVIEW CREDITIBILITY OF THE FINANCIAL STATEMENTS	
• 2003 - 2013	Independent Director and Audit Committee, The Brooker Group Public Co. Ltd.
• 2010 - November 2011	Independent Director and Chairman of the Audit Committee, Dhanarak Asset Development Company Limited.
• 2001 - 2007	Independent Director and Audit Committee, Thanachart Bank Public Company Limited.
OTHER EXPERIENCE	
• June 2013- Present	Member of Audit Committee, The Stock Exchange of Thailand.
• June 2012 – June 2013	Director, Thailand Futures Exchanges Public Company Limited.
• May 2012 - Present	Governor, The Stock Exchange of Thailand.
• March 2011 - Present	Independent Director and Chairman of Nomination Committee, Precious Shipping Public Company Limited.
• 2009 - Present	Executive Chairman and Chief Executive Officer, KT ZMICO Securities Company Limited.
• 2007 - Present	Executive Chairman and Chief Executive Officer, Seamico Securities Public Company Limited.
• Present	Director and Secretary, The Srivisarvacha Foundation.
• Present	Director, Population and Community Development Association (PDA).

• 2004 - 2009	Director (Independent), G Steel Public Company Limited.
• 2003 - 2008	President of the Board, New International School of Thailand (Affiliated with United Nations).
• 2003 - 2007	Chairman of the Board, EQHO Communications Limited.
• 1999 - 2007	Managing Partner, CapMaxx Company Limited.
• 1999 - 2003	Director (Independent), Pacific Assets Public Company Limited.
• 1999 - 2000	Advisor to the Chairman of the Board of Directors, The Telephone Organization of Thailand.
• 1999	Director and Executive Director, Krung Thai Bank Public Company Limited.
• 1995 - 1999	Director and Head of Thailand Investment Banking, Salomon Smith Barney.
• 1995 - 1999	Director, Phoenix Pulp & Paper Public Company Limited.
• 1993 - 1995	Deputy Managing Director, Premier Finance & Securities.
• 1991 - 1995	Director, Head of Thailand Investment Banking, Swiss Bank / SBC Warburg.
• 1989 - 1991	Manager, Thailand Private Banking, Lloyds Bank.
• 1988 - 1989	Manager, Investment Banking Department, Phatra Thanakit.
• 1985 - 1988	Business Development Officer, Industrial Finance Corporation of Thailand.
OCCUPATION	Executive Chairman and Chief Executive Officer, KT ZMICO Securities Company Limited.
DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS	
• LISTED COMPANIES 1 Company	Executive Chairman and Chief Executive Officer, Seamico Securities Public Company Limited.
• NON-LISTED COMPANIES 1 Company	Executive Chairman and Chief Executive Officer, KT ZMICO Securities Co. Ltd.
• CONNECTED COMPANIES	Nil
• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
• OTHER ORGANISATIONS 3 Organisations	1. Director and Secretary, The Srivisarvacha Foundation. 2. Director, Population & Community Development Association (PDA). 3. Governor, The Stock Exchange of Thailand.
NO. OF SHARES HELD AS OF YEAR END 2013	
• BY HIMSELF	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY)	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013	
• BY HIMSELF	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY)	Nil
No family relationship with any of the other Directors or any of the Management Team.	

ASSOCIATE PROFESSOR PAVIDA PANANOND, Ph.D.

POSITION	Independent Director / Audit and Corporate Governance Committee Member* / Remuneration Committee Member
DATE OF APPOINTMENT ON THE BOARD	14 March 2011
AGE	46 years
EDUCATION	
• 2001	Doctor of Philosophy, Department of Economics, University of Reading, United Kingdom.
• 1992	Master of Business Administration (International Business), Diploma in Management (Asian Studies), McGill University, Canada.
• 1989	Bachelor of Accountancy (Accounting), Chulalongkorn University.
TRAINING	
• 2011	Director Certificate Program (DCP 148) by Institute of Directors (IOD).
• 2012	Audit Committee Program (ACP 41) by Institute of Directors (IOD).
• 2013	Financial Statements for Director (FSD 22) by Institute of Directors (IOD).
AWARDS AND SCHOLARSHIPS	
• 2013-2014	Thailand Research Fund Grant Number 5610054 (Assessing the merit of home-country support for outward foreign direct investment in neighboring countries)
• 2013	Department Nominee for Thammasat University's 2014 Best Teacher in Social Sciences
• 2009 - 2012	Thailand Research Fund Grant Number 5280032 (Competitive Strategies of Thai Multinationals in the Global Economy).
• 2008	Best Teacher Award, Thammasat Business School, Thammasat University.
• 1996 - 2001	Doctoral scholarship from Thammasat Business School, Thammasat University.
• 1992 - 1994	MBA scholarship from Thammasat Business School, Thammasat University.
EXPERIENCE	
• March 2011 – Present	Independent Director, Audit and Corporate Governance Committee Member and Remuneration Committee Member, Precious Shipping Public Company Limited.

• 2010 - 2012	Department Head, Department of International Business, Logistics and Transport, Thammasat Business School, Thammasat University.
• 2006 - Present	Associate Professor, Thammasat Business School, Thammasat University.
• 2003 - 2006	Assistant Professor, Thammasat Business School, Thammasat University.
• 1992 - 2003	Lecturer, Thammasat Business School, Thammasat University.
OTHER POSITIONS	
• 2013 – 2014	Conference Chair, Euro-Asia Management Studies Association Annual Conference 2014, Bangkok, Thailand.
• 2013 – 2014	Track Chair (Home Economies and the MNE), Academy of International Business Annual Conference 2014, Vancouver, Canada.
• April 2013	Visiting Fellow, Henley Business School, University of Reading, United Kingdom.
• 2013 – Present	Vice President (Asia), Euro-Asia Management Studies Association.
• 2010 – 2013	Member of Advisory Board, Euro-Asia Management Studies Association.
• 2009 - Present	Member of Editorial Advisory Board, Southeast Asia Research.
OCCUPATION	
DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS	
• LISTED COMPANIES	Nil
• NON-LISTED COMPANIES	Nil
• CONNECTED COMPANIES	Nil
• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
• OTHER ORGANISATIONS	Nil
NO. OF SHARES HELD AS OF YEAR END 2013	
• BY HERSELF	Nil
• BY HER SPOUSE AND MINOR CHILDREN (IF ANY)	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013	
• BY HERSELF	Nil
• BY HER SPOUSE AND MINOR CHILDREN (IF ANY)	Nil

* Note : Audit Committee Member who has adequate expertise and experience to review creditability of the financial statement.
No family relationship with any of the other Directors or any of the Management Team.

MR. KAMTORN SILA-ON

POSITION	Chairman of Remuneration Committee / Independent Director / Audit and Corporate Governance Committee Member* / Nomination Committee Member
DATE OF APPOINTMENT ON THE BOARD	14 March 2011
AGE	43 years
EDUCATION	
• 1995 - 1997	MIT Sloan School, Massachusetts, USA Master of Business Administration; Financial Engineering Track GPA: 4.6/5.0.
• 1988 - 1992	Imperial College of Science Technology and Medicine, London, England Master of Engineering; Chemical Engineering; Associate of the City and Guilds Institute Upper Second Class Honours.
TRAINING	
• 2008	Completed Executive Development Program (EDP) by the Capital Markets Academy and Thai Listed Companies Association.
• 2011	Director Certification Program (DCP) by Institute of Directors (IOD).
• 2012	Audit Committee Program (ACP) by Institute of Directors (IOD).
EXPERIENCE	
• March 2011- Present	Independent Director, Chairman of Remuneration Committee, Audit and Corporate Governance Committee Member, and Nomination Committee Member, Precious Shipping Public Company Limited.
• 2011 - Present	Deputy Managing Director, Head of Private Client Investment Management Group, Bualuang Securities Plc., Bangkok, Thailand.
• 2004 - 2011	Deputy Managing Director, Co-head of Investment Banking, Bualuang Securities Plc., Bangkok, Thailand.
• 1999 - 2004	Senior Vice President, Investment Banking Asset Plus Securities Plc., Bangkok, Thailand.
• 1997 - 1999	Associate, Global Investment Banking Chase Securities, Inc., New York, USA and Singapore.
• 1994 - 1995	Analyst, Investment Banking Dept. SCB Securities Co., Ltd., Bangkok, Thailand.

• 1992 - 1994 Manager, Money Market Dept. Tisco Plc., Bangkok, Thailand.
Private Fund Management Executive of Bualuang Securities Plc.

OCCUPATION

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

- LISTED COMPANIES Nil
- NON-LISTED COMPANIES Nil
- CONNECTED COMPANIES Nil
- OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES) Nil
- OTHER ORGANISATIONS

Member of Academic Committee, Department of International Business, Logistics and Transport, Thammasat Business School, Thammasat University.

NO. OF SHARES HELD AS OF YEAR END 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

* Note: Audit Committee Member who has adequate expertise and experience to review creditability of the financial statement.
No family relationship with any of the other Directors or any of the Management Team.

MR. ISHAAN SHAH

POSITION Director

DATE OF APPOINTMENT ON THE BOARD 14 March 2011

AGE 25 years

EDUCATION

- 2010 Bachelor of Science in Business Administration, Concentrations in Finance and Law, University of Southern California, Los Angeles, CA, The United States.
- 2006 Rugby School, Rugby, The United Kingdom.

TRAINING

- 2011 Director Certificate Program (DCP) by Institute of Directors (IOD).
- 2011 Seatrade Academy, University of Cambridge, The United Kingdom.

EXPERIENCE

- March 2013 - Present Director, Mega Lifesciences Public Company Limited.
- January 2012 - Present Director, Christiani & Nielsen (Thai) Public Company Limited.
- March 2011 - Present Director, Precious Shipping Public Company Limited.
- 2008 - Present Director, Globex Corporation Limited.
- 2008 - Present Director, Graintrade Limited.

OCCUPATION Company Director

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

- LISTED COMPANIES 2 Companies
 1. Director, Christiani & Nielsen (Thai) Public Company Limited.
 2. Director, Mega Lifesciences Public Company Limited.
- NON-LISTED AND CONNECTED* COMPANIES 5 Companies
 1. Director, Globex Corporation Limited.
 2. Director, Graintrade Limited.
 3. Director, Unistretch Limited.*
(Lessor of the main operations office space leased by the Company)
 4. Director, Ambika Tour Limited.*
(Seller of air-tickets to the Company)
 5. Director, Maxwin Builders Ltd.*
(Provider of hotel and management services)

* Note: Please refer to "CONNECTED TRANSACTIONS" on page 243 - 245 of this Annual Report.

• OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES) Nil

• OTHER ORGANISATIONS Nil

NO. OF SHARES HELD AS OF YEAR END 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013

- BY HIMSELF Nil
- BY HIS SPOUSE AND MINOR CHILDREN (IF ANY) Nil

Mr. Ishaan Shah is the son of Mr. Kirit Shah and the younger brother of Ms. Nishita Shah but has no family relationship with any of the other Directors or any of the Management Team.

MANAGEMENT TEAM

Mr. Khalid Moinuddin Hashim*	Managing Director
Mr. Munir Moinuddin Hashim*	Director (Commercial)
Mr. Khushroo Kali Wadia*	Director (Finance)
Mr. Jaipal Mansukhani*	Director of Great Circle Shipping Agency Ltd. (Company's Subsidiary)

* For profile and shareholding changes, please refer to **BOARD OF DIRECTORS - PROFILE**

MR. SHRILAL GOPINATHAN

POSITION	Vice President (Commercial)
AGE	56 years
EDUCATION	Bachelor of Commerce, the University of Bombay, India Diploma in Shipping, the Norattam Morarjee Institute of Shipping, Bombay, India
EXPERIENCE	
• 1999 - Present	Vice President (Commercial), Precious Shipping Public Company Limited
• 1989 - 1998	Chartering Manager, Precious Shipping Public Company Limited
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	700,000 shares (0.07% of total paid-up shares)
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. KOKA VENKATARAMANA SUDHAKAR

POSITION	Vice President (Fleet Management)
AGE	65 years
EDUCATION	Cadet, Directorate of Marine Engineering Training
EXPERIENCE	
• 1999 - Present	Vice President (Fleet Management), Precious Shipping Public Company Limited
• 1989 - 1998	Fleet Manager, Great Circle Shipping Agency Limited
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	10,000 shares (0.00% of total paid-up shares)
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. NEELAKANTAN VASUDEVAN

POSITION	Vice President (Risk Management)
AGE	52 years
EDUCATION	Post Graduate Diploma in International Trade from Indian Institute of Foreign Trade, New Delhi, India Master's Degree in Management Studies (M.M.S), University of Mumbai, Mumbai, India
EXPERIENCE	
• 2005 - Present	Vice President (Risk Management), Precious Shipping Public Company Limited
• 1999 - 2004	Assistant Vice President (Risk Management), Precious Shipping Public Company Limited
• 1995 - 1998	Insurance & Claims Manager, Precious Shipping Public Company Limited
• 1985 - 1995	Deputy Manager, Shipping Corporation of India Limited
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	80,000 shares (0.00% of total paid-up shares)
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	22,000 shares (0.00% of total paid-up shares)
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	2,000 shares
No family relationship with any of the Directors or any of the others in Management Team.	

MR. STEPHEN KORAH

POSITION	Vice President (International Safety Management) (ISM)
AGE	57 years
EDUCATION	First Class Marine Engineer Graduate Directorate of Marine Engineering Training, Kolkatta, India
EXPERIENCE	
• 2005 - Present	Vice President (International Safety Management) (ISM), Precious Shipping Public Company Limited
• 2004 - 2005	Assistant Vice President (International Safety Management) (ISM), Precious Shipping Public Company Limited
• 1996 - 2004	Quality Systems Manager (ISM Team), Precious Shipping Public Company Limited
• 1994 - 1996	Technical Superintendent, Great Circle Shipping Agency Limited
• 1988 - 1994	Technical Superintendent, ESSAR SISCO Ship Management Co, Chennai, India
• 1986 - 1988	Chief Engineer on ships
• 1978 - 1986	Marine Engineer on ships
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	50,000 shares (0.00% of total paid-up shares)
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	33,000 shares
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. KODAKARAVEETIL MURALI MENON

POSITION	Vice President (Technical)
AGE	58 years
EDUCATION	Marine Engineer (Class One), Marine Engineering College, India Qualified for membership of the Institute of Chartered Shipbrokers
EXPERIENCE	
• 2005 - Present	Vice President (Technical), Precious Shipping Public Company Limited
• 1998 - 2004	Assistant Vice President (Technical), Precious Shipping Public Company Limited
• 1992 - 1998	Superintendent (Technical), Precious Shipping Public Company Limited
• 1988 - 1992	Chief Engineer, Precious Shipping Public Company Limited
• 1984 - 1988	Chief Engineer, Seaarland Ship management, Austria
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	248,000 shares (0.02% of total paid-up shares)
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. KAMAL KUMAR DUA

POSITION	Vice President (Information Technology)
AGE	48 years
EDUCATION	Master's Degree in Computer Science, Assumption University
EXPERIENCE	
• 2005 - Present	Vice President (Information Technology), Precious Shipping Public Company Limited
• 2000 - 2004	Assistant Vice President (Information Technology), Precious Shipping Public Company Limited
• 1996 - 2000	Senior Manager (ISM), Precious Shipping Public Company Limited
• 1996	Master, Great Circle Shipping Agency Limited
• 1988 - 1996	Deck Officer, Great Circle Shipping Agency Limited
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	15,000 shares (0.00% of total paid-up shares)
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	15,000 shares
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. NISHIKANT GOVIND DESAI

POSITION	Vice President (Projects)
AGE	61 years
EDUCATION	Naval Architecture Engineering, Indian Institute of Technology (IIT-Kgp), India
EXPERIENCE	
• November 2010 - Present	Vice President (Projects) of Precious Shipping Public Company Limited
• 1998 - November 2010	Assistant Vice President (Projects) of Precious Shipping Public Company Limited
• 1995 - 1998	Project Manager (New Building) at CKMI Shipyard, Korea
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	40,000 shares (0.00% of total paid-up shares)
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. PRASHANT MAHALINGAM

POSITION	Vice President (Procurement)
AGE	49 years
EDUCATION	Directorate of Marine Engineering Training Bachelor's degree in Marine Engineering Diploma in Ship Management; Lloyd's Maritime Academy, UK
EXPERIENCE	
• May 2013 - Present	Vice President (Procurement), Precious Shipping Public Company Limited
• 1995 - 2013	Senior Manager (Technical), Precious Shipping Public Company Limited
• 1994 - 1995	Chief Engineer, Precious Shipping Public Company Limited
• 1993 - 1994	Engineer, Precious Shipping Public Company Limited
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. KIRAN KESARINATH VAIDYA

POSITION	Senior Manager (Accounts & MIS)
AGE	44 years
EDUCATION	Bachelor of Commerce, University of Bombay, India Chartered Accountant from the Institute of Chartered Accountants of India
EXPERIENCE	
• 1993 - Present	Senior Manager (Accounts & MIS), Precious Shipping Public Company Limited
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MS. SOMPRATHANA THEPNAPAPLERN

POSITION	Assistant Vice President (Finance & Accounts), Company Secretary
AGE	43 years
EDUCATION	Master of Science in Accounting, Thammasat University Certified Public Accountant of Federation of Accounting professions
TRAINING	
• June 2010	Attended the training course on the topic "Effective Minute Taking" held by the Thai Institute of Directors
• October 2004	Attended the training course on the topic "Company Secretary Program" held by the Thai Institute of Directors
EXPERIENCE	
• May 2008 - Present	Company Secretary, Precious Shipping Public Company Limited
• 1999 - Present	Assistant Vice President (Finance & Accounts), Precious Shipping Public Company Limited
• 1996 - 1999	Finance Executive, Precious Shipping Public Company Limited
• 1992 - 1996	Senior Auditor, SGV-Na Thalang & Co., Ltd.
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HERSELF:	Nil
• BY HER SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HERSELF:	Nil
• BY HER SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

MR. YINGYONG KANGHAE

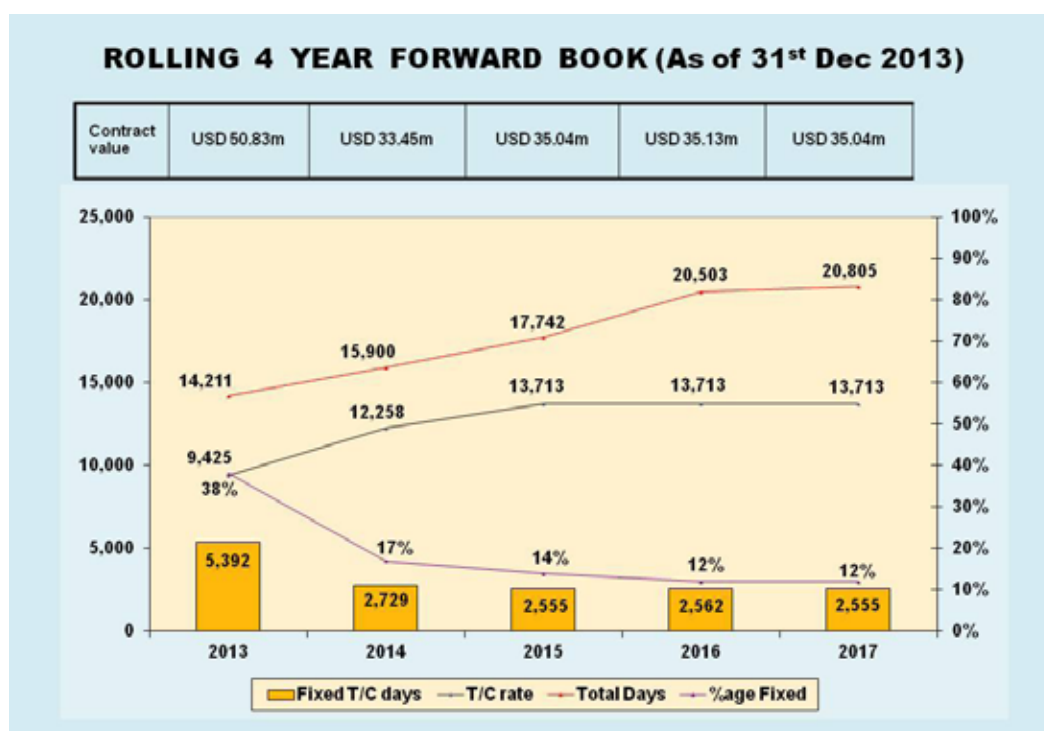
POSITION	Senior Manager - Group Accounts
AGE	43 years
EDUCATION	Master of Business Administration (Accounts), Ramkhamhaeng University
EXPERIENCE	
• 1996 - Present	Senior Manager - Group Accounts, Precious Shipping Public Company Limited
• 1993 - 1996	Auditor, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
POSITIONS HELD IN OTHER COMPANIES	Nil
NO. OF SHARES HELD AS OF YEAR END 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
INCREASE (DECREASE) IN SHAREHOLDING IN THE YEAR 2013:	
• BY HIMSELF:	Nil
• BY HIS SPOUSE AND MINOR CHILDREN (IF ANY):	Nil
No family relationship with any of the Directors or any of the others in Management Team.	

None of the Directors or anyone from the Management Team have been penalized for criminal and/or civil offences by the SEC under the Securities and Exchange Act B.E. 2535 and all relevant laws and regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET CONDITIONS (TO BE READ WITH THE BOARD OF DIRECTORS' REPORT PRESENTED SEPARATELY IN THIS ANNUAL REPORT)

Precious Shipping PCL (hereinafter referred to as PSL or the Company) continues to own and operate its ships on a tramp-shipping basis in the small handy size sector of the Dry Bulk International Shipping market. However, with the acquisition of 2 Supramax vessels in the 4th Quarter of 2011, the Company also started operating in the Supramax Sector and plans to start operating in the Ultramax Sector in 2014 with the orders placed for 6 Newbuildings in this Sector. PSL had put in place its business strategy, started from year 2004, to enter into long term time charters (Period Charters) at reasonably high freight rates, whenever possible, for periods ranging from 3 months to 5 years or longer at opportune times. This policy was successfully applied right until the third quarter of 2008 after which the market dropped sharply due to which it was not possible to renew or enter into new period charters at attractive rates. During 2013, the Company managed to enter into very few period charters of long duration as Freight Markets remained at very low levels in the first half of 2013 and started improving only in the last quarter of 2013. It is expected that the markets will continue to improve in 2014 as a result of which, the Company's forward book reproduced below should improve accordingly as compared to the recent past:

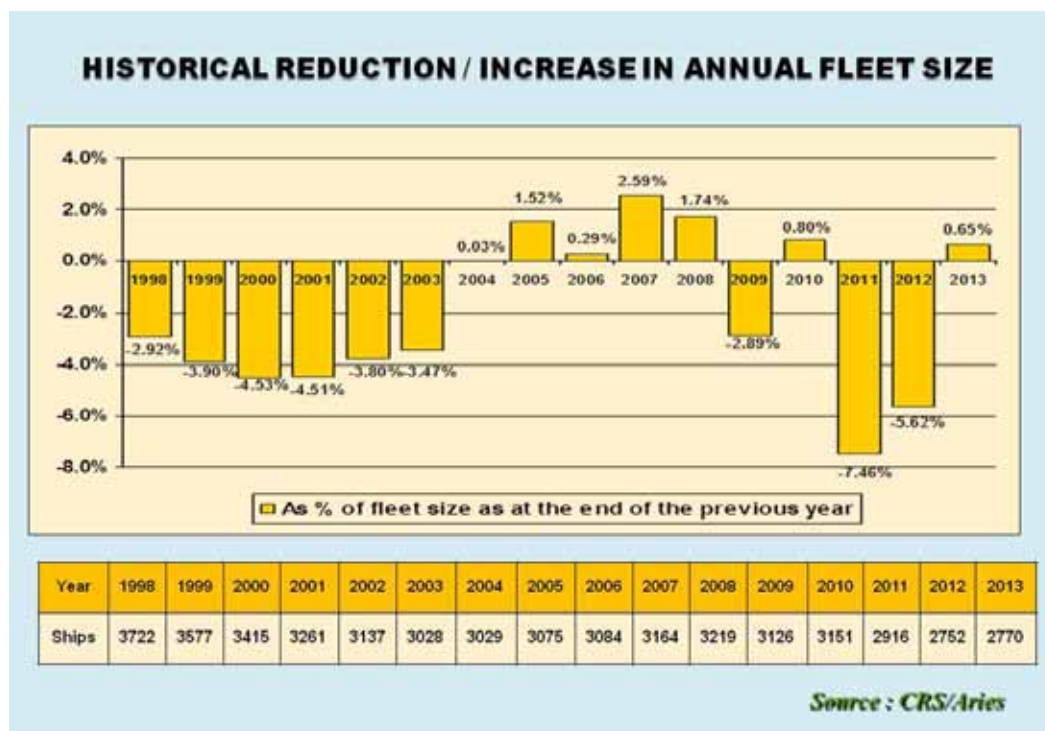


Total Days in the above chart is based on our existing fleet of 40 ships as at the end of the year 2013. The Company has not assumed any ships acquired except 6 recent Handymax 39K DWT Newbuildings to be delivered during 2015-16, 6 Ultramax 64K DWT Newbuildings to be delivered in 2014-16 and also 4 Cement Carriers ordered during 2012-2013 to be built in China to be delivered in 2014 which are assumed to be added to the fleet on their respective delivery dates.

*For further discussions and analysis of the market conditions, please refer to the **Board of Directors' Report** presented separately in this Annual Report.*

2. INDUSTRY OVERVIEW - WORLD DEMAND-SUPPLY OUTLOOK

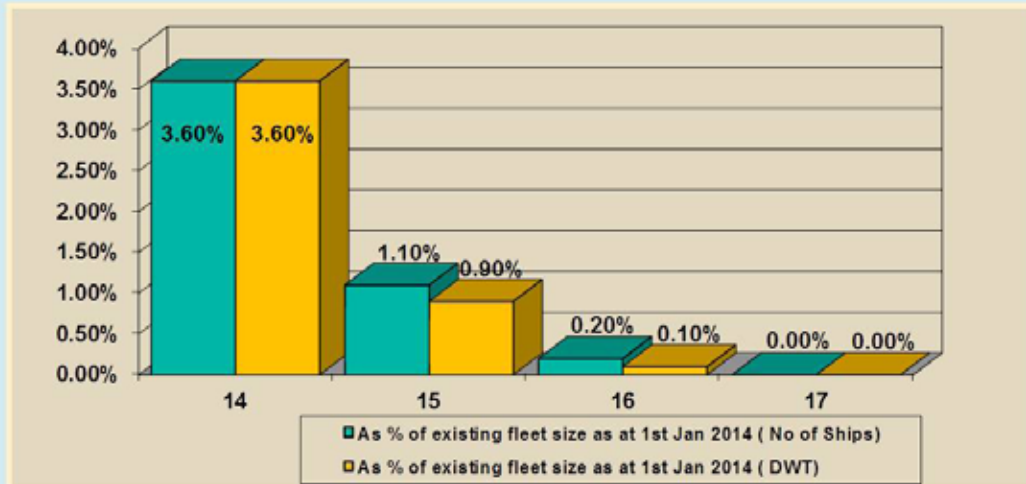
(SMALL HANDY SIZE SECTOR ONLY) – (TO BE READ WITH THE BOARD OF DIRECTORS' REPORT PRESENTED SEPARATELY IN THIS ANNUAL REPORT)



It will be observed from the above chart that there has been a continuous reduction in world fleet size until 2003. However, during the year 2004, a net increase of one ship to the world fleet took place. During the years 2005, 2006, 2007 and 2008, 46, 9, 80 and 55 ships respectively were added to the world fleet. This is due to the slowdown in the scrapping rate, the reason for which was the higher rates witnessed in the freight markets during the years 2004-2008. However since Q4 2008, the scrapping rate has increased due to the sharp downturn in the shipping market, thereby reducing the net supply rate and only 55 ships were added to the world fleet in 2008 as compared to 80 ships in year 2007. The increased scrapping rate continued during the early part of 2009 which resulted in a net reduction of 93 ships in the world fleet in year 2009. However, due to the recovery in the freight markets from end 2009, the scrapping rates went down again, which, coupled with the increased supply of new ships, resulted in an increase of 25 Ships in year 2010. During the second half of 2011 and the whole of 2012, the freight market witnessed very sluggish movements due to increased supply of new Ships into the World Fleet, thereby resulting in record scrapping of Ships which reduced the world fleet size by 235 and 164 Ships during these two years respectively. The market improved in the last quarter of 2013 and accordingly the rate of scrapping slowed down marginally and with increased supply of new ships resulted in a net increase of 18 ships in the world fleet.

NEW BUILDINGS ON ORDER UPTO DEC 2017 (4.6% of existing Fleet in DWT)

Number of Ships	99	30	6	0
Average Size (DWT)	20,303	16,000	11,667	NA

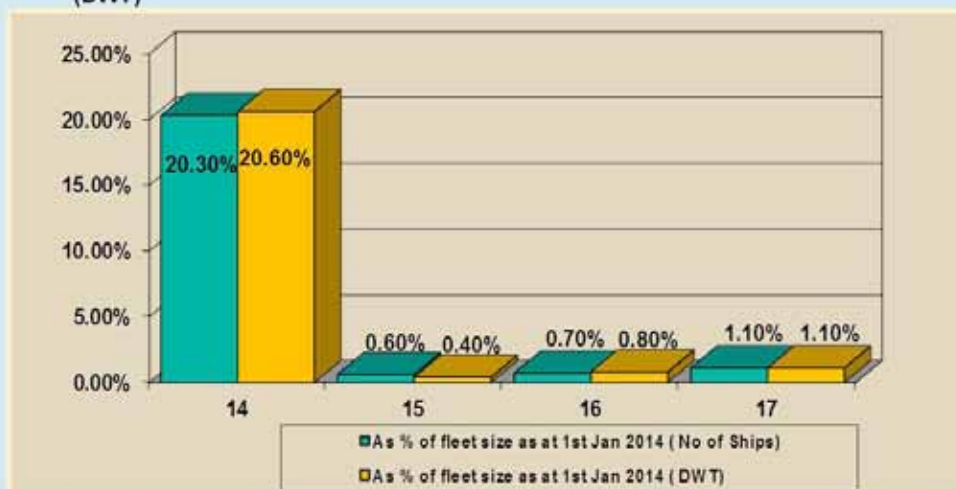


Source : CRS/Aries

It is evident from the above chart that, although the supply of new ships in 2014 appears healthy, in the next three years, just about 1% more new ships have been contracted to be delivered as against the existing fleet, which has 20.3% aged over 27 years of age in terms of number of ships. Therefore, the supply side in our sector appears to be quite favorable.

POTENTIAL SCRAPPING OF SHIPS 27 YEARS OR OLDER UPTO DEC 2017 (22.9% of existing Fleet in DWT)

Number of Ships	563	16	20	31
Average Size (DWT)	20,340	15,537	23,014	19,815



Source : CRS/Aries

As observed from the above chart and the chart for fleet age (please refer to No. 1.2 of Nature of Business and Industry section of this Annual Report), with about 28% of the world fleet in PSL's sector being greater than 20 years of age in terms of number of ships, any downward movement in freight markets will increase the scrapping rate of older tonnage. The scrapping rate has decreased from 2012 level due to improved freight markets witnessed during last quarter of 2013. Therefore, with an expected improved freight market for the rest of this year (2014), the scrapping rate will probably continue to be low as witnessed in the second half of last year.

*For further discussions and analysis of the market conditions, please refer to the **Board of Directors' Report** presented separately in this Annual Report.*

3. BUYING AND SELLING OF SHIPS:

3.1 Shipbuilding Contracts for 18 Ships Ordered In Years 2007 And 2008

The Company entered into 12 Shipbuilding Contracts for construction of 12 Handysize Bulk Carriers of a design deadweight size of 32,000 DWT (these ships are actually allowed to carry 34,000 DWT and therefore, these ships are classified as 34,000 DWT size in other sections of this Annual Report) and 6 Shipbuilding Contracts for construction of 6 Supramax Bulk Carriers of 54,000 DWT each, with ABG Shipyard Limited, India (ABG or Builder) in 2007 and 2008, out of which only 3 ships have been delivered by January 2013.

Out of the above orders, the Company recorded the novation of 3 Shipbuilding Contracts in 2011, 2 Shipbuilding Contracts in 2012 and novation/cancellation of 9 Shipbuilding Contracts in 2013 as these Ships were delayed beyond the respective contract cancellation dates.

The Company now has only one last ship contract outstanding with the Builder and if this ship is also delayed beyond her cancellation date, it is likely that this contract will also be cancelled.

Details of Novation of 3 Shipbuilding Contracts which were completed in 2011:

No.	Agreement Date	Hull No.	DWT	Shipbuilding Contract Date	Installments paid to the Builder by the Company	Date of Final Receipt of Novation Proceeds	Sale Price (THB million)	Gain on sale (THB million)	Sale Price (USD million)	Gain on sale (USD million)
1	18 th March 2011	329	32,000	20 th July 2007	17,999,997	27-Apr-11	660.86	94.44	21.79	3.11
2	18 th March 2011	330	32,000	20 th July 2007	17,999,997	27-Apr-11	657.14	94.05	21.66	3.10
3	18 th March 2011	313	54,000	14 th September 2007	22,799,998	05-Aug-11	849.57	130.68	28.02	4.31
Gain on Novation of Newbuildings							2,167.57	319.17	71.47	10.52

Details of Novation of 2 Shipbuilding Contracts which were completed in 2012:

No.	Agreement Date	Hull No.	DWT	Shipbuilding Contract Date	Installments paid to the Builder by the Company	Date of Final Receipt of Novation Proceeds	Sale Price (THB million)	Gain on sale (THB million)	Sale Price (USD million)	Gain on sale (USD million)
1	21 st December 2011	333	32,000	20 th July 2007	17,999,997	26-Sep-12	723.06	143.44	23.13	4.59
2	25 th January 2012	315	54,000	14 th September 2007	22,799,998	01-Oct-12	891.99	162.01	28.53	5.18
Gain on Novation of Newbuildings							1,615.05	305.45	51.66	9.77

Details of Novation/Cancellation of 9 Shipbuilding Contracts which are recorded in 2013:

No.	Agreement Novation/ Cancellation Date	Hull No.	DWT	Shipbuilding Contract Date	Installments paid to the Builder by the Company	Date of Final Receipt of Novation/ Cancellation Proceeds	Sale Price (THB million)	Gain on sale (THB million)	Sale Price (USD million)	Gain on sale (USD million)
1	10 th September 2012	336	32,000	20 th July 2007	5,999,999	28-Jan-13	251.34	72.64	8.48	2.45
2	10 th September 2012	340	32,000	20 th July 2007	5,999,999	22-Mar-13	252.62	74.02	8.53	2.50
3	10 th September 2012	347	54,000	11 th February 2008	15,199,998	27-Mar-13	710.62	243.72	23.98	8.22
4	10 th September 2012	316	54,000	14 th September 2007	15,199,998	03-Jun-13	735.63	260.45	24.37	8.63
5	10 th June 2013	337	32,000	20 th July 2007	17,999,997	04-Sep-13	606.42	32.30	19.19	1.02
6	10 th June 2013	348	54,000	11 th February 2008	22,799,998	04-Sep-13	784.93	45.61	24.84	1.44
7	29 th July 2013	349	54,000	11 th February 2008	22,799,998	04-Sep-13	785.49	45.16	24.85	1.43
8	16 th September 2013	338	32,000	20 th July 2007	17,999,997	07-Oct-13	638.94	55.33	19.97	1.75
9	6 th December 2013	339	32,000	20 th July 2007	17,999,997	07-Jan-14	645.80	67.37	20.18	2.11
Gain on Novation/Cancellation of Newbuildings							5,411.79	896.60	174.39	29.55

3.2 Cement Carrier Contracts:

(a) MOU and Time Charter Contracts with Ultratech Cement Limited.

The Company signed a Memorandum of Understanding (MOU) on 14th October 2009 and Long Term Time Charter Contracts (the "Charters") on 2nd December 2009 with Ultratech Cement Limited, Mumbai, India (the "Charterer") for 4 new Cement Carriers (3 definite ships, plus an additional ship at Charterer's option to be declared before 25th February 2012 but extended thereafter and subsequently declared by the Charterer) (the "Ships") to be delivered per details hereunder:

Delivery Schedule per Charters:

- 1st Ship - between 30 July 2011 and 15 August 2011 (Ship is expected to be delivered in February 2014)
- 2nd Ship - between 1 November 2012 and 31 January 2013
- 3rd Ship - between 1 November 2013 and 31 January 2014
- 4th Ship (after option exercised by the Charterer) - between 1 February 2014 and 30 April 2014

Description of the Charters:

The Company or its nominee (the "Owners") will own and charter 3 definite Ships, plus the additional Ship (at the Charterer's option to be exercised within 25th February 2012 subsequently extended), to the Charterer for a period of 15 years, plus in the Charterer's option, for an additional 5 years' period and further, in the Charterer's option, another 5 years' period (15+5+5=25 years) for each Ship.

The Charterer has exercised the option for the 4th Ship subject to certain conditions and thus the Company has 4 Time Charter Contracts under this MOU.

Ships:

The Ships shall be new custom-made cement carriers built according to the specifications as laid down and agreed with the Charterer.

Charter Rate:

The Charter rate for the first 15 years' period shall be USD 15,000 per day for each Ship and shall be reduced thereafter by USD 2,000 per day for each Ship, for each block of the 5 years' option period if exercised by the Charterer. Accordingly, if the option for an additional 5 years' period is exercised by the Charterer, the Charter rate for this 5 years' period commencing from the 16th year upto the end of the 20th year shall be USD 13,000 per day for each Ship. Thereafter, if the option for a further 5 years' period is also exercised by the Charterer, the Charter rate shall be USD 11,000 per day period for each Ship for this 5 years' commencing from the 21st year upto the end of the 25th year.

However, in case the Charterer requires the Ships to be registered (flagged) in India, the Owners shall agree to do so, but, in such case, the charter rate shall be increased by USD 2,000 per day for each Ship in each of the above periods as may be applicable. Accordingly, the charter rate in such case shall then be USD 17,000 per day for each Ship for the first 15 years' period and this shall be reduced thereafter by USD 2,000 per day for each Ship, for each block of the 5 years' option periods.

Liquidated Damages:

If the Owners fail to deliver the Ships within the agreed respective delivery schedules as above, liquidated damages of USD 4,250 per Ship for each day of delay shall be payable by the Owners. ABC One Pte Ltd. (ABC One) failed to deliver the Ship to the Charterer on or before 15th August 2011 and therefore started paying liquidated damages of USD 4,250 per day w.e.f. 16th August 2011. ABC One has paid US\$ 3,693,250 to the Charterers as of 31st December 2013 on account of Liquidated Damages. And similarly w.e.f. 1st February 2013, ABC Two Pte. Ltd. (ABC Two) has paid US\$ 1,419,500 to the Charterers as of 31st December 2013 on account of Liquidated Damages.

(b) The signing and cancellation of 3 Shipbuilding Contracts for 3 Cement Carriers:

In order to perform the long term Time Charters already signed by the Company, the Company through three special purpose subsidiaries (the SPV) of Associated Bulk Carriers Pte. Ltd (ABC), viz., ABC One, ABC Two and ABC Three Pte. Ltd. (ABC Three), each entered into a Shipbuilding Contract for a Cement Carrier with ABG Shipyard Limited, India (Builder) for a price of USD 28.50 million per Vessel.

The construction of the Cement Carriers were delayed and therefore, in 2012 – 2013 the Company (through the 3 SPV's, ABC Two, ABC Three and ABC Four Pte. Ltd. (ABC Four)) entered into 3 Shipbuilding Contracts for construction of 3 Cement Carriers with a Chinese Shipyard as explained hereunder and during 2013 the Company cancelled all the three Shipbuilding Contracts with ABG Shipyard as under:

No.	Cancellation Date	Hull No.	DWT	Shipbuilding Contract Date	Installments paid to the Builder by the Company	Date of Final Receipt of Cancellation Proceeds	Sale Price (THB million)	Gain on sale (THB million)	Sale Price (USD million)	Gain on sale (USD million)
1	18 th January 2013	380	20,000	22 nd April 2010	5,700,000	18-Jan-13	198.66	22.14	6.70	0.75
2	10 th June 2013	379	20,000	22 nd April 2010	11,400,000	04-Sep-13	389.73	15.30	12.33	0.49
3	6 th December 2013	378	20,000	22 nd April 2010	17,100,000	07-Jan-14	602.75	1.37	18.34	0.03
Gain on Cancellation of Newbuildings							1,191.14	38.81	37.37	1.27

(c) The signing of 4 Shipbuilding Contracts for 4 Cement Carriers:

In order to be able to deliver 4 Cement Ships to the Charterers at the earliest (in replacement of the Ships ordered and cancelled earlier with ABG Shipyard), the Company through each of its three Singapore Subsidiaries viz., ABC Two, ABC Three and ABC Four (each as Buyer) entered into three Shipbuilding Contracts for construction of three 20,000 DWT Cement Carriers with China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd. (collectively as Seller).

Apart from the above 3 Ships, ABC had entered into an Option Agreement with the Seller on 5th December 2012 under which, ABC had the option to nominate a company from its group to order one more 20,000 DWT Cement Carrier ("Option Vessel") with the similar terms that of the 3 Ships ordered with them. The Option Vessel was exercised by ABC during 2013 and therefore the number of Newbuildings of Cement Carriers are four for which the details of cost, schedule of installments, and expected dates of deliveries as on 31st December 2013 are as follows:

No.	Buyer/Ship Owning Subsidiary	Hull Number	Contract Date	Delivery Date	DWT	Contract Amount US\$	Paid in 2012 US\$	Paid in 2013 US\$	Total As on 31 st Dec 2013
1	ABC Two Pte.Ltd.	CC200-01	05-Dec-12	24-Jan-14	20,000	24,180,000	24,180,000	7,254,000	9,672,000
2	ABC Three Pte.Ltd.	CC200-02	05-Dec-12	30-Apr-14	20,000	24,180,000	24,180,000	4,836,000	7,254,000
3	ABC Four Pte.Ltd.	CC200-03	03-Apr-13	31-Jul-14	20,000	24,180,000	-	4,836,000	4,838,000
4	Associated Bulk Carriers Pte.Ltd.	CC200-04	30-Aug-13	30-Nov-14	20,000	24,480,000	-	4,896,000	4,896,000
Cement Carrier - 4 Vessels					80,000	97,020,000	4,836,000	21,822,000	26,658,000

The Contract Price of each Vessel is to be paid in installments as follows:

Installment Number	Milestone	% Percentage
1 st	On signing the contract	10%
2 nd	Steel cutting of the first steel plate	10%
3 rd	After completion of Keel Laying of the Vessel	10%
4 th	Launching of the Vessel	10%
5 th	Delivery of the Vessel	60%
Total		100%

3.3 Fleet Rejuvenation plan:

In our Annual Reports of recent years, we had mentioned that the Company's short/medium term plans for buying second-hand ships or signing / acquiring newbuilding contracts are opportunistic and the Company would always be on the lookout for opportunities which may come its way to acquire newer and economically priced ships. These opportunities started coming in the latter part of 2011, when the Company received a number of offers to sell very economically priced newer Vessels. Accordingly, the Company (through its wholly owned subsidiaries) acquired 6 Ships in 2012. Also continuing this plan in year 2013, the Company signed 12 Shipbuilding Contracts for construction of 12 Bulk Carriers with various Chinese shipyards as explained below:

- (a) On 25th November 2013, the Company entered into two Shipbuilding Contracts for two 64,000 DWT Bulk Carriers with Sainty Marine Corporation Ltd. per details of cost, schedule of installments, and expected dates of deliveries as on 31st December 2013 as follows:

No.	Buyer/Ship Owning Subsidiary	Hull Number	Delivery Date	DWT	Contract Amount US\$	Paid in 2013 US\$	Total As on 31 st Dec 2013
1	Precious Shipping Public Co., Ltd. and or its nominee	SAM13009B	30-Jun-14	64,000	27,400,000	4,110,000	4,110,000
2	Precious Shipping Public Co., Ltd. and or its nominee	SAM13010B	30-Jun-14	64,000	27,400,000	4,110,000	4,110,000
Ultramax - 2 Vessels				128,000	54,800,000	8,220,000	8,220,000

The Contract Price of each Vessel shall be paid in installments as follows:

Instalment Number	Milestone	% Percentage
1 st	On signing the contract	15%
2 nd	Delivery of the Vessel	85%
Total		100%

- (b) On 25th November 2013, the Company entered into two Shipbuilding Contracts for two 38,500 DWT Bulk Carriers with China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd. (collectively as the Seller) per details of cost, schedule of installments, and expected dates of deliveries as on 31st December 2013 as follows:

No.	Buyer/Ship Owning Subsidiary	Hull Number	Delivery Date	DWT	Contract Amount US\$	Paid in 2013 US\$	Total As on 31 st Dec 2013
1	Precious Shipping Public Co., Ltd.	BC385-11	31-May-15	38,500	22,318,000	2,231,800	2,231,800
2	Precious Shipping Public Co., Ltd.	BC385-12	31-Dec-15	38,500	22,318,000	2,231,800	2,231,800
Handysize - 2 Vessels				77,000	44,636,000	4,463,600	4,463,600

The Contract Price of each Vessel shall be paid in installments as follows:

Instalment Number	Milestone	% Percentage
1 st	On signing the contract	10%
2 nd	Steel cutting of the first steel plate	10%
3 rd	After completion of Keel Laying of the Vessel	10%
4 th	Launching of the Vessel	10%
5 th	Delivery of the Vessel	60%
Total		100%

- (c) On 20th December 2013, the Company entered into eight Shipbuilding Contracts for four 39,000 DWT Bulk Carriers and four 64,000 DWT Bulk Carriers with Taizhou Sanfu Ship Engineering Co., Ltd. per details of cost, schedule of installments, and expected dates of deliveries as on 31st December 2013 as follows:

No.	Buyer/Ship Owning Subsidiary	Hull Number	Delivery Date	DWT	Contract Amount US\$	Paid in 2013 US\$	Total As on 31 st Dec 2013
1	Precious Shipping Public Co., Ltd.	SF130120	31-Aug-15	38,625	21,960,000	200,000	200,000
2	Precious Shipping Public Co., Ltd.	SF130121	30-Nov-15	38,625	21,960,000	200,000	200,000
3	Precious Shipping Public Co., Ltd.	SF130122	28-Feb-16	38,625	21,960,000	200,000	200,000
4	Precious Shipping Public Co., Ltd.	SF130123	31-May-16	38,625	21,960,000	200,000	200,000
Handysize - 4 Vessels				154,500	87,840,000	800,000	800,000
1	Precious Shipping Public Co., Ltd.	SF130124	31-Jul-15	63,345	27,477,500	200,000	200,000
2	Precious Shipping Public Co., Ltd.	SF130125	31-Oct-15	63,345	27,477,500	200,000	200,000
3	Precious Shipping Public Co., Ltd.	SF130126	31-Jan-16	63,345	27,477,500	200,000	200,000
4	Precious Shipping Public Co., Ltd.	SF130127	30-Apr-16	63,345	27,477,500	200,000	200,000
Ultramax - 4 Vessels				253,380	109,910,000	800,000	800,000
Grand Total				407,880	197,750,000	1,600,000	1,600,000

The Contract Price of each Vessel shall be paid in installments as follows:

Instalment Number	Milestone	% Percentage
1 st	On signing the contract as a deposit	1%
2 nd	After the receipt of Refund Guarantee	14%
3 rd	Launching of the Vessel	10%
4 th	Delivery of the Vessel	75%
Total		100%

Also, in 2013, the Company also took delivery of three resale Supramax Bulk Carriers built in Hindustan Shipyard, India per following details:

No.	Ship Owning Subsidiary	Ship Name	Year Built	DWT	Delivery Date	Purchase Price (US\$ Million)
1	Precious Ponds Ltd.	Warisa Naree	2010	53,839	20-Feb-13	13.25
2	Precious Comets Ltd.	Wariya Naree	2011	53,833	25-Apr-13	14.25
3	Precious Ornaments Ltd.	Wikanda Naree	2013	53,857	31-Jul-13	16.00
Supramax - 3 Vessels				161,529		43.50

4. GLOSSARY OF TERMS:

The Financial Analysis part of this Management Discussion and Analysis (MD&A) is based on the Company's consolidated financial statements prepared in accordance with Thai Generally Accepted Accounting Principles ("GAAP") and the US Dollar (Functional Currency) Financial Statements. A variety of financial and operational terms has been used in the MD&A and some of these terms are explained below:

Average Daily Ship Operating expenses in USD (Opex) - Average Ship Operating Expenses per day per ship is computed over a 365 days operating cycle. These exclude depreciation but include amounts amortised per accounting policy (note 4.6 of audited financial statements) for Dry-docking and Special Survey (DD/SS) expenses and the amortization is included as "depreciation" in the financial statements. Ship operating expenses generally represent fixed costs which include crewing, repairs and maintenance, insurance, stores, lube oils, management cost and amortised portion of Dry-docking and Special survey expenses.

Ship Running Expenses - Ship running expenses in the Financial Statements refer to Ship operating expenses excluding amortised Dry-docking and Special Survey expenses.

Voyage Expenses - Voyage expenses mean all expenses related to a particular voyage including bunker fuels and voyage disbursements at the ports of call. Voyage disbursements include port fees, cargo loading and unloading expenses, canal tolls, agency fees and other expenses at the ports of call. Voyage costs are typically paid by the client (charterer) under Time Charter and by the Company under Voyage Charter. However, when the Company pays the voyage expenses, Company typically adds them while calculating freight rate so that the desired Time Charter rate is achieved had the Company negotiated the Voyage as a Time charter.

Total Ship Operating Cost - Total Ship Operating cost in the Financial Statements means the aggregate of Ship running expenses and voyage expenses.

Average Daily Ship Earnings in USD (TC Rate) - Average time-charter equivalent earnings per day per ship computed over a 350 days cycle. The TC rate is calculated by dividing net Ship Operating Income by 350 days per Ship.

Ship Operating Income - Ship Operating Income in the financial statements means total of Hire and Freight received. In other words, this is total income earned through Time and Voyage Charters.

Net Ship Operating Income - Net Ship Operating Income means Ship Operating Income less Voyage expenses, and is also known as Net Time Charter Equivalent Revenue.

Dry-docking and Special survey - The Company must periodically dry-dock each of its ships for inspection, repairs and maintenance and any modifications to comply with industry certification and or various regulations applicable to the Company's ships. Generally each ship is dry-docked every 2.5 years and 5 years to carry out intermediate and special survey, respectively. The Company capitalizes these costs and depreciates them over a period of 2 years for dry-docking cost related to an Intermediate survey and 4 years for dry-docking cost related to a special survey. The depreciation amount of dry-docking and special survey costs is included in Depreciation and do not form part of ship operating cost in the Financial Statements. However, while calculating average Ship Operating expenses per day per ship (Opex), The Company includes amortised portion of dry-dock and special survey cost for ascertaining complete Opex.

Depreciation - The main component of depreciation cost is depreciation on Ships. It also includes amortisation of Dry-docking and Special survey cost as explained above, in the Financial Statements.

Ship Idle /Down Time - Ship idle time refers to downtime (in days) due to technical reasons only and it means the ship was "off-hire" at dry-dock or at sea or port for repairs of a routine nature or in case of a breakdown.

Gross Profit - Gross Profit means Ship operating income less Ship operating costs.

Gross Profit Margin - Gross Profit margin means gross profit divided by Ship operating income denominated in percentage.

Administrative Expenses - Administrative expenses include onshore (office) personnel payroll costs, office rent, legal and professional expenses and other expenses of an administrative nature. Administrative expenses in the financial statements also include cost of personnel employed for technical management of ships. However, for calculating average Ship operating expenses per day per ship (Opex), such relevant portion of administrative expenses is considered and included in the Opex as Management Fees.

5. CREDIT/LOAN FACILITIES

5.1 Secondhand Ships acquisition credit/loan facility from BTMU and other 3 Banks

The Company executed a USD 250 million Secured Term Loan Facility Agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bank of Ayudhya PCL, KASIKORNBANK PCL, Export-Import Bank of Thailand and Thanachart Bank PCL (as Mandated Lead Arrangers and Lenders) to fund the Company's acquisition of additional second-hand vessels on 14th January 2010.

On 28th June 2013, the Company executed the Amending and Restating Agreement No. 3 of the Secured Term Loan Facility Agreement mainly to extend the availability period of the Facility up to 30th June 2014.

Therefore the amended main terms of the Secured Term Loan Facility are:

Borrowers	: Precious Shipping Public Company Limited ("PSL") and it's wholly Owned Subsidiaries incorporated in Singapore and / or Thailand which shall be the shipowning subsidiaries.
Lenders	: The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU"); KASIKORNBANK PCL ("KBank"); and Thanachart Bank PCL ("Thanachart")
Swap Provider (for IRS if necessary)	: BTMU and KBank
Facility Agent	: KBank
Security Agent	: BTMU
Facility Amount	: Secured Term Loan Facility available for multiple drawdowns up to USD 150 million.
Purpose	: To finance up to 60% of the acquisition cost of Dry Bulk Ships of deadweight ton ("DWT") not lower than 18,000 DWT and not higher than 58,000 DWT and not more than 10 years of age. The vessels have to be registered and flagged in Thailand or Singapore (or other acceptable flagging state). At least one out of every four Vessels purchased shall be a Singapore flagged vessel.
Availability Period	: Upto 30 th June 2014
Principal Repayment	: Beginning 3 months after the end of the Availability Period vide equal quarterly repayment installments (over 8 years) each representing 1/32 of the aggregate Loan Amount which shall be the aggregate of all drawdowns made till aforesaid date.
Interest Rate	: 3 months' LIBOR plus Interest Margin.
Interest Rate Hedging	: At the Borrowers request, Interest Rate Hedging arrangements shall be entered into between the Borrowers and the Swap Provider. The Interest Rate Hedging arrangements will share the security on a pari-passu basis with the Loan Facility.
Arrangement Fee	: 1.25% of the Loan Facility Amount
Commitment Fees	: 0.70% per annum of undrawn amount of the Facility Amount.

- Security** : The Borrowers shall deliver/ execute the following securities:
- A. First priority mortgage over the Vessels (such that the total loan outstanding at the end of the Availability Period does not exceed 65% of the total value of the Vessels);
 - B. Other than that of PSL, share pledge of the Borrowers;
 - C. First priority assignment of Earnings of the Vessels and the Earnings, Retention and Collateral Accounts;
 - D. First priority assignment of the Requisition Compensation of the Vessels; and
 - E. First priority assignment of Insurance of the Vessels.
- All the above securities to be cross collateralized.
- Financial Covenants** : PSL will be subject to the following financial covenants, measured quarterly based on its consolidated financial statements in US Dollars: -
1. The ratio of Funded Debt to Total Shareholders' Equity in respect of any Relevant Period will not be more than 2:1.
 2. The ratio of Funded Debt to EBITDA (of the previous four quarters) in respect of any Relevant Period will not be more than 5:1.
 3. Maintain a minimum Free Cash Balance of USD 100,000 per vessel that is owned by the PSL Group.
 4. Debt Service Coverage Ratio ("DSCR") of no less than 1.1 times.
- Vessel Covenants** : On a portfolio basis, the Fair Market Value (the "FMV") of the Vessels during the Loan Term must not be less than 125% of the outstanding balance of the Loan.
- Other Covenants** :
- Dividends:** PSL and other Joint Borrowers (wholly owned subsidiaries) allowed to pay out dividends to shareholders without any restriction unless an Event of Default or Potential Event of Default has occurred and is continuing and there is an outstanding amount due on the Loan.
 - Listing:** PSL to remain listed on the Stock Exchange of Thailand at all times during the period of the Facility.
 - Management Covenant:** It will be an Event of Default if any of Khalid Hashim, Munir Hashim and Khushroo Wadia ceases to play an active role in the management of PSL (save by reason of death or incapacity) unless an acceptable replacement is in place within 90 days.

The Company has not drawn any amount against this facility as on 31st December 2013.

5.2 Credit facility from DNB Asia Ltd., Kasikornbank, and certain other International Banks (Newbuildings Facility)

With a view to availing long term funding for the new ships ordered by the Company from ABG Shipyard, on 3rd July 2008, the Company executed a USD 398,400,000 Secured Loan Agreement with DNB Asia Ltd., Kasikornbank, and certain other International Banks to finance 15 (out of the 18 ordered) new ships (9 Handysize ships of 32,000 DWT each and 6 Supramax ships of 54,000 DWT each) ordered by the Company.

The main terms of the Credit Facility are summarized as follows:

- Borrowers** : Precious Shipping Public Company Limited ("PSL") and / or upto 15 wholly owned subsidiaries to be incorporated in Singapore or Thailand or any other jurisdiction acceptable to the Lenders.
- Guarantor** : PSL.
- Lenders** : DNB Asia Ltd. ("DNB"), Kasikornbank, and certain other International Banks.
- Bookrunners /** : DNB.

Underwriters / Mandated Lead Arranger (“MLA”) /

Facility Agent and Security Agent

Joint Mandated : Kasikornbank PCL.

Lead Arranger

FACILITY :

Purpose : Pre and Post Delivery Secured Term Loan Facility to finance the construction and acquisition of the 15 Ships (Vessels) as follows:

Handysize Bulkers :

9 Handysize Bulkers of 32,000 DWT each to be constructed by ABG Shipyard Ltd, India. The Construction Price of each Vessel is about USD 30 million.

Supramax Bulkerc:

6 Supramax Bulkercs of 54,000 DWT each to be constructed by ABG Shipyard Ltd, India. The Construction Price of each Vessel is about USD 38 million.

Facility Amount : Up to USD 398.40 million (80% of Construction Price as above) divided into 15 tranches comprising:

For the Handysize Bulkercs, upto USD 216 million divided into 9 Tranches.

Pre-Delivery Facility Amount (Per Tranche):

USD 18 million per Vessel or 60% of the Construction Price of the Vessel, whichever is lower.

Post-Delivery Facility Amount (Per Tranche):

USD 24 million per Vessel or 80% of the Construction Price of the Vessel, whichever is lower.

For the Supramax Bulkercs, upto USD 182.40 million divided into 6 Tranches.

Pre-Delivery Facility Amount (Per Tranche):

USD 22.80 million per Vessel or 60% of the Construction Price of Vessel, whichever is lower.

Post-Delivery Facility Amount (Per Tranche):

USD 30.40 million per Vessel or 80% of the Construction Price of the Vessel, whichever is lower.

UTILISATION / AVAILABILITY AND REPAYMENT:

Availability / : **Pre-Delivery Facility:**

Drawing As per milestones in the shipbuilding contracts.

Post-Delivery Facility:

100% of the Post-Delivery Facility Amount is to be drawn upon delivery of the respective vessels.

Repayment : **Pre-Delivery Facility:**

The Pre-Delivery Facility shall be repaid in one lump sum upon delivery of the respective vessel.

Post-Delivery Facility:

Each Tranche shall be amortised (repaid) as quarterly repayment installments, each equivalent to 1/60th of the Post-Delivery Facility Amount and a balloon amount equal to the balance under such Tranche on Final Maturity. The first quarterly repayment shall commence 3 months after delivery of each respective vessel.

At Final Maturity, all amounts outstanding shall be repaid and the respective Tranches reduced to Zero.

Final Maturity : 10 years from the delivery drawdown of the first Vessel, and accordingly, Final Maturity is expected to be in March 2020.

INTEREST AND FEES:

Interest Rate : The aggregate of LIBOR and the Margin.

Interest Period : 3 months.

Commitment fee : 0.35% per annum of undrawn amount of the aggregate facility amount.

SECURITY : The Borrowers and Guarantor shall deliver / execute the following security:

Pre-Delivery Facility:

- a) A pledge over the shares of the Borrowers (wholly owned subsidiaries) other than PSL.
- b) Corporate Guarantee from the Guarantor if not a Joint Borrower.
- c) 1st priority assignment of the shipbuilding contracts.
- d) 1st priority assignment of the refund guarantees by the refund guarantors given in relation to the shipbuilding contracts with PSL.

Post-Delivery Facility:

- a) 1st priority mortgage over the vessels.
- b) A pledge over the shares of the Borrowers (wholly owned subsidiaries) other than PSL.
- c) Corporate Guarantee from the Guarantor if not a Joint Borrower.
- d) 1st priority assignment of requisition compensation in respect of the vessels.
- e) 1st priority assignments of all insurance proceeds.
- f) 1st priority assignment of the earnings of the vessels and pledge over the Earnings Accounts (accounts to be opened up for each of the Vessels) and Retention Account.

All of the above securities to be cross collateralised.

COVENANTS :

Financial Covenants : PSL shall comply with the following to be measured quarterly based on its consolidated Restated Financial Statements in USD:

- a) Maximum Funded Debt / Total Shareholder's Equity of 2.0 times.
- b) Maximum Funded Debt / Earnings Before Income Tax Depreciation and Amortisation (EBITDA) of 5.0 times.
- c) Maintain a minimum Free Cash Balance of USD 100,000 per vessel that the Guarantor owns.

Vessel Covenants : **Vessel registration:** The Vessels shall be registered in a Registry acceptable to the Facility Agent, if other than Thailand or Singapore, but, only a maximum of 7 vessels can be registered in Thailand.

Minimum Value Clause : The combined fair market value of all the delivered Vessels shall always be at least 125% of the combined outstanding amount under the Post- Delivery Facility.

Other Covenants : **Dividends** : No restrictions on dividend payments by PSL. The other Joint Borrowers (wholly owned subsidiaries) are also allowed to pay out dividends or make any other distributions to shareholders without any restrictions unless an Event of Default or Potential Event of Default has occurred and is continuing.

Listing : PSL to remain listed on the Stock Exchange of Thailand at all times during the period of the Facility.

During the years 2011-13, the Company prepaid and cancelled the Facility for the following Hulls explained as under:

Year	Hull No.	Prepayment	Cancellation	Total
2011	329	\$11,999,998	\$12,000,002	\$24,000,000
2011	330	\$11,999,998	\$12,000,002	\$24,000,000
2011	313	\$15,199,999	\$15,200,001	\$30,400,000
2011	331	\$0	\$2,400,000	\$2,400,000
2011	333	\$11,999,998	\$12,000,002	\$24,000,000
Sub- Total		\$51,199,993	\$53,600,007	\$104,800,000
2012	315	\$7,599,999	\$22,800,001	\$30,400,000
2012	316	\$7,599,999	\$22,800,001	\$30,400,000
2012	336	\$0	\$24,000,000	\$24,000,000
2012	334	\$0	\$5,600,000	\$5,600,000
2012	335	\$0	\$9,500,002	\$9,500,002
2012	347	\$7,599,999	\$22,800,001	\$30,400,000
Sub- Total		\$22,799,997	\$107,500,005	\$130,300,002
2013	348	\$7,599,999	\$22,800,001	\$30,400,000
2013	349	\$7,599,999	\$22,800,001	\$30,400,000
2013	337	\$0	\$24,000,000	\$24,000,000
2013	338	\$11,999,998	\$12,000,002	\$24,000,000
Sub- Total		\$27,199,996	\$81,600,004	\$108,800,000
Grand Total		\$101,199,986	\$242,700,016	\$343,900,002

Therefore, the revised Facility amounts against each Hull, drawdowns made against each Hull and Loan outstanding as on 31st December 2013 (after repayment/prepayment) is as under:

Hull No.	Post delivery facility	Drawdown made	Loan outstanding
331 (Ananya Naree)	\$21,600,000	\$21,600,000	\$15,438,596
334 (Benjamas Naree)	\$18,400,000	\$18,400,000	\$11,604,211
335 (Chintana Naree)	\$14,499,998	\$14,499,998	\$13,774,998
Total	\$54,499,998	\$54,499,998	\$40,817,805

There is no balance loan available against this facility as on 31 December 2013.

5.3 New credit facility of USD 22.80 million from NIBC BANK LTD, Singapore

On 28th October 2010, ABC One Pte. Ltd., the Singapore Subsidiary (the "Subsidiary") of Associated Bulk Carriers Pte. Ltd., entered into a Secured Loan Agreement of USD 22.80 million from NIBC BANK LTD, Singapore to fund 80% of the Contract Price of the new cement carrier ordered by the Subsidiary on 22nd April 2010 as explained above. The availability period expired on 15th February 2012. In 2013 the Subsidiary prepaid the outstanding amount under the facility agreement and cancelled this facility.

5.4 New credit facility of USD 45.60 million from Bangkok Bank Public Company Limited, Singapore:

On 15th February 2012, ABC TWO Pte. Ltd. and ABC THREE Pte. Ltd., the Singapore registered subsidiaries (the "Subsidiaries") of Associated Bulk Carriers Pte. Ltd., the Joint Venture Company (ABC) where the Company held 50% interest at that time, executed a USD 45.60 million Term Loan Facility with Bangkok Bank Public Company Limited, Singapore Branch to finance up to 80% of the Contract Price of two new 20,000 DWT Cement Carriers i.e. Hull No. 379 and Hull No. 380 ordered by the Subsidiaries. On 18 January 2013, the Company acquired 50% of the issued share capital of ABC from Varada Marine Pte. Ltd. who held the other 50% interest before the acquisition in order to take 100% control of ABC and all of its subsidiaries.

Summary of main terms and conditions of The USD 45,600,000 Loan Agreement:

Borrowers	: ABC TWO Pte. Ltd. and/or ABC THREE Pte. Ltd. (the “Subsidiaries”) of Associated Bulk Carriers Pte. Ltd. (“ABC”).	
Lender	: Bangkok Bank Public Company Limited, Singapore Branch.	
Facility Agent	: Bangkok Bank Public Company Limited, Singapore Branch.	
Security Agent	: Bangkok Bank Public Company Limited, Singapore Branch.	
Interest Rate Swap Provider	: Bangkok Bank Public Company Limited, Singapore Branch.	
Purpose	: To finance the Pre and Post-delivery of two new cement carriers i.e. Hull No. 379 and Hull No. 380 of up to 80% of the Contract Price.	
Loan Amount	: The Loan for both vessels shall not exceed USD 45,600,000 (the “Loan Amount”) on a joint and several basis comprising: <ul style="list-style-type: none"> I) Two vessel loans each not exceeding USD 22,800,000 per vessel (the “Vessel Loans” and each a “Vessel Loan”); and II) Each Vessel Loan comprising two vessel tranches for each Vessel (the “Vessel Tranche”). 	
Vessel Tranche	: Each Vessel Loan shall be divided into two tranches as follows: <ul style="list-style-type: none"> • Pre-Delivery Tranche: USD 17,100,000 or 60% of the respective Contract Price to be made available in 3 separate disbursements. • Post-Delivery Tranche: USD 22,800,000 or 80% of the respective Contract Price to be made available in a single disbursement, part of which will be used to repay the Pre-Delivery Tranche. 	
Availability Period	: The Vessel Loans shall be made available for drawdown by the Borrowers on a joint and several basis for the respective Pre-Delivery Tranche for each Vessel from execution of the Loan Agreement up to and including the respective Delivery Date for each Vessel, or such other date as may be agreeable to the Lender.	
Interest Rate	: US Dollar LIBOR plus Margin.	
Commitment Fees	: 1.20% per annum of undrawn facility payable quarterly.	
Drawdown	Pre-Delivery Tranche Drawdown of the Pre-Delivery Tranche shall be in accordance with the payment schedule under the Shipbuilding Contract.	Post-Delivery Tranche 100% of the Post-Delivery Tranche Amount is to be drawn upon delivery of the respective vessels.
Repayments	Pre-Delivery Tranche The Pre-Delivery Tranche shall be repaid in one lump sum upon delivery of the respective Vessel from the proceeds of the post-delivery drawdown.	Post-Delivery Tranche Each Vessel Loan will be repaid over 39 quarterly installments of USD 380,000 from the end of the first quarter after Delivery and a final installment of USD 7,980,000 at the end of the Term.

Security	: Pre-Delivery Tranche for each Vessel <ul style="list-style-type: none"> • First priority assignment of the Shipbuilding Contract; • First priority assignment of the Refund Guarantees; • Pledge of shares of the Borrowers held by ABC; • Corporate Guarantee from ABC; <ul style="list-style-type: none"> • Corporate Guarantee from the Company. 	Post-Delivery Tranche for each Vessel <ul style="list-style-type: none"> • First priority mortgage on the Vessels; • First priority assignment of all earnings, insurance policies and requisition compensation on the Vessels; • First priority assignment of Time-Charter contracts; • First priority charge over the Earnings Account and Retention Account; • Corporate Guarantee from ABC; • Corporate Guarantees from the Company for an aggregate amount of up to USD 8 million.
-----------------	--	--

Financial Covenants	: Commencing from the respective Delivery Date, each Borrower shall ensure it maintains throughout the Facility Period: <ol style="list-style-type: none"> 1. Debt Service Coverage Ratio ("DSCR") of no less than 1.1 times; 2. Equity Ratio (ratio of Equity to aggregate of Equity and Total Debt) of no less than 20%;
----------------------------	---

Other Covenants	: No restrictions on dividend payments by the Company. Borrowers also allowed to pay out dividends to shareholders without any restriction unless DSCR is less than 1.1 times or a Default has occurred and is continuing.
------------------------	---

On 18 September 2013, the Borrowers have executed the First Supplemental Agreement in relation to the above Term Loan Facility mainly to give effect to the following amendments:

Purpose	: To finance the Pre and Post-delivery Instalments of the construction of two new cement carriers i.e. Hull Nos. CC200-01 and CC200-02 ordered with Shanhaiguan New Shipbuilding Industry Co., Ltd., China, of up to 80% of the contract price which were ordered to replace the two cement carriers (Hulls 379 and 380) ordered with ABG Shipyard Ltd., India, which were subsequently cancelled.
Loan Amount	: The Loan for both Vessels shall not exceed USD 38,688,000 of which, each vessel loan shall not exceed USD 19,344,000 per vessel.
Vessel Tranche	: Each Vessel Loan shall be divided into two tranches as follows: Pre-Delivery Tranche: USD 4,836,000 or 20% of the respective Contract Price to be made available in 2 separate disbursements. Post-Delivery Tranche: USD 19,344,000 or 80% of the respective Contract Price to be made available in a single disbursement, part of which will be used to repay the Pre-Delivery Tranche.

Repayments	: Pre-Delivery Tranche	Post-Delivery Tranche
	The Pre-Delivery Tranche shall be repaid in one lump sum upon delivery of the respective Vessel from the proceeds of the Post-Delivery Tranche.	Each Vessel Post-Delivery Tranche will be repaid over 39 quarterly instalments of USD 322,400 from the end of the first quarter after Delivery and a final instalment of USD 6,770,400 at the end of the Term.
Security	: Pre-Delivery Tranche for each Vessel	Post-Delivery Tranche for each Vessel
	100% Corporate Guarantee from the Company.	Corporate Guarantee from the Company for up to USD 8 million per ship.

The Company has not drawn any amount against this facility as on 31st December 2013

5.5 New credit facility of USD 84.96 million from ING Bank N.V., Singapore and DNB Asia Ltd.

On 14th October 2011, the four Single Purpose Subsidiaries (SPCs) in Singapore of the Company's Singapore subsidiary, viz. Precious Comforts Pte Ltd. (formerly OSW6 Pte. Ltd.), Precious Sparks Pte Ltd. (formerly OSW7 Pte. Ltd.), Precious Visions Pte Ltd. (formerly OSW8 Pte. Ltd.) and Precious Bridges Pte Ltd. (formerly OSW9 Pte. Ltd.), executed a USD 84.96 million Term Loan Facility with ING Bank N.V., Singapore Branch and DNB Asia Ltd., to finance up to 80% of the Total Acquisition Cost of the 4 new Supramax 57,000 DWT Dry Bulk vessels ordered by the SPCs built at Guoyu shipyard in China. In 2012 all 4 Vessels were delivered to the respective SPCs of the Company.

Summary of Main terms and Conditions

Borrowers/Owners	: Precious Comforts Pte Ltd. (formerly OSW6 Pte. Ltd.) Precious Sparks Pte Ltd. (formerly OSW7 Pte. Ltd.) Precious Visions Pte Ltd. (formerly OSW8 Pte. Ltd.) and Precious Bridges Pte Ltd. (formerly OSW9 Pte. Ltd.)
Lenders	: ING Bank N.V., Singapore Branch ("ING") and DNB Asia Ltd. ("DNB")
Swap Providers	: ING and DNB
Facility Agent	: ING
Security Agent	: DNB
Guarantor	: Precious Shipping Public Company Limited, Thailand ("PSL")
Purpose	: To provide up to 80% financing of the Total Acquisition Cost of USD 106,200,004 (i.e. USD 26,550,001 per Vessel) of four new 57,000 DWT dry bulk Vessels. Total Acquisition Cost being the aggregate of: i) Total purchase price of shares acquired in the 4 Borrowers: USD 6,800,004; ii) Total shipbuilding contract price of the Vessels: USD 98,000,000; and iii) Expenses relating to fulfillment of PSPC regulations: USD 1,400,000.
Facility Amount	: Maximum USD 84,960,000 to be divided into 4 Vessel Tranches comprising: Pre-Delivery Facility Amount per Vessel Tranche Up to USD 16,060,000 Post-Delivery Facility Amount per Vessel Tranche Up to USD 21,240,000 or 80% of the Fair Market Value, whichever is lower. The Facility Amount shall be split among the Lenders as follows: ING: USD 53,960,000 DNB: USD 31,000,000

Interest Rate	: USD LIBOR plus Margin.	
Commitment Fees	: 50% of margin per annum of undrawn facility payable quarterly.	
Final Maturity Dates	: 8 years after Final Drawdown of each Vessel Tranche.	
Availability Period and Drawdown	: Pre-Delivery Facility: Each request for drawdown, other than the portion of acquisition cost pertaining to the share purchase consideration shall be in accordance with the relevant shipbuilding contract(s).	Post-Delivery Facility: 100% of the Post-Delivery Facility Amount is to be drawn upon delivery of the respective vessels.
Repayment	: Pre-Delivery Facility: The Pre-Delivery Facility shall be repaid in one lump sum upon delivery of the respective Vessel from the proceeds of the post-delivery drawdown.	Post-Delivery Facility: For each Vessel, in 32 equal quarterly installments of USD 354,000 and a balloon repayment of USD 9,912,000 together with the last installment. The first repayment installment to be due 3 months after the Final Drawdown of each Vessel. At Final Maturity, all amounts outstanding shall be repaid and the respective Vessel Tranches reduced to zero. Corporate Guarantee from the Guarantor; and All the above Post- Delivery securities to be cross collateralised.
Security	: Pre-Delivery Facility: <ul style="list-style-type: none"> • Pledge of shares of the Borrowers; • First priority assignment of Refund Guarantees issued by the China Merchants Bank, or any other banks/financial institutions acceptable to the Lenders; • First priority assignment of the Shipbuilding Contracts; and • Corporate Guarantee from the Guarantor. 	Post-Delivery Facility: <ul style="list-style-type: none"> • Pledge of shares of the Borrowers; • First priority mortgage on the Vessels; • First priority assignment of earnings and time charters; • First priority charge over the Earnings Accounts with the Security Agent; • First priority assignment of all insurances and requisition compensation of the Vessels; Corporate Guarantee from the Guarantor; and • All the above Post-Delivery securities to be cross collateralised.

- Financial Covenants** : The Guarantor shall comply with the following to be measured quarterly based on its consolidated USD Financial Statements:
- Maximum Funded Debt to Total Shareholders' Equity ratio of 2:1;
 - Maximum Funded Debt to EBITDA ratio of 5:1; and
 - Maintain a minimum Free Cash Balance of USD100,000 per vessel owned by the Precious Group.
- Vessel Covenants** : The aggregate market value of the Vessels shall be at least 125% of the aggregate loan outstanding under the Post-Delivery Facility at all times.
- Other Covenants** :
- The Guarantor shall remain listed on the Stock Exchange of Thailand at all times;
 - It will be an Event of Default if any of Khalid Moinuddin Hashim, Munir Moinuddin Hashim and Khushroo Kali Wadia cease to play an active role in the management of the Guarantor save by reason of death or incapacity except if a replacement acceptable to the Lenders is in place within 90 days;
 - No restrictions on dividend payments by PSL. Borrowers allowed to pay out dividends to shareholders without any restriction unless an Event of Default or Potential Event of Default has occurred and is continuing and there is an outstanding amount due on the Loan.

During 2012, the respective Borrowers drew USD 53.2 Million against this facility for 3 Ships and subsequently drew USD 18 million for the fourth Ship in January 2013, and accordingly, the Company has drawn only USD 71.2 Million against this facility which is now closed.

Therefore, the Facility amounts against each Hull, drawdowns made against each Hull and Loan outstanding as on 31st December 2013 (after repayment) is as under:

Hull No.	Post delivery facility	Drawdown made	Loan outstanding
Apiradee Naree	\$18,200,000	\$18,200,000	\$16,430,000
Baranee Naree	\$17,000,000	\$17,000,000	\$15,584,000
Chayanee Naree	\$18,000,000	\$18,000,000	\$16,584,000
Daranee Naree	\$18,000,000	\$18,000,000	\$16,938,000
Total	\$71,200,000	\$71,200,000	\$65,536,000

5.6 New or Secondhand Ships acquisition credit facility from Export-Import Bank of Thailand

On 17th February 2012, the Company executed a USD 100 million Term Loan Facility with Export-Import Bank of Thailand ("EXIM") to finance up to 80% of the Acquisition Cost of new or second-hand Dry Bulk Vessels that may be acquired by the Company.

Summary of main terms and conditions of the USD 100 million Loan Agreement:

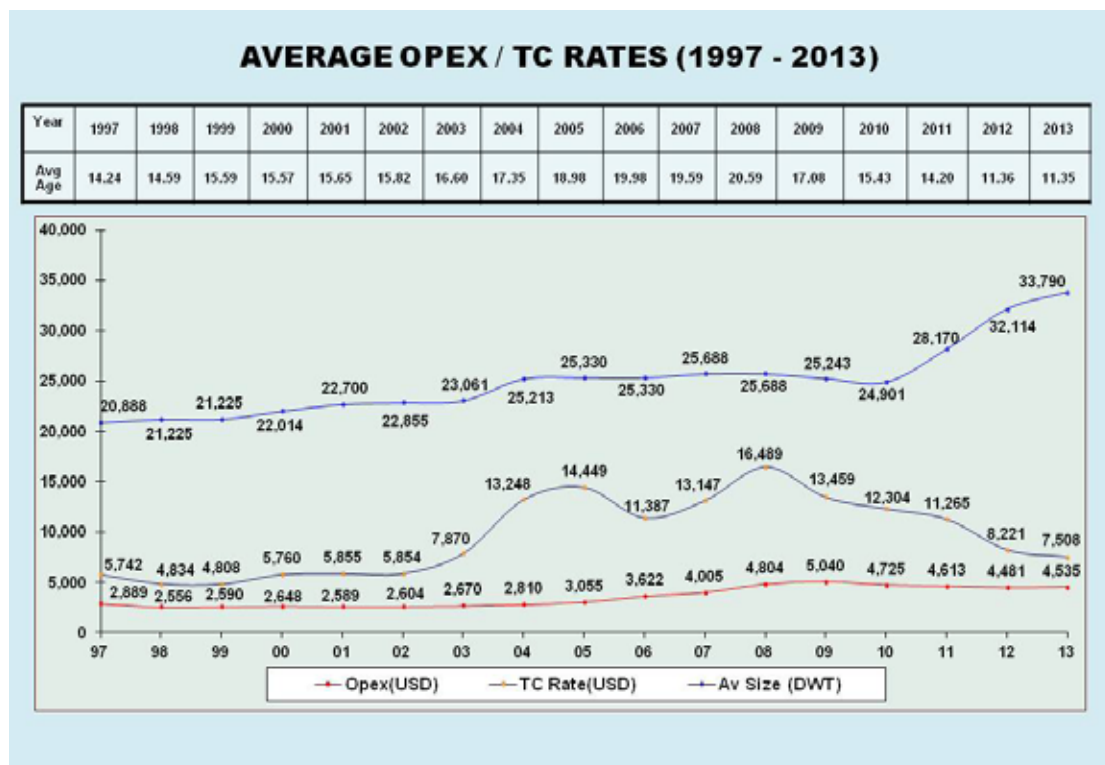
- Borrowers** : Precious Shipping Public Company Limited and/or its wholly owned subsidiaries.
- Lender** : Export-Import Bank of Thailand ("EXIM").
- Purpose** : To provide up to 80% financing of the Acquisition Cost of new or second-hand Dry Bulk Vessel(s), provided that such Vessel(s) are:
- not more than 15 (Fifteen) years old; and
 - not less than 18,000 (Eighteen Thousand) DWT.
- Facility Amount** : Up to USD 100 million in multiple drawdowns.
- Interest Rate** : 6 months LIBOR plus margin.
- Management fee** : 1% per annum of the total outstanding loan for the first 5 years after first drawdown.
- Commitment Fees** : 0.7% per annum of undrawn facility payable quarterly.

- Availability Period** : Up to 30th December 2012.
- Repayment** : The total loan outstanding shall be repaid in 8.5 years in 34 equal quarterly installments, beginning 3 months after the end of the Availability Period.
- Security** : • First priority mortgage on the financed Vessels; and
• Pledge of shares of the Subsidiary Borrowers.
- Financial Covenants** : • At the end of each calendar year, the Borrower will be subject to the following financial covenants based on its consolidated financial statements in US Dollars: Debt Service Coverage Ratio shall be at least 1.1 : 1;
• Net Funded Debt to EBITDA shall not exceed 5:1;
• Debt to Equity Ratio shall not exceed 2:1.
- Vessel Covenants** : • Financed vessels have to be registered in Thailand
• If the value of the financed vessels is less than 125% of the total outstandings to be tested on an annual basis, the Borrower will provide additional security or prepay the excess part of the total outstandings.
- Other Covenants** : No restriction on dividend payments by PSL. Borrowers allowed to pay out dividends to shareholders without any restriction unless an Event of Default or Potential Event of Default has occurred and is continuing and there is an outstanding amount due on the Loan.

The Shipowning Subsidiaries of the Company have drawn USD 64.82 Million against this facility to finance 5 Ships acquired during 2012-2013 and the balance outstanding against this facility after repayment as on 31st December 2013 is USD 35.18 million.

On 12th December 2013, the Company executed the Amendment Agreement to this Facility mainly to extend the availability period of the balance Facility of USD 35.18 million from 30th December 2013 to 30th December 2014.

6. SHIP OPERATING EXPENSES AND SHIP EARNINGS



The average earnings per day per ship (TC Rate) reached USD 7,508 in 2013, while average daily operating expenses per ship (Opex) was USD 4,535.

The Baltic Dry Index (BDI) started improving in the beginning of 2013 till the third quarter of 2013, after which it fell briefly in the beginning of last quarter of 2013 but thereafter has rebounded towards the end of 4th Quarter of 2013 to lift the BDI to 2,277 points. The average BDI was 1,206 points in 2013 as compared to 920 points in 2012. The increase in the BDI in the first 3 quarters of the year was solely attributable to the increase in cape size ship earnings which went from a low of USD 4,200 per day in April to a high of USD 42,500 per day in the last week of September 2013. The other sectors remained moribund during the first 3 quarters of the year and only started to make positive gains in the last quarter of 2013. The Company has achieved average daily earnings per ship (TC Rate) of USD 7,508 about 9% lower as compared to 2012, due to the depressed market conditions and also because some vessels whose long term charters expired during the year 2013 had to be chartered at the then prevailing rates in 2013 which were lower than the rates of the previous Charters signed prior to 2013.

PSL's daily Ship operating Expenses per ship (Opex) have increased marginally from USD 4,481 per day (including USD 542 per day on account of Dry-dock and Special Survey costs) in 2012 to USD 4,535 per day (including USD 522 per day on account of Dry-dock and Special Survey costs) in 2013 which is, as always, far below the Industry Average (excluding Dry-dock and Special Survey costs which are not reported in Opex) as explained in the following Table:

PSL OPEX comparison with Industry (compiled by Moore Stephens & Co.)

For years Particulars	Industry 2012 USD (Per Day)	PSL 2012 USD (Per Day)	PSL 2013 USD (Per Day)
Crew Wages	2,044	1,951	2,039
Provisions	168	168	175
Crew Other	327	192	199
Crew Cost Total	2,539	2,311	2,413
Lubricants	329	296	259
Stores Other	326	200	232
Stores Total	655	496	491
Spares	362	196	232
Repairs & Maintenance	407	126	126
Repairs & Maintenance Total	769	322	358
P& I Insurance	244	171	193
Insurance	239	188	204
Insurance Total	483	359	397
Registration Costs	23	17	10
Management Fees	598	367	279
Sundries	204	67	65
Administration Total	825	451	354
Total Operating Costs	\$5,271	\$3,939	\$4,013

Further, specifically for the Company, the major reasons for the decrease in certain components of Opex as compared to previous years are summarised as under:

- Management expenses which are "fixed" in nature did not increase due to the tight control exercised on costs and were lower in 2013 on an average per ship basis because of the slightly higher number of vessels operated in 2013 as compared to the previous year. Management expenses which are "variable" in nature and depend mainly on the remuneration of the technical staff were lower as they were charged basis total remuneration paid for previous year (2012) which was lower due to the reduced profitability of the Company.
- Crew costs rose this year as compared to the previous year and the rise will probably continue in the next year as well.

- The cost of spare parts increased as against the previous year due to higher cost of spares required for some of the ships which are equipped with advanced engines.
- Due to more modern engines on the recent acquisitions, lubricant costs were slightly lower and made up for the inflationary increase in the cost of other consumable stores.
- Insurance costs, notably the cost of P&I insurance, are higher as compared to the previous year due to rise in claims and lack of adequate returns from investments. This trend is likely to continue in the years to come, but may be offset to an extent by the phasing out of old ships and induction of new-build ships in the Company's Fleet.

7. FINANCIAL PERFORMANCE BASED ON US DOLLAR (FUNCTIONAL CURRENCY) FINANCIAL STATEMENTS

The following table summarises the financial performance of the Company for the last 2 years. All figures quoted are from the US Dollar (Functional Currency) Financial Statements (per Note 37 to Audited Consolidated Financial Statements)

For the year ended / as at	31 st Dec-12 Million US\$	31 st Dec-13 Million US\$
Income Statement		
Total Revenues	123.24	156.72
Net Ship Operating Income	86.93	101.41
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)*	30.83	28.48
Depreciation*	22.19	28.44
EBIT	8.64	0.04
Finance cost	13.95	14.88
Operating profit (loss)	(5.31)	(14.84)
Non-operating profit	9.89	32.58
Net Profit before Tax	4.58	17.74
Income Tax	0.13	0.25
Net Profit	4.45	17.49
Financial Position		
Investments in Associated Companies	3.42	3.12
Ships at Cost	695.88	764.44
Dry-docking and Special Survey	18.19	20.61
Cash & Cash Equivalents	62.06	89.65
Current Assets	96.03	150.42
Advances for vessels constructions - net of current portion	145.58	42.06
Total Assets	784.47	777.41
Long-term loans - net of current portion	269.82	262.66
Current Liabilities	36.55	29.78
Non-Current Liabilities	5.25	8.62
Total Liabilities	311.62	301.06

For the year ended / as at	31 st Dec-12	31 st Dec-13
	Million US\$	Million US\$
Equity Share Capital	35.31	35.31
Total Shareholder's Equity or Tangible Net Worth	472.85	476.36
Net Book Value per share (US\$)	0.45	0.46
Return on Assets	1%	2%
Return on Equity	1%	4%
Ratios (times)		
Current Ratio	2.63	5.05
Funded Debt/Equity	0.63	0.59
Total Liabilities/Equity	0.66	0.63
Funded Debt/EBITDA **	4.79	4.32
Debt Service Cover **	1.95	2.58
EBITDA/Interest	2.21	1.91
Dividend yield ***	3%	2%

* EBITDA and Depreciation are considered after depreciation on dry-docking and special survey expenses. These expenses are included in ship operating cost for the purpose of computing EBITDA, which is in line with Company's policy of disclosing average daily ship operating expenses (Opex) after including dry docking and special survey expenses.

** The ratios are calculated in compliance with the financial covenants stated in the credit facility agreements.

*** Dividend yield is presented as a percentage of the closing share price as at the end of the year.

7.1 Revenues and Profitability

Total revenues have increased from US\$ 123.24 million (including gain on novation of Newbuilding Contracts of US\$ 9.77 million) in 2012 to US\$ 156.72 million (including gain on novation/cancellation of Newbuilding Contracts of US\$ 30.82 million) in 2013. The net ship operating income has increased from US\$ 86.92 million in 2012 to US\$ 104.41 million in 2013 due to increase in average number of ships in 2013 as compared to 2012. However average ship earnings per day per ship (TC Rate) in 2013 was lower as compared to 2012. The average number of ships operated in 2013 was 39 as compared to 30 in 2012. Consequently, operating cash flows or Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) have decreased from US\$ 30.83 million in 2012 to US\$ 28.48 million in 2013. The average earnings per day per ship (TC rate) have decreased from US\$ 8,221 in 2012 to US\$ 7,508 in 2013 while average daily ship running expenses (Opex) have increased from US\$ 4,481 in 2012 to US\$ 4,535 in 2013. As a result of lower net ship operating income, gross profit for 2013 was lower as compared to 2012.

The average daily ship operating expenses have increased marginally but remain far below the Industry average as explained in Section 6 above.

Depreciation (excluding depreciation of dry-dock and special survey cost) has increased from US\$ 22.19 million in 2012 to US\$ 28.44 million in 2013 due to the increase in average number of ships operated during 2013 as compared to 2012 as a result of the additional depreciation on 4 Ships that were delivered in 2013.

Finance costs have increased from US\$ 13.95 million in 2012 to US\$ 14.88 million in 2013. During 2013, Interest expenses increased due to loans drawn for financing 5 Ships in year 2013 but Commitment fees reduced considerably because of drawdown of loans as explained in Section 5 above.

Due to the depreciation of the Thai Baht against the US Dollar in the year, the exchange rate (THB/US\$) applied at the end of 2013 was higher as compared to the previous year. As a result of the

translation of the Thai Baht denominated current liabilities into U.S. Dollars at the higher rate, there was an exchange gain which is one of the main reasons for exchange gain of US\$ 0.42 million in 2013.

With decrease in gross profit margin, the Company incurred operating loss of US\$ 14.84 million as compared to operating loss of US\$ 5.31 million in 2012. Non-operating profit has increased from US\$ 9.89 million in 2012 to US\$ 32.58 million in 2013 due to increase in Gain on Novation/Cancellation of Newbuilding Contracts during 2013 as compared to 2012 as explained in Section 3.1 and 3.2.

Income Tax has increased slightly from US\$ 0.13 million in 2012 to US\$ 0.25 million in 2013 being the Income-tax on non-shipping income.

As a result of the above factors, the Company's Net Profit increased from US\$ 4.45 million in 2012 to US\$ 17.49 million in 2013.

7.2 Assets, Liabilities and Shareholders' Equity, Investments

The following table summarises the position of all Investments in Foreign Joint Ventures in the Financial Statements as of 31st December 2013 (figures in US Dollars):

Jt. Venture Projects	Investment			**Advance	Total	***Provision made for			Balance as on 31 st December 2013		
	Cost	*Equity Adj	Total			Investment	**Advance	Total	Investment	Advance	Total
Current Investments											
SLPG	872,727	(323,596)	549,131	567,829	1,116,960	549,131	567,829	1,116,960	0	0	0
Long Term Investments											
ISPL - Haldia	2,037,650	1,082,165	3,119,815	0	3,119,815	0	0	0	3,119,815	0	3,119,815
TOTAL	2,910,377	758,569	3,668,946	567,829	4,236,775	549,131	567,829	1,116,960	3,119,815	0	3,119,815

* Equity adjustment means adjustments (+/-) made to value at equity method.

** Advance means contributions made as shareholders and are presented under "other current assets".

*** Provisions made for "Investments" towards "Equity" component were presented as "Allowance for loss on current investments" and Provisions made for "Others" towards "Advance" were presented as Bad debts and allowance for doubtful accounts" both of which were made in the year 2002.

During the year 2006, the Company invested in 2,026,086 ordinary shares of par value of Baht 10 each, in TMN Company Limited, registered in Thailand (TMN) of which Baht 5 per share is paid-up, which works out to US\$ 0.26 million. The Company has not made any further investment in TMN in year 2013.

Current Assets

As compared to the end of the previous year (2012), there is an increase of US\$ 54.39 million in the current assets as at 31st December, 2013, mainly due to increase in Cash and Cash equivalents by US\$ 27.59 million as compared to 2012 and increase of other receivables of US\$ 25.47 million due from Refund Guarantors on account of cancellation of shipbuilding contracts of Hulls 339 and 378. The Company has already received these dues from Refund Guarantors in January 2014. Trade Receivables, net of all provisions, which are part of current assets increased marginally by US\$ 0.18 million during the year as compared to the previous year. In any case, as is customary in the shipping business, the Company actually collects almost all its income in advance (95% of Freight in case of a Voyage Charter and 15 days' Hire in case of Time Charter) and as such, there is no concern on collection of receivables and consequently, the amount presented as receivables is only on account of miscellaneous dues from Agents, Charterers and accrual of income on the basis of percentage of voyage completed. Bunker oil Stock decreased from US\$ 4.79 million to US\$ 3.12 million.

Property, Plant and Equipment

The value of Property, Plant and Equipment of the Company has increased from previous year's levels mainly on account of delivery of Hull number 335 (Chintana Naree) from ABG Shipyard and three 54K Supramax Vessels delivered during the year. As at 31st December 2013, the Company owned 40 ships, details of which have been provided in the Fleet List separately in this Report.

The details of Ship Purchases and Deliveries in 2013 have been provided in Section 3.1 and 3.3 above.

Advances for vessel constructions

The Company had entered into 12 Shipbuilding Contracts for 12 Handysize Bulk Carriers of size 32,000 DWT and 6 Shipbuilding Contracts for 6 Supramax Bulk Carriers of size 54,000 DWT with ABG Shipyard Limited, India during years 2007-2008. During 2013, the Company novated/cancelled 5 Shipbuilding Contracts of Handysize Bulk Carriers and 4 Shipbuilding Contracts of Supramax Bulk Carriers as explained in Section 3.1 above. The Company has capitalized installments of US\$ 18 million paid for construction of Hull no. 342 and supervision expenses of US\$ 0.08 million aggregating US\$ 18.08 million as on 31st December 2013 which are classified as part of current assets.

The Company has capitalized US\$ 27.78 million (including supervision cost of US\$ 1.12 million) for four Cement Carriers as explained in Section 3.2 (c).

The Company has capitalized US\$ 8.22 million for two Ultramax Ships as explained in Section 3.3 (a).

The Company has capitalized US\$ 4.46 million for two Bulk Carriers as explained in Section 3.3 (b).

The Company has capitalized US\$ 1.6 million for four Bulk Carriers and four Ultramax Ships as explained in Section 3.3 (c).

In accordance with the above, the Company has a balance of US\$ 42.06 million for Advances for vessel constructions (net of current portion) and US\$ 60.14 million in aggregate as Advances for vessel constructions as of 31st December 2013 which is presented mainly as a non-current asset.

Total Liabilities

The Company's secured debt (net of current portion) is US\$ 262.66 million and aggregate secured debt balance is US\$ 282.59 million as at the end of year 2013.

The Company had US\$ 301.82 million loan outstanding (including US\$ 50.60 million for pre-delivery loan for Newbuildings) at the beginning of 2013.

During 2013, the Company has prepaid the pre-delivery loan of US\$ 12.00 million and drawn US\$ 14.50 million as post delivery loan for Chintana Naree out of the Newbuilding facility explained in Section 5.2. Further, the Company prepaid US\$ 27.20 million against the above DNB Bank led facility as explained in Section 5.2.

The Company also prepaid US\$ 11.40 million and cancelled the facility from NIBC as explained in Section 5.3.

Apart from this Newbuilding loan facility, during the year, the Company has drawn US\$ 18.00 million for financing one Ship (Daranee Naree) from ING Bank and DNB Asia as explained in Section 5.5 and US\$ 34.80 million from EXIM Thailand as explained in Section 5.6 .

Deferred financial fees of US\$ 5.26 million are presented as deduction from Secured loan basis proportionate amount of drawdown made so far from all the secured loan facilities.

Consequently, the total liabilities have decreased from US\$ 311.62 million in 2012 to US\$ 301.06 million in 2013.

Shareholders' Equity

Due to the net profits of US\$ 17.49 million earned during the year, dividends pay-out of US\$ 13.76 million (Baht 0.40 per share including Final Dividend of 2012) during 2013, and net decrease of US\$ 0.22 million on account of cumulative effect of change in Accounting policy for employee benefits, CSR Reserve, other components of shareholders equity, translation adjustment and minority interest, the Shareholders' Equity is now at US\$ 476.36 million, which is a slight increase of US\$ 3.51 million in the Shareholders' Equity as compared to the end of the previous year. As a result of increase in Shareholder's Equity as explained above, the net book value per share has increased from US\$ 0.45 per share as at the end of 2012 to US\$ 0.46 share as at the end of 2013.

7.3 Leverage, Liquidity and Coverage

As the Company's EBITDA remained at respectable levels during 2013 and the Company had US\$ 287.84 million outstanding secured debt (including the pre-delivery debt for payment of advances for newbuildings) at the end of the year, the leverage ratios remain reasonably strong. As at 31st December 2013, the Company's funded debt level is 4.32 times its EBITDA. The Company's overall gearing (Total Liabilities/Tangible Networth) is 0.63 times as at 31st December 2013, which has marginally decreased from 0.66 times as at 31st December 2012, due to decrease in secured debt as explained above.

The Company's debt service cover for 2013 was a reasonably healthy 2.58 times. The ratio of EBITDA/Interest is 1.91 times as of 31st December 2013. This ratio is a healthy 3.33 if we include just interest paid for funded debt and exclude all other finance costs such as loan arrangement fees and extension fees for arranging various credit facilities. Both these ratios show the Company's strong ability to service the existing debt or conversely its capacity to draw more debt for fleet rejuvenation.

8. REVIEW AND ANALYSIS OF AUDITED CONSOLIDATED THAI BAHT FINANCIAL STATEMENTS

8.1 Analysis of Income Statements

The Net Ship Operating Income (net of voyage disbursements and bunker consumption) for 2013 has increased by about 16 percent due to increase in average number of ships in 2013 as compared to 2012. However average ship earnings per day per ship (TC Rate) in 2013 was lower as compared to 2012. The average number of ships operated in 2013 was 39 as compared to 30 in 2012.

During 2013, the ship running expenses increased by about 33 percent in absolute terms as compared to 2012 mainly due to higher average number of vessels operated during the year as explained above. Average Vessel operating expenses per day per Vessel (Opex) have gone up from USD 4,481 for the year 2012 to USD 4,535 in the year 2013 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years).

During 2013, the total ship operating costs increased by about 17 percent in absolute terms, over the total ship operating costs of the previous year. During 2013, ship disbursements and bunker consumption increased due to increase in voyage charters during the year as compared to the previous year. The increase in total ship operating costs is mainly due to higher average number of vessels operated during the year as explained above.

Absolute Gross Profit has increased by about 2 percent as compared to the previous year and the Gross Profit Margin has decreased from 41 percent to 38 percent as compared to the previous year because of the decrease in average ship earnings per day per ship (TC Rate). As a result of the higher net ship operating revenues as explained above, the total revenues during the year, in absolute terms, are higher than that of the previous year.

Administrative expenses for 2013 have increased by Baht 40.61 million as compared to 2012.

Finance costs have increased from Baht 433.66 million in 2012 to Baht 458.55 million in 2013. During 2013, Interest expenses increased due to loans drawn for financing the 5 Ships in year 2013 but Commitment fees reduced considerably because of drawdown of loans as explained in section 5. It is to be noted that apart from Interest cost for financing 5 ships, the finance costs for 2013 mainly comprise of fees paid for extension of secured debt facilities during 2013, the commitment fees paid for maintaining the secured debt facilities during 2013 and deferred expenses written off for the reduction in loan amounts which is explained separately in Section 5.2 and 5.3 above.

The total expenses (excluding depreciation) in 2013, as compared to the previous year, are higher due to the increase in total ship operating costs as explained hereinabove. The Depreciation for 2013 has increased from Baht 910.30 million in 2012 to Baht 1,136.72 million in 2013 due to increase in average number of ships operated during 2013 as compared to 2012 as a result of the additional depreciation on 4 Ships that were delivered in 2013.

The Company recorded exchange gain of Baht 13.33 million for 2013 as against exchange loss of Baht 5.65 million for 2012. The corporate income tax was Baht 4.15 million for the year 2012 and Baht 7.90 million for the year 2013 which in both the years mainly represented the income tax on interest income. The Company has recorded Baht 935.41 million as Gain on Novation/Cancellation of Newbuilding Contracts during 2013 as compared to Baht 305.45 million in 2012 as explained in Section 3.1 and 3.2.

As a result of the above factors, the Company has reported Net Profit of Baht 527.77 million for 2013 as compared to Baht 141.03 million in the previous year.

8.2 Analysis of Statements of Comprehensive Income

The Company reported Baht 1,025.61 Million as other comprehensive income for year 2013 as compared to Loss of Baht 514.06 million for year 2012. This was mainly due to appreciation of U.S. Dollars in terms of Thai Baht, thereby increasing the value of Net Assets, mainly Property, Plant, and Equipment and advances paid to Ship Builders under new shipbuilding Contracts as explained in 3 above, while translating into Thai Baht which is Company's Presentation Currency. Due to the above, the Company reported Baht 1,562.27 Million as Total Comprehensive gain for Year 2013 as against Total Comprehensive Loss of Baht 370.38 Million for Year 2012.

8.3 Analysis of Statements of Financial Position

As compared to the end of the previous year (2012), there is an increase of Baht 1,994.25 million in current assets as at 31st December, 2013, mainly due to increase in Cash and Cash equivalents by Baht 1,040.77 million and increase of other receivables of Baht 835.69 million due from Refund Guarantors on account of cancellation of Shipbuilding Contracts of Hulls 339 and 378. The Company has already received these dues from Refund Guarantors in January 2014.

Receivables, net of all provisions which are part of current assets increased marginally by Baht 21.49 million and Bunker oil Stock decreased by Baht 44.52 million as compared to the previous year. The Company continues to be in an extremely comfortable position in terms of liquidity with more than adequate cash balances at all times.

The value of Property, Plant and Equipment of the Company has increased from previous year's levels on account of delivery of Hull number 335 (Chintana Naree) from ABG Shipyard and three 54K Supramax vessels delivered during the year. The Company has paid Baht 1,973.33 million towards advances for newbuilding ships as at the end of 2013 as explained in Section 3 above. The Total Assets have increased mainly due to increase in Property, Plant and Equipment as explained above.

Total current liabilities have decreased by Baht 142.43 million as compared to the previous year mainly due to decrease in current portion of long term loan. The Company has pre-paid certain installments to some Lenders on account of the contractual obligations under their respective facilities agreements which are applied in direct order of maturity thereby reducing the current contractual obligations under their respective facility agreements. As at the end of 2013, the Company's Long term Loan (net of current portion) is Baht 8,618.85 million and aggregate long term loan is Baht 9,272.76 million.

During 2013, the Company has prepaid the pre-delivery loan of Baht 355.54 million and drawn Baht 429.62 million as post-delivery loan for Chintana Naree out of the newbuilding facility explained in Section 5.2. Further, the Company prepaid Baht 833.97 million from the DNB Bank led facility as explained in Section 5.2.

The Company also prepaid Baht 352.29 million and cancelled the facility from NIBC as explained in Section 5.3.

Apart from this newbuilding loan facility, during the year, the Company has drawn Baht 533.32 million for financing one Ship (Daranee Naree) from ING bank as explained in Section 5.5 and Baht 1,062.90 million from EXIM Thailand as explained in Section 5.6.

Deferred financial fees of Baht 172.44 million are presented as deduction from Secured loan basis proportionate amount of drawdowns made so far from all the secured loan facilities.

The total liabilities have increased from Baht 9,545.46 million in 2012 to Baht 9,878.73 million in 2013. This is mainly due to the translation of liabilities denominated in U.S. Dollars at a higher exchange rate of Thai Baht against the U.S. Dollar at the end of year 2013 as compared to the previous year due to depreciation of Thai Baht against the U.S. Dollar. It is to be noted that Total Liabilities in U. S. Dollar terms have decreased at the end of 2013 as compared to previous year as explained above in 7.2.

Due to the net profits of Baht 527.77 million and other comprehensive gain of Baht 1,025.61 million of the year, dividends of Baht 415.47 million (Baht 0.40 per share including final dividend of 2012) paid during 2013, and net increase of Baht 8.89 million on account of cumulative effect of change in Accounting policy for employee benefits, CSR Reserve, other components of shareholders equity and minority interest, the Shareholders' Equity is now at Baht 15,631.03 million, which is higher by Baht 1,146.80 million over the Shareholders' Equity as compared to the end of the previous year.

8.4 Analysis of Statements of Cash flows

During the year under review, Baht 1,085.54 million was generated from operations. This is approximately the same level as compared to the cash generated from operations in the previous year.

After adjusting for the Working Capital Changes, the net cash generated from operations of Baht 1,012.76 million was available for use in investing and financing activities.

During the year, Baht 4,708.88 million was received as proceeds from novation/cancellation of 12 newbuilding contracts and Baht 1,730.11 million was paid for acquisition of 4 Ships and dry docking/special survey expenses. The Company has also paid Baht 1,395.14 million towards advances against orders for new ships. The Company has paid Baht 414.47 million to acquire the 50% share in JV Company, Associated Bulk Carriers Pte Ltd (ABC). Now the Company holds 100% shares in ABC and it is a wholly owned subsidiary of the Company. After adjustments, the net cash flow from investing activities was Baht 1,199.88 million.

During the year, the Company has drawn Baht 429.62 million against the Newbuilding credit facility for paying to ABG Shipyard Limited (Builder) on account of post-delivery tranche of Hull 335 (Chintana Naree), Baht 533.32 million for Daranee Naree against financing facility from ING and DNB Asia as explained in Section 5.5 and also drawn Baht 1,062.90 million for buying 3 second-hand Ships against financing facility from EXIM Thailand as explained in Section 5.6 above, resulting in total loans drawn of Baht 2,025.83 million during 2013. The Company paid Baht 725.68 million on account of contractual principal repayments, prepayments of Baht 1,024.29 million and other prepayments of Baht 833.97 million made as explained in Section 5.2 and 5.3 above, resulting in total repayments (including prepayments) of Baht 2,583.94 million of long term loans. Baht 415.47 million was paid out as Dividends. After adjustments, the net cash flow used in financing activities was Baht 1,289.36 million. Through cash flows from novation/cancellation of newbuilding contracts and efficient working capital management, the Company maintained sufficient cash balances at all times without any kind of liquidity problems.

REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the Company's financial statements and financial information presented in this Annual Report. The aforementioned financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles, using appropriate accounting policies consistently employed by the Company after applying prudent judgment and best estimation. Important information is adequately disclosed in the notes to the financial statements.

The Board of Directors has provided for and maintained efficient internal control systems to ensure that accounting records are accurate, complete and adequate to protect the Company's assets and uncover weaknesses in order to prevent fraud or materially irregular operations.

To accomplish this task, the Board of Directors has appointed an Audit & Corporate Governance Committee, which consists fully of Independent Directors and the Committee is, inter alia responsible for the quality of financial statements and internal control systems, with the Committee's comments on these issues included in the Audit & Corporate Governance Committee Report in this Annual Report.

The Board of Directors is of the opinion that the Company's overall internal control system has functioned up to a satisfactory level to render credibility and reliability to the Company's financial statements for the year ended December 31, 2013.

**For and on behalf of the Board of Directors of
Precious Shipping Public Company Limited**



Khalid Moinuddin Hashim
Managing Director



Khushroo Kali Wadia
Executive Director

7th February 2014

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Precious Shipping Public Company Limited

I have audited the accompanying consolidated financial statements of Precious Shipping Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Precious Shipping Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai 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.

Auditor's Responsibility

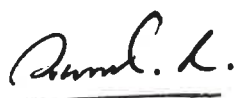
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Precious Shipping Public Company Limited and its subsidiaries and of Precious Shipping Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited

Bangkok: 7 February 2014

STATEMENT OF FINANCIAL POSITION

Precious Shipping Public Company Limited and its subsidiaries
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Assets					
Current assets					
Cash and cash equivalents	6	2,941,784,496	1,901,014,613	2,122,520,960	646,276,355
Current investment	7	-	-	-	-
Trade and other receivables	8	1,073,957,161	216,783,794	1,880,363,584	1,088,380,489
Short-term loans to a subsidiary	10	-	-	2,342,891,040	2,352,506,880
Current portion of advances for vessel constructions	18	593,136,394	482,995,696	593,136,394	391,959,194
Bunker oil		102,231,828	146,751,814	-	-
Other current assets					
Advances to vessel masters		124,109,259	103,108,288	-	-
Claim recoverables		27,910,018	23,720,413	-	-
Others		72,566,409	67,070,964	47,717,019	44,847,951
Total other current assets		224,585,686	193,899,665	47,717,019	44,847,951
Total current assets		4,935,695,565	2,941,445,582	6,986,628,997	4,523,970,869
Non-current assets					
Investments in subsidiaries	12	-	-	7,716,554,518	7,002,037,745
Investment in joint venture	13	-	-	-	31
Investment in associate held by a subsidiary	14	102,372,355	104,694,188	-	-
Other long-term investment	15	8,538,481	7,970,699	8,538,481	7,970,699
Long-term loans to jointly controlled entity	11	-	-	-	410,034,598
Long-term loans to a subsidiary	11	-	-	505,395,067	-
Receivables from cross currency swap contracts		1,783,980	84,131,993	-	-
Property, plant and equipment	16	18,669,560,324	16,212,572,345	7,084,753	7,859,418
Intangible assets	17	4,066,394	12,855,864	4,033,955	12,813,206
Other non-current assets					
Claim recoverables - maritime claims		139,368,908	45,634,958	-	-
Advances for vessel constructions - net of					
current portion	18	1,380,194,340	4,459,352,096	468,696,337	3,858,843,592
Deferred financial fees	19	97,337,213	125,212,100	75,457,170	100,560,614
Deferred contract costs	33.4	167,767,733	32,806,444	-	-
Others		3,074,057	3,015,696	2,394,603	2,396,105
Total other non-current assets		1,787,742,251	4,666,021,294	546,548,110	3,961,800,311
Total non-current assets		20,574,063,785	21,088,246,383	8,788,154,884	11,402,516,008
Total assets		25,509,759,350	24,029,691,965	15,774,783,881	15,926,486,877

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables					
Trade accounts payable	9	21,568,698	1,721,660	204,014	6,057
Advances received from related parties	9	-	-	2,023,147,663	2,626,664,945
Accrued crew accounts		86,065,976	74,209,876	-	-
Accrued expenses		70,177,623	133,738,153	761,349	3,775,329
Current portion of accrued employee bonus	20	43,460,626	44,223,367	40,080,620	40,890,034
Total trade and other payables		221,272,923	253,893,056	2,064,193,646	2,671,336,365
Advances received from charterers		65,637,282	34,324,164	-	-
Current portion of long-term loans	21	653,903,696	801,969,153	-	481,889,760
Income tax payable		7,872,528	4,431,719	-	-
Other current liabilities					
Withholding tax payable		3,992,678	11,047,729	2,625,673	9,722,301
Others		24,336,970	13,775,810	3,612,092	5,120,090
Total other current liabilities		28,329,648	24,823,539	6,237,765	14,842,391
Total current liabilities		977,016,077	1,119,441,631	2,070,431,411	3,168,068,516
Non-current liabilities					
Accrued employee bonus - net of current portion	20	30,680,984	22,985,687	28,216,803	21,226,715
Long-term loans - net of current portion	21	8,618,853,404	8,265,021,817	-	712,680,665
Provision for maritime claims	22	175,620,553	67,698,899	-	-
Provision for long-term employee benefits	23	76,561,675	70,312,484	70,297,223	64,297,907
Total non-current liabilities		8,901,716,616	8,426,018,887	98,514,026	798,205,287
Total liabilities		9,878,732,693	9,545,460,518	2,168,945,437	3,966,273,803

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Shareholders' equity					
Share capital					
Registered share capital					
1,039,520,600 ordinary shares					
of Baht 1 each		1,039,520,600	1,039,520,600	1,039,520,600	1,039,520,600
Issued and paid-up share capital					
1,039,520,600 ordinary shares					
of Baht 1 each		1,039,520,600	1,039,520,600	1,039,520,600	1,039,520,600
Paid-in capital					
Premium on ordinary shares		411,429,745	411,429,745	411,429,745	411,429,745
Premium on treasury stock		172,445,812	172,445,812	172,445,812	172,445,812
Retained earnings					
Appropriated					
Statutory reserve - the Company	24	103,952,060	103,952,060	103,952,060	103,952,060
- subsidiaries	24	523,320,000	518,120,000	-	-
Corporate social responsibility reserve	25	16,107,479	14,951,051	16,107,479	14,951,051
Unappropriated		14,299,768,791	14,193,833,311	11,433,273,222	10,694,209,831
Other components of shareholders' equity		(945,955,606)	(1,971,248,753)	429,109,526	(476,296,025)
Equity attributable to owners of the Company		15,620,588,881	14,483,003,826	13,605,838,444	11,960,213,074
Non-controlling interests of the subsidiaries		10,437,776	1,227,621	-	-
Total shareholders' equity		15,631,026,657	14,484,231,447	13,605,838,444	11,960,213,074
Total liabilities and shareholders' equity		25,509,759,350	24,029,691,965	15,774,783,881	15,926,486,877

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

INCOME STATEMENT

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Revenues					
Vessel operating income					
Hire income		2,618,006,617	2,180,520,512	-	-
Freight income		1,239,638,215	1,307,016,473	-	-
Total vessel operating income		3,857,644,832	3,487,536,985	-	-
Service income	9	11,248,164	11,183,540	89,987,229	72,261,099
Gains on sales of equipment		53,219	272,268	53,219	272,268
Gains on novation/cancellation of shipbuilding contracts	18	935,412,070	305,454,329	896,604,149	305,454,329
Interest income	9	8,503,458	20,253,936	13,819,162	22,805,124
Exchange gains		13,332,083	-	15,805,505	-
Other income		2,420,873	3,320,742	2,421,466	2,743,619
Dividend received	9, 12	-	-	551,149,410	539,249,380
Total revenues		4,828,614,699	3,828,021,800	1,569,840,140	942,785,819
Expenses					
Vessel operating costs					
Vessel running expenses		1,665,314,857	1,256,798,284	-	-
Voyage disbursements		172,268,652	217,973,095	-	-
Bunker consumption		548,350,934	570,871,316	-	-
Total vessel operating costs		2,385,934,443	2,045,642,695	-	-
Depreciation	16	1,136,718,983	910,298,065	2,774,920	4,021,488
Cost of services		4,864,667	4,320,114	-	-
Administrative expenses	9	218,278,674	177,666,787	187,206,630	152,365,284
Management remuneration including perquisites	9	109,250,657	88,393,647	103,025,080	84,094,511
Bad debts and doubtful accounts		2,032,805	12,130,779	-	-
Exchange losses		-	5,651,267	-	7,488,910
Total expenses		3,857,080,229	3,244,103,354	293,006,630	247,970,193
Profit before share of profit (loss) from investment in associate, finance cost and income tax expenses					
		971,534,470	583,918,446	1,276,833,510	694,815,626
Share of profit (loss) from investment in associate held by a subsidiary	14.1	31,580,216	(2,425,454)	-	-
Profit before finance cost and income tax expenses					
		1,003,114,686	581,492,992	1,276,833,510	694,815,626
Finance cost		(458,553,674)	(433,659,430)	(121,140,111)	(156,424,627)
Profit before income tax expenses		544,561,012	147,833,562	1,155,693,399	538,390,999
Income tax expenses	27	(7,898,134)	(4,152,840)	-	-
Profit for the year		536,662,878	143,680,722	1,155,693,399	538,390,999
Profit attributable to:					
Equity holders of the Company		527,765,488	141,026,469	1,155,693,399	538,390,999
Non-controlling interests of the subsidiaries		8,897,390	2,654,253	-	-
Profit for the year		536,662,878	143,680,722	1,155,693,399	538,390,999
Basic earnings per share					
Profit attributable to equity holders of the Company	29	0.51	0.14	1.11	0.52

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

STATEMENT OF COMPREHENSIVE INCOME

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit for the year	536,662,878	143,680,722	1,155,693,399	538,390,999
Other comprehensive income:				
Exchange differences on translation of foreign operation's financial statements	(19,176,151)	202,163	-	-
Exchange differences on translation of functional currency to presentation currency financial statements	1,044,782,063	(512,733,770)	905,405,551	(416,464,973)
Actuarial loss recognised during the year	-	(1,532,113)	-	(1,744,877)
Other comprehensive income for the year	1,025,605,912	(514,063,720)	905,405,551	(418,209,850)
Total comprehensive income for the year	1,562,268,790	(370,382,998)	2,061,098,950	120,181,149
Total comprehensive income attributable to:				
Equity holders of the Company	1,553,058,635	(372,664,039)	2,061,098,950	120,181,149
Non-controlling interests of the subsidiaries	9,210,155	2,281,041	-	-
	1,562,268,790	(370,382,998)	2,061,098,950	120,181,149

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

	Consolidated financial statements												(Unit: Baht)
	Equity attributable to the parent's shareholders												
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Unappropriated	Exchange differences on translation of financial statements	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
				Appropriated		Corporate social responsibility reserve							
				The Company	Subsidiaries							Statutory reserve	
Balance as at 1 January 2012	1,039,520,600	411,429,745	172,445,812	103,952,060	518,120,000	15,332,951	14,521,658,969	(1,459,090,358)	15,323,369,779	33,129,387	15,356,499,166		
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	-	(467,701,914)	-	(467,701,914)	-	(467,701,914)		
Dividend paid to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	(34,182,807)	(34,182,807)		
Total comprehensive income for the year	-	-	-	-	-	-	139,494,356	(512,158,395)	(372,664,039)	2,281,041	(370,382,998)		
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	-	(381,900)	381,900	-	-	-	-		
Balance as at 31 December 2012	1,039,520,600	411,429,745	172,445,812	103,952,060	518,120,000	14,951,051	14,193,833,311	(1,971,248,753)	14,483,003,826	1,227,621	14,484,231,447		
Balance as at 1 January 2013	1,039,520,600	411,429,745	172,445,812	103,952,060	518,120,000	14,951,051	14,193,833,311	(1,971,248,753)	14,483,003,826	1,227,621	14,484,231,447		
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	-	(415,473,580)	-	(415,473,580)	-	(415,473,580)		
Total comprehensive income for the year	-	-	-	-	-	-	527,765,488	1,025,293,147	1,553,058,635	9,210,155	1,562,268,790		
Appropriated to statutory reserve (Note 24)	-	-	-	-	5,200,000	-	(5,200,000)	-	-	-	-		
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	-	1,156,428	(1,156,428)	-	-	-	-		
Balance as at 31 December 2013	1,039,520,600	411,429,745	172,445,812	103,952,060	523,320,000	16,107,479	14,299,768,791	(945,955,606)	15,620,588,881	10,437,776	15,631,026,657		

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

	Separate financial statements								(Unit: Baht)
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Retained earnings			Other components of shareholders' equity - other comprehensive income		
				Appropriated		Unappropriated			
				Statutory reserve	Corporate social responsibility reserve			Exchange differences on translation of financial statements	
Balance as at 1 January 2012	1,039,520,600	411,429,745	172,445,812	103,952,060	15,332,951	10,624,883,723	(59,831,052)	12,307,733,839	
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	(467,701,914)	-	(467,701,914)	
Total comprehensive income for the year	-	-	-	-	-	536,646,122	(416,464,973)	120,181,149	
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	(381,900)	381,900	-	-	
Balance as at 31 December 2012	1,039,520,600	411,429,745	172,445,812	103,952,060	14,951,051	10,694,209,831	(476,296,025)	11,960,213,074	
Balance as at 1 January 2013	1,039,520,600	411,429,745	172,445,812	103,952,060	14,951,051	10,694,209,831	(476,296,025)	11,960,213,074	
Dividend paid to the Company's shareholders (Note 32)	-	-	-	-	-	(415,473,580)	-	(415,473,580)	
Total comprehensive income for the year	-	-	-	-	-	1,155,693,399	905,405,551	2,061,098,950	
Appropriated to corporated social responsibility reserve (Note 25)	-	-	-	-	1,156,428	(1,156,428)	-	-	
Balance as at 31 December 2013	1,039,520,600	411,429,745	172,445,812	103,952,060	16,107,479	11,433,273,222	429,109,526	13,605,838,444	

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

CASH FLOW STATEMENT

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	544,561,012	147,833,562	1,155,693,399	538,390,999
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,145,845,857	919,582,272	11,889,321	13,293,157
Bad debt and doubtful accounts	2,032,805	12,130,779	-	-
Write-off equipment	50,784	4	50,784	4
Gains on sales of equipment	(104,003)	(272,272)	(104,003)	(272,272)
Gains on novation/cancellation of shipbuilding contracts	(935,412,070)	(305,454,329)	(896,604,149)	(305,454,329)
Write-off deferred financial fees	34,506,915	43,123,964	20,518,589	43,123,964
Share of (profit) loss from investment in associate				
held by a subsidiary	(31,580,216)	2,425,454	-	-
Provision for maritime claims (reversal)	11,753,682	(165,099)	-	-
Provision for long-term employee benefits	6,261,294	5,808,674	6,012,945	5,601,576
Unrealised exchange losses (gains)	(3,829,591)	5,384,742	(7,065,065)	5,458,056
Amortised financial fees to interest expense	36,074,967	30,266,802	-	-
Interest expense	280,730,257	234,315,334	-	-
Interest income	(5,351,083)	(18,831,685)	(11,558,584)	(21,765,461)
Profit from operating activities before				
changes in operating assets and liabilities	1,085,540,610	1,076,148,202	278,833,237	278,375,694
Operating assets (increase) decrease				
Trade and other receivables	(3,556,070)	(107,919,596)	296,703,505	495,561,872
Bunker oil	49,348,257	(79,415,667)	-	-
Other current assets	(9,094,100)	(67,099,164)	2,768,637	(28,060,046)
Other non-current assets	(89,590,104)	(23,196,172)	-	9,287
Operating liabilities increase (decrease)				
Trade and other payables	(47,281,442)	41,347,725	(741,116,957)	(711,566,610)
Advances received from charterers	27,648,064	(49,596,679)	-	-
Other current liabilities	1,276,329	(3,779,814)	(8,395,521)	(8,047,866)
Other non-current liabilities	7,884,493	(30,625,179)	7,166,221	(28,223,746)
Cash flows from (used in) operating activities	1,022,176,037	755,863,656	(164,040,878)	(1,951,415)
Cash paid for corporate income tax and				
withholding tax deducted at source	(9,413,042)	(4,687,473)	(3,395,197)	(3,298,233)
Net cash flows from (used in) operating activities	1,012,762,995	751,176,183	(167,436,075)	(5,249,648)

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

CASH FLOW STATEMENT (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Acquisitions of vessels and equipment and payment of dry-dock and special survey expenses	(1,730,111,575)	(5,146,620,136)	(1,539,800)	(5,417,726)
Cash paid for advances for vessel constructions and other direct costs	(1,395,140,073)	(1,138,145,101)	(690,080,980)	(776,758,946)
Cash received from novation/cancellation of shipbuilding contracts	4,708,882,657	1,728,630,001	4,120,491,117	1,728,630,001
Proceeds from sales of equipment	105,360	272,272	104,004	272,272
Cash paid for acquisition of a subsidiary	(414,474,224)	-	(414,474,224)	-
Cash paid for investments in subsidiaries	(30)	-	(197,800,030)	(1,216,000,000)
Decrease in long-term loans to a subsidiary	-	-	195,242,994	-
Decrease (increase) in short-term loans to a subsidiary	-	-	149,450,100	(165,142,500)
Increase in long-term loans to jointly controlled entity	-	-	-	(148,340,915)
Dividend received from associate held by a subsidiary	25,262,901	-	-	-
Interest income	5,351,083	18,831,685	11,558,584	21,765,461
Net cash flows from (used in) investing activities	1,199,876,099	(4,537,031,279)	3,172,951,765	(560,992,353)
Cash flows from financing activities				
Cash paid for interest expense and commitment fee	(312,577,551)	(301,761,633)	(8,845,080)	(27,806,026)
Cash paid for deferred financial fees	(3,197,054)	(50,795,817)	-	(35,318,340)
Cash received from long-term loans	2,025,831,431	5,032,143,604	-	368,091,538
Repayment of long-term loans	(725,682,087)	(1,174,322,501)	(355,544,341)	(552,808,738)
Prepayment of long-term loans	(1,024,288,485)	(864,637,257)	-	-
Prepayment of long-term loans due to cancellation of loan facility	(833,968,477)	(708,563,107)	(833,968,477)	(708,563,107)
Dividends paid to the Company's shareholders	(415,473,580)	(467,701,914)	(415,473,580)	(467,701,914)
Dividend paid to non-controlling interests of the subsidiary	-	(34,182,807)	-	-
Net cash flows from (used in) financing activities	(1,289,355,803)	1,430,178,568	(1,613,831,478)	(1,424,106,587)
Increase (decrease) in translation adjustments	115,720,524	(118,019,690)	84,560,393	(82,893,843)
Net increase (decrease) in cash and cash equivalents	1,039,003,815	(2,473,696,218)	1,476,244,605	(2,073,242,431)
Cash and cash equivalents at beginning of year	1,901,014,613	4,374,710,831	646,276,355	2,719,518,786
Increase cash from acquisition of a subsidiary	1,766,068	-	-	-
Cash and cash equivalents at end of year	2,941,784,496	1,901,014,613	2,122,520,960	646,276,355

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

CASH FLOW STATEMENT (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Supplemental cash flows information				
Non-cash transactions				
Dividend income from subsidiaries offset against receivable from/payable to subsidiaries	-	-	551,149,410	539,249,380
Transfer of interest expense and commitment fee to advances for vessel constructions	28,993,789	69,315,978	6,500,632	25,170,550
Amortisation of financial fees to advances for vessel constructions	605,904	1,303,269	175,283	963,857
Transfer of deferred financial fees to present as a deduction from long-term loans	24,512,775	91,484,567	1,256,547	3,660,237
Transfer of deferred financial fees to subsidiary in proportion to the drawdown amount	-	-	12,223,336	58,995,055
Transfer of advances for vessel constructions to vessel and equipment of subsidiaries	580,028,663	2,617,409,495	580,028,663	778,557,360
Transfer investment in jointly controlled entity to investment in a subsidiary	-	-	31	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2013

1. General information

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

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 the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Precious Shipping Public Company Limited and the following subsidiaries and associate ("the Group").

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2013	2012
			%	%
<u>Subsidiaries held by the Company</u>				
1. Precious Metals Limited	Shipowner	Thailand	99.99	99.99
2. Precious Wishes Limited	Shipowner	Thailand	99.99	99.99
3. Precious Stones Shipping Limited	Shipowner	Thailand	99.99	99.99
4. Precious Minerals Limited	Shipowner	Thailand	99.99	99.99
5. Precious Lands Limited	Shipowner	Thailand	99.99	99.99
6. Precious Rivers Limited	Shipowner	Thailand	99.99	99.99
7. Precious Lakes Limited	Shipowner	Thailand	99.99	99.99
8. Precious Seas Limited	Shipowner	Thailand	99.99	99.99
9. Precious Stars Limited	Shipowner	Thailand	99.99	99.99
10. Precious Oceans Limited	Shipowner	Thailand	99.99	99.99
11. Precious Planets Limited	Shipowner	Thailand	99.99	99.99
12. Precious Diamonds Limited	Shipowner	Thailand	99.99	99.99
13. Precious Sapphires Limited	Shipowner	Thailand	99.99	99.99
14. Precious Emeralds Limited	Shipowner	Thailand	99.99	99.99
15. Precious Rubies Limited	Shipowner	Thailand	99.99	99.99
16. Precious Opals Limited	Shipowner	Thailand	99.99	99.99
17. Precious Garnets Limited	Shipowner	Thailand	99.99	99.99
18. Precious Pearls Limited	Shipowner	Thailand	99.99	99.99
19. Precious Flowers Limited	Shipowner	Thailand	99.99	99.99
20. Precious Forests Limited	Shipowner	Thailand	99.99	99.99
21. Precious Trees Limited	Shipowner	Thailand	99.99	99.99
22. Precious Ponds Limited	Shipowner	Thailand	99.99	99.99
23. Precious Ventures Limited	Shipowner	Thailand	99.99	99.99
24. Precious Capitals Limited	Shipowner	Thailand	99.99	99.99
25. Precious Jasmines Limited	Shipowner	Thailand	99.99	99.99
26. Precious Orchids Limited	Shipowner	Thailand	99.99	99.99
27. Precious Lagoons Limited	Shipowner	Thailand	99.99	99.99
28. Precious Cliffs Limited	Shipowner	Thailand	99.99	99.99
29. Precious Hills Limited	Shipowner	Thailand	99.99	99.99
30. Precious Mountains Limited	Shipowner	Thailand	99.99	99.99
31. Precious Resorts Limited	Shipowner	Thailand	99.99	99.99
32. Precious Cities Limited	Shipowner	Thailand	99.99	99.99
33. Precious Comets Limited	Shipowner	Thailand	99.99	99.99
34. Precious Ornaments Limited	Shipowner	Thailand	99.99	99.99
35. Nedtex Limited	Bulk storage barges*	Thailand	69.99	69.99
36. Precious Storage Terminals Limited	Bulk storage barges*	Thailand	69.99	69.99

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2013	2012
			%	%
37. Thebes Pte. Limited	Maritime Business*	Singapore	100.00	100.00
38. Precious Shipping (Panama) S.A.	Shipowner/ Chartering	Panama	99.99	99.99
39. Precious Shipping (Mauritius) Limited	Holding company*	Mauritius	100.00	100.00
40. Precious Shipping (Singapore) Pte. Limited	Holding company/ Chartering	Singapore	100.00	100.00
41. Precious Shipping (UK) Limited	Chartering	England	100.00	99.99
42. Great Circle Shipping Agency Limited	Technical manager of ships	Thailand	99.99	99.99
43. Precious Projects Pte. Limited	Investment holding company*	Singapore	100.00	100.00
44. Associated Bulk Carriers Pte. Limited	Holding company	Singapore	100.00	-
<u>Subsidiaries held by subsidiaries</u>				
45. PSL Investments Limited	Holding company*	Mauritius	100.00	100.00
46. International Lighterage Limited	Holding company	Mauritius	100.00	100.00
47. PSL Thun Shipping Pte. Limited	Chartering	Singapore	64.06	64.06
48. Regidor Pte. Limited	Maritime business *	Singapore	100.00	100.00
49. Precious Forests Pte. Limited	Shipowner	Singapore	100.00	100.00
50. Precious Fragrance Pte. Limited	Shipowner	Singapore	100.00	100.00
51. Precious Thoughts Pte. Limited	Shipowner	Singapore	100.00	100.00
52. Precious Comforts Pte. Limited	Shipowner	Singapore	100.00	100.00
53. Precious Sparks Pte. Limited	Shipowner	Singapore	100.00	100.00
54. Precious Visions Pte. Limited	Shipowner	Singapore	100.00	100.00
55. Precious Bridges Pte. Limited	Shipowner	Singapore	100.00	100.00
56. ABC One Pte. Limited	Shipowner	Singapore	100.00	-
57. ABC Two Pte. Limited	Shipowner	Singapore	100.00	-
58. ABC Three Pte. Limited	Shipowner	Singapore	100.00	-
59. ABC Four Pte. Limited	Shipowner	Singapore	100.00	-
<u>Associate held by a subsidiary</u>				
60. International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40
<u>Joint venture</u>				
Associated Bulk Carriers Pte. Limited	Holding company	Singapore	-	50.00
<u>Subsidiaries of joint venture (SPC Subsidiaries)</u>				
ABC One Pte. Limited	Shipowner	Singapore	-	50.00
ABC Two Pte. Limited	Shipowner	Singapore	-	50.00
ABC Three Pte. Limited	Shipowner	Singapore	-	50.00

*Business suspended

During the year ended 31 December 2013, there are changes in the composition of the Group as below.

On 18 January 2013, the Company ("the Buyer") completed the signing and the closing of a Share Sale and Purchase Agreement with Varada Marine Pte. Ltd. ("the Seller") to purchase one ordinary share of jointly controlled entity, Associated Bulk Carriers Pte. Limited ("ABC Company"), at a par value of USD 1 each. On the Closing Date of 18 January 2013, the Company paid the purchase price of USD 1 per share equivalent to Baht 30.64 per share plus procured the repayment to the Seller of the outstanding shareholder loans advanced by the Seller to ABC Company from time to time of USD 13.99 million or equivalent to Baht 414.47 million. Therefore, ABC Company is now a wholly owned subsidiary of the Company since 18 January 2013 and is no longer the jointly controlled entity. The transaction was entered in accordance with a resolution of the Executive Board of Directors' Meeting No.1/2013 held on 17 January 2013.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

Joint venture is accounted for in the consolidated financial statements using the proportionate shares of the assets, liabilities, revenues and expenses with the Company's shareholding in the joint venture (proportionate consolidation method).

Investment in associate is accounted for using the equity method and is recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investee from the date that significant influence incurs until the date that significant influence ceases.

- c) The financial statements of the subsidiaries and joint venture are prepared for the same reporting period as the Company and using the same significant accounting policies as the Company.

The financial statements of the associate are prepared for a reporting date that differs from that of the Company by no more than three months. In this respect, the accounting periods and differences are consistent and the financial statements are prepared using the same significant accounting policies as the Company.

- d) The financial statements of all subsidiaries, associate and joint venture are prepared in their respective functional currencies. Where the functional currency is not USD, the financial statements are translated into USD using the exchange rate prevailing on the end of reporting period in respect of assets and liabilities, and at a rate that approximates the actual rate at the date of the transaction in respect of revenues and expenses. The resultant differences have been shown under the caption of "Exchange differences on translation of financial statements" in other comprehensive income, other components of shareholders' equity.
- e) Material balances and transactions between the Company and subsidiaries, and investments in subsidiaries by the Company and shareholders' equity of the subsidiaries have been eliminated from the consolidated financial statements.

Material balances and transactions between the Company and joint venture, and investment in joint venture by the Company and shareholders' equity of the joint venture have been eliminated from the consolidated financial statements in proportion with the Company's shareholding in the joint venture.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries and joint venture under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
--------	--------------------

Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
---------	--

TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

The Company adopted TAS 12 and TAS 21 (revised 2009) and TSIC 21 and TSIC 25 in 2011. TAS 20 (revised 2009), TFRS 8, TSIC 10 and Accounting Treatment Guidance for Transfers of Financial Assets do not have any significant impact on the financial statements.

(b) Accounting standards that will become effective in the future

	<u>Effective date</u>
Accounting Standards:	
TAS 1 (revised 2012) Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012) Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012) Income Taxes	1 January 2014
TAS 17 (revised 2012) Leases	1 January 2014
TAS 18 (revised 2012) Revenue	1 January 2014
TAS 19 (revised 2012) Employee Benefits	1 January 2014
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012) Related Party Disclosures	1 January 2014
TAS 28 (revised 2012) Investments in Associates	1 January 2014
TAS 31 (revised 2012) Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012) Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012) Intangible Assets	1 January 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014

		<u>Effective date</u>
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Significant accounting policies

4.1 Revenue and expense recognition

Vessel operating income

Vessel operating income (consisting of Hire income from Time charter and Freight income from Voyage charter) and related expenses are recognised on an accrual basis.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

Dividend received

Dividends received are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Bunker oil

Bunker oil is valued at the lower of cost (first-in, first-out method) and net realisable value and is charged to vessel operating costs whenever consumed.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement. If the Company disposes only part of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

4.6 Property, plant and equipment

Land and condominium units, vessels and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of vessels, condominium units and equipment is calculated by reference to their costs, after deducting residual value, on the straight-line basis over the following estimated useful lives.

Vessels and equipment	25 years and 5 years, respectively
Dry-dock and special survey expenses	2 years and 4 years, respectively
Condominium units	20 years
Leasehold improvement	5 years
Others	5 years

Depreciation is included in determining income.

No depreciation is provided on land and asset under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The estimated useful lives of computer software are 5 years and 10 years.

4.9 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.12 Foreign currencies

The Group's financial statements are presented in Thai Baht, which is different from the Group's functional currency of USD. Each entity in the Group determines its own functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency. Foreign currency transactions during a particular month are translated into functional currency at the average exchange rates ruling during the previous transaction month.

Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at the exchange rate ruling at the end of reporting period. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

b) Group companies

The assets and liabilities of Group companies whose functional currency is not USD are translated into USD at the exchange rate ruling at the end of reporting period and their income statement and statements of comprehensive income are translated at a rate that approximates the actual rate at the date of the transaction.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

4.14 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations, which include salaries, wages, bonuses, and contributions to the social security fund, are measured on an undiscounted basis and are expensed when they are incurred.

b) Post-employment benefits

The Group provides post-employment benefits through a defined contribution plan (under the Provident Fund Act B.E. 2530 (1987)) and a defined benefit plan (obligations for retired employees under the Thai Labor Protection Act B.E. 2541 (1998)).

- Defined contribution plan

A defined contribution plan comprises a provident fund which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

- Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Such benefits are discounted to determine its present value using the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

The Group recognised all actuarial gains or losses arising from defined benefit plans in other comprehensive income in the period in which they arise.

- c) Other long-term employee benefits

The Group's obligation in respect of accrued bonuses is classified as long-term employee benefits other than retirement benefit plans, and is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in the income statement.

- d) Termination benefits

The Group recognised termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions for maritime claims

Provisions for maritime claims are recorded by the subsidiaries upon receipt of the claim advices from the charterers, based on the best estimate of the expenditure required to settle the subsidiaries present obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Income tax of the Company and subsidiaries in Thailand is provided for in the accounts based on the taxable income determined in accordance with tax legislation in Thailand. Overseas subsidiaries, associate and jointly control entity calculate corporate income tax in accordance with the method and tax rates stipulated by tax laws in those countries.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognised deferred tax liabilities for all taxable temporary differences while it recognised deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Premium on treasury stock

Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented in premium on treasury stock and retained earnings, consecutively.

4.18 Derivatives

Cross currency swap contracts

Receivables and payables arising from cross currency swap contracts are translated into USD at the exchange rates ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in the income statement.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

5. Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

Property, plant and equipment/Depreciation

In calculating depreciation on vessels, condominium units and equipment, the management estimates useful lives and residual values of the Company's and subsidiaries' vessels, condominium units and equipment and reviews estimated useful lives and residual values if there are any changes.

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

Intangible assets

The initial recognition and measurement of intangible assets and subsequent impairment testing require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be recognised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	689	757	678	745
Bank deposits	2,941,095	1,900,258	2,121,843	645,531
Total	2,941,784	1,901,015	2,122,521	646,276

As at 31 December 2013, bank deposits carried interest between 0.13% and 0.45% per annum for USD savings deposits, 0.50% per annum for Baht savings deposits and 0.74% per annum for USD fixed deposits (2012: between 0.10% and 0.40% per annum for USD savings deposits, 0.75% per annum for Baht savings deposits and between 0.64% and 1.25% per annum for USD fixed deposits).

7. Current investment

(Unit: Thousand Baht)								
Consolidated financial statements								
Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method		
2013	2012	2013	2012	2013	2012	2013	2012	
Thousand INR	Thousand INR	%	%					
Investment in associate held by a subsidiary								
Southern LPG Limited	64,592	64,592	50.00	50.00	28,637	26,733	18,019	16,821
Less: Allowance for loss on investment							(18,019)	(16,821)
Current investment - net							-	-

A subsidiary (Precious Shipping (Mauritius) Limited) recorded investment in an associate incorporated in India under the equity method only until 31 December 2000, since the Company's management is making efforts to sell this investment. The investment is therefore classified as current investment, under current assets, and a full provision for loss on investment has been set up.

On 23 December 2013, PSL Investments Limited and International Lighterage Limited, ("PSL Inv" and "Lighterage"), two subsidiaries of the Company that are registered in Mauritius (shareholding is through Precious Shipping (Mauritius) Limited), sold all 3,229,575 shares of their investments in the ordinary shares of Southern LPG Limited ("SLPG") to Precious Shipping (Singapore) Pte. Limited ("Precious Singapore"), another subsidiary of the Company, at a price of INR 5.00 per share, totaling INR 16.15 million (or approximately Baht 8.31 million). This restructuring of shareholding was made in order to improve administrative convenience. The change of ownership does not affect the Group's holding in SLPG, which is unchanged at 50.00%. This transaction was approved by a Directors' Meeting of Precious Singapore on 20 May 2013 and a Directors' Meeting of PSL Inv and Lighterage on 30 May 2013. The transactions are considered as sales of investments under common control of the Group.

The change in cost of current investment is from the exchange differences on translation of financial statements from functional currency to presentation currency.

The Group is currently processing the voluntary winding-up of Southern LPG Limited with the relevant authority in India, and so the investment in Southern LPG Limited is still presented as a current investment, under current assets, and has made a full provision for loss on this investment.

8. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	231,870	209,034	-	-
3 - 6 months	6,366	1,034	-	-
6 - 12 months	30	6,716	-	-
Over 12 months	4,805	25,119	-	-
Total	243,071	241,903	-	-
Less: Allowance for doubtful debts	(4,805)	(25,119)	-	-
Total trade receivables - unrelated parties, net	238,266	216,784	-	-
<u>Other receivables - unrelated parties</u>				
Guarantor receivables (Note 18)	835,691	-	232,937	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 9)	-	-	1,647,427	1,088,380
Total other receivables	835,691	-	1,880,364	1,088,380
Total trade and other receivables - net	1,073,957	216,784	1,880,364	1,088,380

9. Related party transactions

In addition to relationship between the Company and its subsidiaries as stated in Note 12 to the financial statements, its jointly controlled entity as stated in Note 13 to the financial statements, and its associate as stated in Note 14 to the financial statements, the other related party transactions and relationship are summarised below.

Related party's name	Transaction	Relationship
Globex Corporation Limited	None	Major shareholder holding 25.65% ordinary shares in the Company and related by way of the Company's directors as shareholders and directors in the related party
Unistretch Limited	Office rental and service expenses	Related by way of common shareholders and directors
Ambika Tour Agency Limited	Air ticket expenses	Related by way of common shareholders and directors

Related party's name	Transaction	Relationship
Maestro Controls Limited	Air-conditioning service expenses	Related by way of common shareholders and directors
Maxwin Builders Limited	Hotel service and management service expenses	Related by way of common shareholders and directors
InsurExcellence Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
InsurExcellence Life Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
Quidlab Company Limited	Computer hardware or software purchases	Related by way of Company Senior Manager's close family member as the related party's shareholder and director in the related party

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

					(Unit: Thousand Baht)
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2013	2012	2013	2012	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	83,861	64,813	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Vessel construction supervision income	-	-	6,126	-	In accordance with contract based on market practice
Dividend received	-	-	551,149	539,249	As declared
Interest income	-	-	8,613	9,415	At interest rate of 0.40% per annum
Condominium rental expenses	-	-	8,846	9,161	Market price
Sales of new building vessels	-	-	580,029	778,557	At cost
(as part of advances for vessel construction and other direct cost)					

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	2013	2012	2013	2012	Transfer pricing policy
Transaction with jointly controlled entity					
(Eliminated from consolidated financial statements in proportion with the Company's shareholding)					
Vessel construction supervision income	-	3,724	-	7,448	In accordance with contract based on market practice
Transaction with associate					
Dividend received	25,263	-	-	-	As declared
Transactions with related companies					
Air ticket expenses	11,432	10,032	3,259	3,764	Market price
Rental and service expenses	6,599	6,775	5,192	5,733	Market price
Computer purchases	381	1,290	381	589	Market price

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Other receivables - related parties (Note 8)				
Subsidiaries	-	-	1,647,427	921,754
Jointly controlled entity	-	-	-	166,626
Total other receivables - related parties	-	-	1,647,427	1,088,380
Trade and other payables - related parties				
Subsidiaries	-	-	2,023,148	2,626,665
Related companies	27	-	27	-
Total trade and other payables - related parties	27	-	2,023,175	2,626,665

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

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Group had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	94,715	75,977	89,762	72,804
Post-employment benefits	1,940	1,981	1,940	1,981
Other long-term benefits	12,596	10,436	11,323	9,310
Total	109,251	88,394	103,025	84,095

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries in relation to the loans from banks. There was no guarantee fee charged.

10. Short-term loans to a subsidiary

As at 31 December 2013, short-term loans to a wholly owned subsidiary, Precious Shipping (Singapore) Pte. Limited, are in the form of promissory notes in US Dollar, amounting to USD 71.40 million (2012: USD 76.80 million), which carry interest at the rate of 0.40% per annum (2012: 0.40% per annum), and are due at call. Movements in the balance of the loans during the year were as follows.

	(Unit: Thousand Baht)	
	Separate financial statements	
	2013	2012
Balance at beginning of year	2,352,507	2,275,428
Increase	294,981	165,142
Decrease	(444,431)	-
Translation adjustment	139,834	(88,063)
Balance at end of year	2,342,891	2,352,507

11. Long-term loans to a subsidiary / jointly controlled entity

As at 31 December 2013, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited ("ABC Company"), are in the form of promissory notes in US Dollar, bearing no interest and are due at call. The Company does not intend to call for the loans repayment in the foreseeable future; therefore, the loans are classified as long-term loans.

The details of long-term loans were as follows.

- (a) USD 5.70 million (2012: presented as long-term loans to jointly controlled entity amounting to USD 8.55 million), this loan was made available by the Company to enable ABC One Pte. Limited, the subsidiary of ABC Company to pay the installments due to ABG Shipyard Ltd., India per Shipbuilding Contracts signed on 22 April 2010.
- (b) USD 9.70 million (2012: presented as long-term loans to jointly controlled entity amounting to USD 4.84 million), this loan was made available by the Company to enable 3 subsidiaries of ABC Company and ABC Company per details below to pay the installments due to China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China per respective Shipbuilding Contracts.

Subsidiaries' name	Shipbuilding Contract date
ABC Two Pte. Limited	5 December 2012
ABC Three Pte. Limited	5 December 2012
ABC Four Pte. Limited	3 April 2013
Associated Bulk Carriers Pte. Limited	30 August 2013

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

	(Unit: Thousand Baht) Separate financial statements
Balance as at 1 January 2013	-
Transferred from long-term loans to jointly controlled entity	410,035
Increase from acquisition of a subsidiary	253,325
Increase	153,795
Decrease	(349,038)
Translation adjustment	37,278
Balance as at 31 December 2013	505,395

12. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements						Dividend received for the years ended	
	Paid-up capital		Shareholding percentage		Cost		31 December	
	2013	2012	2013	2012	2013	2012	2013	2012
			%	%				
Precious Metals Limited	275,000	275,000	99.99	99.99	347,682	324,562	-	-
Precious Wishes Limited	230,000	230,000	99.99	99.99	295,965	276,285	23,000	32,200
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	276,468	258,084	39,000	44,200
Precious Minerals Limited	230,000	230,000	99.99	99.99	251,401	234,683	46,000	34,500
Precious Lands Limited	306,000	306,000	99.99	99.99	318,167	297,010	-	-
Precious Rivers Limited	234,000	234,000	99.99	99.99	209,119	195,213	35,100	35,100
Precious Lakes Limited	184,000	184,000	99.99	99.99	183,506	171,304	-	-
Precious Seas Limited	100,000	100,000	99.99	99.99	128,680	120,124	-	50,000
Precious Stars Limited	105,000	105,000	99.99	99.99	135,114	126,130	21,000	31,500
Precious Oceans Limited	175,000	175,000	99.99	99.99	225,191	210,217	-	35,000
Precious Planets Limited	270,000	270,000	99.99	99.99	305,346	285,042	13,500	-
Precious Diamonds Limited	205,000	205,000	99.99	99.99	191,168	178,456	30,750	71,749
Precious Sapphires Limited	144,000	144,000	99.99	99.99	129,699	121,074	64,800	43,200
Precious Emeralds Limited	366,000	366,000	99.99	99.99	310,998	290,318	36,600	18,300
Precious Rubies Limited	84,000	84,000	99.99	99.99	80,854	75,477	-	-
Precious Opals Limited	74,000	74,000	99.99	99.99	72,525	67,702	-	-
Precious Garnets Limited	379,000	379,000	99.99	99.99	320,775	299,445	37,900	37,900
Precious Pearls Limited	173,000	173,000	99.99	99.99	183,213	171,030	-	-
Precious Flowers Limited	336,000	336,000	99.99	99.99	353,249	329,759	-	-
Precious Forests Limited	96,000	96,000	99.99	99.99	98,111	91,587	-	-
Precious Trees Limited	202,000	202,000	99.99	99.99	214,390	200,133	20,200	-
Precious Ponds Limited	124,000	84,000	99.99	99.99	128,953	78,867	-	-
Precious Ventures Limited	202,000	202,000	99.99	99.99	232,548	217,085	10,100	-
Precious Capitals Limited	200,000	200,000	99.99	99.99	257,361	240,248	-	-
Precious Jasmines Limited	147,000	147,000	99.99	99.99	174,849	163,222	-	-
Precious Orchids Limited	217,000	217,000	99.99	99.99	197,586	184,447	21,700	-
Precious Lagoons Limited	140,000	140,000	99.99	99.99	180,153	168,173	21,000	-
Precious Cliffs Limited	140,000	140,000	99.99	99.99	180,153	168,173	14,000	-
Precious Hills Limited	140,000	140,000	99.99	99.99	180,153	168,173	35,000	33,600
Precious Mountains Limited	140,000	140,000	99.99	99.99	180,153	168,173	41,999	21,000
Precious Resorts Limited	140,000	140,000	99.99	99.99	180,153	168,173	14,000	-
Precious Cities Limited	170,000	170,000	99.99	99.99	204,857	191,234	25,500	51,000
Precious Comets Limited	141,000	71,100	99.99	99.99	136,967	55,319	-	-
Precious Ornaments Limited	156,000	68,100	99.99	99.99	150,323	52,987	-	-
Nedtex Limited	2,500	2,500	69.99	69.99	834	779	-	-
Precious Storage Terminals Limited	6,000	6,000	69.99	69.99	5,404	5,045	-	-
Thebes Pte. Limited	0.0365	0.0365	100.00	100.00	-	-	-	-

(Unit: Thousand Baht)

Separate financial statements							
Subsidiaries' name	Paid-up capital		Shareholding percentage		Cost		Dividend received
							for the years ended
	2013	2012	2013	2012	2013	2012	31 December
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	328	306	-
Precious Shipping (Mauritius) Limited	250	250	100.00	100.00	328	306	-
Precious Shipping (Singapore) Pte. Limited	363,338	363,338	100.00	100.00	344,232	321,342	-
Precious Shipping (UK) Limited	250	250	100.00	99.99	328	306	-
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	355,837	332,175	-
Precious Projects Pte. Limited	0.0345	0.0345	100.00	100.00	-	-	-
Associated Bulk Carriers Pte. Limited	0.0664	-	100.00	-	-	-	-
Total investments in subsidiaries					7,723,121	7,008,168	551,149
Less: Allowance for loss on investments in subsidiaries					(6,566)	(6,130)	
Total investments in subsidiaries - net					7,716,555	7,002,038	

The Company offsets the dividend income against amounts receivables from/payables to subsidiaries in the statement of financial position.

As at 31 December 2013, the Company has pledged the shares of 27 subsidiaries amounting to Baht 6,071.25 million (2012: 24 subsidiaries amounting to Baht 4,984.35 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 21 to the financial statements.

The change in cost of investments in subsidiaries other than the changes below in the investments is from the exchange differences on translation of financial statements from functional currency to presentation currency.

During the year ended 31 December 2013, there were changes in cost of investments in subsidiaries as below.

Additional investments in subsidiaries

- During the year 2013, the Company subscribed and paid for newly issued ordinary shares of subsidiaries as detailed below.

Subsidiaries' name	Date	New ordinary shares		
		Par value	No. of shares	Total value
		(Baht)	(Million Shares)	(Million Baht)
Precious Ponds Limited	25 April 2013	100.00	0.40	40.00
Precious Comets Limited	25 April 2013	100.00	0.70	69.90
Precious Ornaments Limited	31 July 2013	100.00	0.88	87.90

2. On 1 June 2013, the Company purchased one ordinary share of Precious Shipping (UK) Limited from the non-controlling interests of the subsidiary at par value of USD 1.00.

Acquisition of ABC Company

On 18 January 2013, the Company purchased one ordinary share of ABC Company from Varada as discussed in Note 2.2 to the financial statements. Details of the net assets acquired and acquisition considerations transferred for the acquisition of ABC Company are provided below.

	(Unit: Thousand Baht)
Cash and cash equivalents	1,766
Other current assets	950
Advances for vessel constructions	533,026
Deferred financial fees	12,811
Other non-current assets	34,043
Total assets	582,596
Trade and other payables	1,512
Long-term loan	166,610
Total liabilities	168,122
Net assets	414,474
Fair value of net assets acquired	414,474
Acquisition consideration transferred	414,474

On 6 February 2013, ABC Company has formed a subsidiary, ABC Four Pte. Limited ("ABC Four Company") which is incorporated under the laws of the Republic of Singapore. ABC Four Company has been incorporated to specifically order, own and operate another Cement Carrier Vessel to perform the long-term Time Charter signed by the Company with the Charterer who has also signed 3 other such Time Charters for 3 Cement Carrier Vessels. The registered capital of ABC Four Company is USD 50,000.00, fully paid-up, divided into 50,000 ordinary shares with a par value of USD 1.00 each, held by the ABC Company.

During the year ended 31 December 2012, there were changes in cost of investments in subsidiaries as below.

Additional investments in subsidiaries

During the year 2012, the Company subscribed and paid for newly issued ordinary shares of subsidiaries as detailed below.

Subsidiaries' name	Date	New ordinary shares		
		Par value	No. of shares	Total value
		(Baht)	(Million Shares)	(Million Baht)
Precious Metals Limited	24 February 2012	100.00	0.25	25.00
Precious Planets Limited	24 February 2012	100.00	1.70	170.00
Great Circle Shipping Agency Limited	15 March 2012	100.00	1.10	110.00
Precious Ventures Limited	23 May 2012	100.00	1.22	122.00
Precious Trees Limited	23 May 2012	100.00	1.22	122.00
Precious Pearls Limited	27 June 2012	100.00	1.00	100.00
Precious Flowers Limited	27 June 2012	100.00	2.60	260.00
Precious Lands Limited	19 November 2012	100.00	2.22	222.00
Precious Lakes Limited	19 November 2012	100.00	0.85	85.00

13. Investment in joint venture

13.1 Details of investment in joint venture

		(Unit: Baht)					
Jointly controlled entity's name	Nature of business	Separate financial statements					
		Shareholding percentage		Cost		Carrying amounts based on cost method	
		2013	2012	2013	2012	2013	2012
		%	%				
Associated Bulk Carriers Pte. Limited	Holding company	-	50	-	31	-	31

As at 31 December 2012, investment in joint venture represented investment under joint venture agreement in Associated Bulk Carriers Pte. Limited ("ABC Company") which was jointly controlled by the Company and Varada Marine Pte. Limited ("Varada") for the purpose of owning and operating cement carriers.

Since the Company purchased one ordinary share of ABC Company from Varada as discussed in Note 2.2 to the financial statements, ABC Company is now a wholly owned subsidiary of the Company since 18 January 2013.

13.2 Summarised financial information of jointly controlled entity

The 2012 consolidated financial statements included the Company's proportionate shares of the assets, liabilities, revenues and expenses of Associated Bulk Carriers Pte. Limited, according to the proportion under the joint venture agreement as follows.

(Unit: Thousand Baht)

	As at 31 December 2012
Cash and cash equivalents	1,826
Other current assets	982
Advances for vessel constructions	617,478
Deferred financial fees	13,245
Other non-current assets	32,806
Total assets	666,337
Trade and other payables	1,563
Current portion of long-term loan	5,742
Long term loan - net of current portion	166,508
Total liabilities	173,813
Net assets	492,524

(Unit: Thousand Baht)

	For the year ended 31 December 2012
Revenues	6
Administrative expenses	(582)
Exchange loss	(3)
Finance cost	2,863
Profit for the year	2,284

14. Investment in associate held by a subsidiary

14.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

Consolidated financial statements								
Associate's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2013	2012	2013	2012	2013	2012
			%	%				
International Seaports (Haldia) Private Limited	Berth construction and development	India	22.40	22.40	66,863	62,416	102,372	104,694

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

(Unit: Thousand Baht)

Consolidated financial statements				
For the years ended 31 December				
Associate's name	Share of profit (loss) from investment		Dividend received from associate	
	in associate held by a subsidiary		held by a subsidiary	
	2013	2012	2013	2012
International Seaports (Haldia) Private Limited	31,580	(2,425)	25,263	-

Share of profit (loss) from investment in associate held by a subsidiary for the years ended 31 December 2013 and 2012, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2013 and 2012.

14.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Profit (loss)	
	30 September		30 September		30 September		for the years ended		for the years ended	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Thousand INR	Thousand INR								
International Seaports										
(Haldia) Private Limited	440,580	440,580	566,800	632,149	109,781	164,764	531,596	426,578	140,983	(10,828)

On 11 September 2013, International Lighterage Limited, ("Lighterage"), a subsidiary of the Company, which is registered in Mauritius (shareholding is through Precious Shipping (Mauritius) Limited), sold all 9,868,287 shares of its investment in the ordinary shares of International Seaports (Haldia) Private Limited ("Haldia") to Precious Shipping (Singapore) Pte. Limited ("Precious Singapore"), another subsidiary of the Company, at a price of INR 10.00 per share, totaling INR 98.68 million (or approximately Baht 46.21 million). This restructuring of shareholding was made in order to improve administrative convenience. The change of ownership does not affect the Group's holding in Haldia, which is unchanged at 22.40%. This transaction was approved by Directors' Meeting of Precious Singapore on 20 May 2013 and Directors' Meeting of Lighterage on 30 May 2013. The transaction is considered as sales of investment under common control of the Group.

15. Other long-term investment

In 2006, the Company acquired 2,026,086 ordinary shares in TMN Company Limited with a par value of Baht 10 each, representing 3% of equity interest. The Company paid up Baht 5 per share, or a total of Baht 10.13 million.

The change in cost of other long-term investment is from the exchange differences on translation of financial statement from functional currency to presentation currency.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Vessels and equipment			Furniture, fixtures and office equipment		
	Land and condominium units	Vessels and equipment	Dry-dock and special survey expenses	Total	Motor vehicles	Leasehold improvement
Cost						
1 January 2013	220,427	21,315,998	557,235	21,873,233	13,638	12,595
Acquisitions/transfer in	792	2,072,191	235,600	2,307,791	-	-
Disposals/transfer out/write-off	-	-	(170,553)	(170,553)	(350)	-
Translation adjustment	15,760	1,695,831	53,912	1,749,743	963	896
31 December 2013	236,979	25,084,020	676,194	25,760,214	14,251	13,491
Accumulated depreciation						
1 January 2013	200,046	5,438,027	252,951	5,690,978	11,534	10,230
Depreciation for the year	4,909	870,017	258,201	1,128,218	514	610
Depreciation on disposals/transfer out/write-off	-	-	(170,553)	(170,553)	(350)	-
Translation adjustment	14,558	441,655	26,274	467,929	844	773
31 December 2013	219,513	6,749,699	366,873	7,116,572	12,542	11,613
Net book value						
1 January 2013	20,381	15,877,971	304,284	16,182,255	2,104	2,365
31 December 2013	17,466	18,334,321	309,321	18,643,642	1,709	1,878
Depreciation for the year 2013						
						1,136,719

(Unit: Thousand Baht)

Consolidated financial statements

	Vessels and equipment		Furniture, fixtures and office equipment		Motor vehicles		Leasehold improvement	Total
	Land and condominium units	Vessels and equipment	Dry-dock and special survey expenses	Total				
Cost								
1 January 2012	227,170	14,103,378	465,311	14,568,689	53,708	13,541	11,133	14,874,241
Acquisitions/transfer in	865	7,743,814	295,836	8,039,650	1,806	1,305	2,371	8,045,997
Disposals/transfer out/write-off	-	-	(185,753)	(185,753)	(90)	(735)	(533)	(187,111)
Translation adjustment	(7,608)	(531,194)	(18,159)	(549,353)	(1,823)	(473)	(376)	(559,633)
31 December 2012	220,427	21,315,998	557,235	21,873,233	53,601	13,638	12,595	22,173,494
Accumulated depreciation								
1 January 2012	194,353	4,941,164	225,176	5,166,340	45,709	11,831	10,475	5,428,708
Depreciation for the year	12,348	670,601	221,810	892,411	4,076	828	635	910,298
Depreciation on disposals/transfer out/write-off	-	-	(185,753)	(185,753)	(72)	(735)	(533)	(187,093)
Translation adjustment	(6,655)	(173,738)	(8,282)	(182,020)	(1,579)	(390)	(347)	(190,991)
31 December 2012	200,046	5,438,027	252,951	5,690,978	48,134	11,534	10,230	5,960,922
Net book value								
1 January 2012	32,817	9,162,214	240,135	9,402,349	7,999	1,710	658	9,445,533
31 December 2012	20,381	15,877,971	304,284	16,182,255	5,467	2,104	2,365	16,212,572
Depreciation for the year 2012								
								910,298

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
Cost				
1 January 2013	22,867	12,361	10,016	45,244
Acquisitions/transfer in	1,540	-	-	1,540
Disposals/transfer out/write-off	(532)	(350)	-	(882)
Translation adjustment	1,735	871	714	3,320
31 December 2013	25,610	12,882	10,730	49,222
Accumulated depreciation				
1 January 2013	18,511	11,222	7,652	37,385
Depreciation for the year	1,909	256	610	2,775
Depreciation on disposals/ transfer out/write-off	(480)	(350)	-	(830)
Translation adjustment	1,413	806	588	2,807
31 December 2013	21,353	11,934	8,850	42,137
Net book value				
1 January 2013	4,356	1,139	2,364	7,859
31 December 2013	4,257	948	1,880	7,085
Depreciation for the year 2013				2,775

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
Cost				
1 January 2012	21,976	12,220	8,466	42,662
Acquisitions/transfer in	1,742	1,305	2,371	5,418
Disposals/transfer out/write-off	(89)	(735)	(533)	(1,357)
Translation adjustment	(762)	(429)	(288)	(1,479)
31 December 2012	22,867	12,361	10,016	45,244
Accumulated depreciation				
1 January 2012	16,347	11,772	7,808	35,927
Depreciation for the year	2,817	569	635	4,021
Depreciation on disposals/ transfer out/write-off	(73)	(735)	(533)	(1,341)
Translation adjustment	(580)	(384)	(258)	(1,222)
31 December 2012	18,511	11,222	7,652	37,385
Net book value				
1 January 2012	5,629	448	658	6,735
31 December 2012	4,356	1,139	2,364	7,859
Depreciation for the year				
2012				4,021

As at 31 December 2013, certain condominium units, vessels and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 442.85 million (2012: Baht 321.57 million) in the consolidated financial statements and Baht 37.17 million (2012: Baht 24.82 million) in the separate financial statements.

As at 31 December 2013, the subsidiaries have mortgaged 34 vessels (2012: 30 vessels) with net book value of Baht 17,651.83 million (2012: Baht 15,178.90 million) with banks to secure long-term loans as referred to in Note 21 to the financial statements.

17. Intangible assets

Details of intangible assets which are computer software are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	2013	2012	2013	2012
Cost				
Cost at beginning of year	51,372	53,149	51,310	53,085
Translation adjustment	3,659	(1,777)	3,655	(1,775)
Cost at end of year	55,031	51,372	54,965	51,310
Accumulated amortisation				
Accumulated amortisation at beginning of year	38,516	30,367	38,497	30,360
Amortisation for the year	9,127	9,284	9,114	9,272
Translation adjustment	3,322	(1,135)	3,320	(1,135)
Accumulated amortisation at end of year	50,965	38,516	50,931	38,497
Net book value as at 31 December	4,066	12,856	4,034	12,813
Amortisation for the year	9,127	9,284	9,114	9,272

18. Advances for vessel constructions

The Group has outstanding orders for Newbuilding Vessels as at 31 December 2013 as follows.

Vessel type	1 Dry Bulk Carrier (Handysize vessel)	2 Cement Carriers	1 Cement Carrier	1 Cement Carrier	2 Dry Bulk Carriers (Ultramax vessels)	2 Dry Bulk Carriers (Handysize vessels)	8 Dry Bulk Carriers (4 Handysize vessels and 4 Ultramax vessels)
Acquirer	The Company	ABC Two Pte. Limited and ABC Three Pte. Limited ("ABC Two and ABC Three")	ABC Four Pte. Limited ("ABC Four")	Associated Bulk Carriers Pte. Limited ("ABC")	The Company	The Company	The Company
Shipbuilder	ABG Shipyard Ltd., India	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	Sainty Marine Corporation Ltd.	China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China	Taizhou Sanfu Ship Engineering Co., Ltd.
Contract date	20 July 2007	5 December 2012	3 April 2013	30 August 2013	25 November 2013	25 November 2013	20 December 2013
Contract price	USD 30.00 million	USD 24.18 million per vessel (or USD 48.36 million in aggregate)	USD 24.18 million	USD 24.48 million	USD 27.40 million per vessel (or USD 54.80 million in aggregate)	USD 22.32 million per vessel (or USD 44.64 million in aggregate)	USD 21.96 million per Handysize vessel and USD 27.48 million per Ultramax vessel (or USD 197.75 million in aggregate)

Payment terms	The contract price will be paid in 5 installments of 20% each, with each installment (except the last installment, which would be payable on delivery) paid only on the submission of a bank guarantee in favor of the Company and milestone certificates.	The contract price of each vessel will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of ABC Two and ABC Three to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.	The contract price will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee in favor of ABC Four to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.	The contract price will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of a bank guarantee to secure the refunds of the 4 installments paid before delivery. Each of the next 3 installments of 10% of contract price would be payable on delivery.	The contract price of each vessel will be paid in 2 installments. The first installment of 15% of contract price would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the 4 installments. The Pre-Delivery last installment of 85% of contract price would be payable on delivery.	The contract price of each vessel will be paid in 5 installments. The first installment of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 60% of contract price would be payable on delivery.	The contract price of each vessel will be paid in 4 installments. The first installment of USD 200,000 on signing the contract and the second installment of 15% of contract price with deduction of the first installment (USD 200,000) would be payable on the submission of a bank guarantee in favor of the Company to secure the refunds of the Pre-Delivery Installments. The third installment of 10% of contract price would be payable on the submission of relevant milestone certificates. The last installment of 75% of contract price would be payable on delivery.
Expected delivery date	2014	February 2014 and April 2014, respectively	July 2014	November 2014	On or before 30 June 2014	Within 2015	2015 to 2016

Movements of the advances for vessel constructions account during the years ended 31 December 2013 and 2012 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		Financial statements	
	2013	2012	2013	2012
Balance at beginning of year	4,942,348	7,899,189	4,250,803	5,815,021
Additions	1,351,228	972,052	670,233	736,183
Increase from acquisition of investment in				
a subsidiary	533,026	-	-	-
Interest costs and commitment fees	28,994	69,316	6,501	25,170
Amortisation of financial fees	606	1,303	175	964
Other direct costs	43,912	166,093	19,848	40,576
Novation/cancellation of shipbuilding				
contracts	(4,580,770)	(1,423,176)	(3,443,374)	(1,423,176)
Transfer to cost of vessel and equipment				
of subsidiaries	(580,029)	(2,617,409)	(580,029)	(778,557)
Translation adjustment	234,015	(125,020)	137,675	(165,378)
Balance at end of year	1,973,330	4,942,348	1,061,832	4,250,803
Less: Current portion	(593,136)	(482,996)	(593,136)	(391,959)
Advances for vessel constructions - net				
of current portion	1,380,194	4,459,352	468,696	3,858,844

During the year ended 31 December 2013, the amount of borrowing costs capitalised was Baht 28.99 million (2012: Baht 69.32 million) in the consolidated financial statements and Baht 6.50 million (2012: Baht 25.17 million) in the separate financial statements. The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 1.43% - 2.64% (2012: 1.20% - 2.97%) in the consolidated financial statements and was 1.43% - 1.56% (2012: 1.43% - 1.78%) in the separate financial statements.

Novation of new Shipbuilding Contracts

During the years 2013 and 2012 the Group recognised gains from novation of new shipbuilding contracts as detailed below.

Year 2013

On 10 September 2012, the Company signed 4 Novation Agreements with Global Bulk Carriers Pte. Ltd. (the "New Buyer") and ABG Shipyard Ltd., India (the "Shipbuilder") for disposal of 4 new Shipbuilding Contracts for Hull Nos. 336, 340, 316 and 347 ("4 SBCs"). The novation considerations per Novation Agreements were repaid partly in cash and partly as adjustment of the Company's liability to pay the next installments of Hull Nos. 337, 342, 348 and 349, respectively.

During the year ended 31 December 2012, the Company received in aggregate USD 3.64 million or approximately Baht 113.58 million as part of the novation proceeds for Hull Nos. 316 and 336.

During the year ended 31 December 2013, the Company received in aggregate USD 29.72 million or approximately Baht 886.08 million, net of the adjustment against the next installments of relevant Hull Nos., as the novation proceeds from the disposal of 4 SBCs. The Company recorded gains on Novation of Shipbuilding Contracts amounting to USD 21.80 million or approximately Baht 650.83 million in the consolidated and separate income statements for the year ended 31 December 2013.

Year 2012

On 21 December 2011 and 25 January 2012, the Company signed 2 Novation Agreements with Global Bulk Carriers Pte. Ltd. (the "New Buyer") and ABG Shipyard Ltd., India (the "Shipbuilder") for disposal of 2 new Shipbuilding Contracts for Hull Nos. 333 and 315 ("2 SBCs").

During the year ended 31 December 2012, the Company received in aggregate USD 51.66 million or approximately Baht 1,615.05 million as the novation proceeds from the disposal of 2 SBCs. The Company recorded gains on Novation of Shipbuilding Contracts amounting to USD 9.77 million or approximately Baht 305.45 million in the consolidated and separate income statements for the year ended 31 December 2012.

Cancellation of the Shipbuilding Contracts

- (a) On 18 January 2013, ABC Three Pte. Limited ("ABC Three Company") signed a Cancellation Agreement of cement carrier Shipbuilding Contract with ABG Shipyard Ltd. ("Shipbuilder") since ABC Three Company has already ordered the same Vessel with the Chinese Shipbuilder. Details of Cancellation Agreement of Shipbuilding Contract are as follows.

			Contract Amount (Million USD)	Installments paid to the Shipbuilder by ABC Three Company (Million USD)
Hull No.	DWT	Shipbuilding Contract Date		
380	20,000	22 April 2010	28.50	5.70

ABC Three Company received the cancellation proceeds of USD 6.70 million (or approximately Baht 198.66 million) in accordance with the Cancellation Agreement on 18 January 2013, and recorded gain on Cancellation of Shipbuilding Contract of USD 0.75 million (or approximately Baht 22.14 million) in the consolidated income statement for the year ended 31 December 2013.

- (b) The Company, ABC One Pte. Limited and ABC Two Pte. Limited (the "Buyers") issued 7 Cancellation Notices to ABG Shipyard Ltd. ("Shipbuilder") under 7 Shipbuilding Contracts ("SBCs"). The Buyers made claims of advance installments paid and interest thereon under the SBCs. Since the Shipbuilder failed to fulfill the Shipbuilder's obligation in accordance with the SBCs and did not make the payment demanded to the Buyers for the claims, the Buyers then invoked the Guarantees available with the Buyers and submitted the Letters of Demand against the Irrevocable Letters of Guarantee and/or Performance Guarantees to the various Indian Banks in India ("Guarantors") in accordance with the SBCs.

As of 31 December 2013, the Buyers have received an aggregate amount of USD 101.18 million (or approximately Baht 3,205.50 million) being all the guaranteed amounts with applicable interest pursuant to 5 SBCs for Hull Nos. 337, 348, 379, 349, and 338 from the Guarantors as a result of the claims submitted, and for Hull No. 339, the Company received USD 13.08 million (or approximately Baht 418.64 million) and recorded the remaining balance of USD 7.10 million (or approximately Baht 232.94 million) under "Trade and other receivables" account in the statement of financial position. For Hull No. 378, ABC One Pte. Limited recorded all balance of claims submitted USD 18.37 million (or approximately Baht 602.75 million) under "Trade and other receivables" account in the statement of financial position.

Table below presents amounts received from Guarantors during the year ended 31 December 2013.

Hull No.	Shipbuilding Contract date	Cancellation Notice date	Letter of Demand date	Amounts received from Guarantors (Million USD)
337	20 July 2007	10 June 2013	20 August 2013	19.19
348	11 February 2008	10 June 2013	20 August 2013	24.84
379	22 April 2010	10 June 2013	20 August 2013	12.33
349	11 February 2008	29 July 2013	20 August 2013	24.85
338	20 July 2007	16 September 2013	17 September 2013	19.97
339	20 July 2007	6 December 2013	13 December 2013	13.08
378	22 April 2010	6 December 2013	13 December 2013	-
Total				114.26

For the year ended 31 December 2013, the Group recorded gains on Cancellation of Shipbuilding Contracts for all the 7 Hulls of USD 8.27 million (or approximately Baht 262.44 million) in the consolidated income statement and USD 7.75 million (or approximately Baht 245.77 million) in the separate income statement.

Subsequently, on 7 January 2014, the Group received the remaining total balance of USD 25.47 million (or approximately Baht 835.69 million) towards the claims for Hull No. 339 and 378 from the Guarantors.

Delivery of vessels under the Shipbuilding Contracts with ABG Shipyard Ltd., India

During the years ended 31 December 2013 and 2012, 2 vessels were completed and delivered to the Company's 2 indirect subsidiaries incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
15 January 2013	Precious Thoughts Pte. Limited	335	USD 24.58 million (or approximately Baht 728.17 million)
26 March 2012	Precious Fragrance Pte. Limited	334	USD 29.88 million (or approximately Baht 917.53 million)

Delivery of vessels under the Shipbuilding Contracts with Yangzhou Guoyu Shipbuilding Co. Ltd., China

During the year ended 31 December 2012, 4 vessels were completed and delivered to the Company's 4 indirect subsidiaries incorporated in Singapore as detailed below.

Delivery date	Subsidiary's name	Hull No.	Cost of vessel construction and other direct costs
10 August 2012	Precious Comforts Pte. Limited	GY807	USD 27.51 million (or approximately Baht 859.95 million)
19 September 2012	Precious Sparks Pte. Limited	GY808	USD 27.54 million (or approximately Baht 860.83 million)
22 October 2012	Precious Visions Pte. Limited	GY809	USD 27.58 million (or approximately Baht 846.08 million)
29 November 2012	Precious Bridges Pte. Limited	GY810	USD 27.61 million (or approximately Baht 846.97 million)

19. Deferred financial fees

Movements of the deferred financial fees account during the years ended 31 December 2013 and 2012 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance at beginning of year	125,212	211,832	100,561	168,155
Additions	3,197	50,796	-	35,318
Increase from acquisition of investment in a subsidiary	12,811	-	-	-
Transfer to present as a deduction against long-term loans	(24,513)	(91,485)	(1,257)	(3,660)
Transfer to subsidiaries as a borrower	-	-	(12,223)	(54,637)
Write-off deferred financial fee	(25,942)	(39,895)	(16,355)	(39,895)
Translation adjustment	6,572	(6,036)	4,731	(4,720)
Balance at end of year	97,337	125,212	75,457	100,561

During the year 2013, the Group has written off Baht 25.94 million (2012: Baht 39.90 million) in the consolidated financial statements and Baht 16.36 million (2012: Baht 39.90 million) in the separate financial statements being a part of the deferred financial fees paid in earlier years due to the prepayment, cancellation and reduction of loan facilities. The amount of write-off has been estimated on a pro-rata basis to the amount of reduction of the facilities.

20. Accrued employee bonus

As at 31 December 2013 and 2012, accrued employee bonus can be separated based on the year the payment is to be made to employees, as follows.

(Unit: Thousand Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
1 year	43,461	44,223	40,080	40,890
2 - 3 years	30,681	22,986	28,217	21,227
Total	74,142	67,209	68,297	62,117

21. Long-term loan facilities

As at 31 December 2013 and 2012, long-term loans accounts are presented below.

(Unit: Thousand Baht)

Consolidated financial statements

	Loan facilities for financing the construction and acquisition of new vessels									Loan facilities for purchasing of vessels					
	Facility 1			Facility 2			Facility 3			Facility 1			Facility 3		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2013	2012	2013	2012	2013	2012
Long-term loans	1,339,379	2,093,783	-	174,601	2,150,472	1,618,758	3,944,267	4,546,766	2,011,080	811,370	9,445,198	9,245,278			
Less: Deferred financial fees	(7,926)	(11,942)	-	(2,350)	(38,304)	(31,183)	(112,789)	(122,670)	(13,422)	(10,142)	(172,441)	(178,287)			
Total	1,331,453	2,081,841	-	172,251	2,112,168	1,587,575	3,831,478	4,424,096	1,997,658	801,228	9,272,757	9,066,991			
Less: Current portion	(100,390)	(546,134)	-	(5,742)	(182,545)	(127,614)	(122,381)	(122,479)	(248,588)	-	(653,904)	(801,969)			
Long-term loans - net of current portion	1,231,063	1,535,707	-	166,509	1,929,623	1,459,961	3,709,097	4,301,617	1,749,070	801,228	8,618,853	8,265,022			

(Unit: Thousand Baht)

	Separate financial statements	
	Loan facilities for financing the construction and acquisition of new vessels	
	Facility 1	
	2013	2012
Long-term loans	-	1,200,759
Less: Deferred financial fees	-	(6,188)
Total	-	1,194,571
Less: Current portion	-	(481,890)
Long-term loans - net of current portion	-	712,681

The details of each loan facility are summarised as follows.

21.1 Loan facility for financing the construction and acquisitions of new vessels (Newbuildings)

Facility 1

On 3 July 2008, the Company entered into a secured loan agreement with overseas and local commercial banks to obtain a loan facility of USD 398.40 million carrying interest at LIBOR plus margin. The loan was to be used to finance the construction and acquisition of 15 new vessels (9 handysize vessels and 6 supramax vessels) out of the 18 new vessels already ordered by the Company with ABG Shipyard Limited and the total loan amount was equivalent to 80% of the aggregate contract prices of the 15 vessels.

During the years 2011 to 2013, the Company has drawn the loans to finance 3 new vessels amounting to USD 54.50 million. The Company prepaid the loans drawn towards the Pre-delivery facility for financing the new shipbuildings ordered amounting to USD 101.20 million and cancelled the undrawn balance loan facility amounting to USD 242.70 million.

The drawing, final maturity, repayment and security of the above loan facility are summarised as follows.

Facility / Description	Pre-delivery facility	Post-delivery facility
Drawing	As per milestones in the shipbuilding contracts whereby the aggregate of all drawings per vessel would be equivalent to 60% of the contracted price of each vessel	100% of the post-delivery facility amount equivalent to 80% of the contracted price of each vessel is to be drawn upon delivery of the respective vessel out of which the entire pre-delivery facility amount of each vessel will be repaid.
Final maturity	Delivery of each vessel	10 years from delivery of the first vessel
Repayment	To be repaid in one lump sum upon delivery of the respective vessel	Each tranche (aggregate drawings in respect of each vessel) is to be amortised (repaid) in quarterly installments, each equivalent to 1/60th of the post-delivery facility amount, and in a balloon amount equal to the balance under such tranche on final maturity. The first quarterly repayment of each tranche shall commence 3 months after delivery of each respective vessel.
Security	<ul style="list-style-type: none"> a) Corporate guarantee from the Company if the Company is not a joint borrower b) 1st priority assignment of the shipbuilding contracts c) 1st priority assignment of the refund guarantees by the refund guarantors given in relation to the shipbuilding contracts with the Company 	<ul style="list-style-type: none"> a) 1st priority mortgage over the vessels b) Pledge of the vessel-owning subsidiaries' shares c) Corporate guarantee from the Company if the Company is not a joint borrower d) 1st priority assignment of requisition compensation in respect of the vessels e) 1st priority assignment of all insurance proceeds f) 1st priority assignment of the earnings of the vessels and pledge over the earnings and retention account of each vessel

The Loan Agreement contains covenants that, among other things, require the Company to maintain certain financial ratios which include:

- a) maintenance of a funded debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of a funded debt to EBITDA ratio not exceeding 5:1
- c) maintenance of minimum free liquidity of USD 100,000 per vessel

Facility 2

On 28 October 2010, ABC One Pte. Limited ("ABC One Company"), one of the four Singapore registered subsidiaries of Associated Bulk Carriers Pte. Limited, entered into a Secured Loan Agreement of USD 22.80 million with NIBC Bank Ltd., Singapore ("NIBC") to fund 80% of the Contract Price of the new cement carrier ordered by ABC One Company with ABG Shipyard Ltd., India, which was subsequently cancelled.

On 3 June 2013, ABC One Company issued an "Irrevocable Notice of Prepayment" to NIBC to prepay the entire drawn loan of USD 11.40 million. ABC One Company had already prepaid the entire loan on 30 August 2013.

Facility 3

On 14 October 2011, 4 indirect subsidiaries incorporated in Singapore ("SPCs") have executed an USD 84.96 million Loan Agreement with ING Bank N.V., Singapore Branch and DNB Asia Ltd. to finance up to 80% of the Total Acquisition Cost of the 4 new Supramax 57,000 DWT Dry Bulk vessels ordered by each SPC to be built in China. The loan carries interest at LIBOR plus margin.

During 2012 to 2013, 4 indirect subsidiaries have drawn the facility to finance the delivered 4 new Supramax vessels.

The drawing, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Drawing	100% of the post-delivery facility amount is to be drawn upon delivery of the respective vessels.
Final maturity	8 years after final drawdown of each vessel tranche
Repayment	For each Vessel, in 32 equal quarterly installments of USD 354,000 and a balloon repayment of USD 9,912,000 together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel.
Security	a) Pledge of shares of the borrowers b) First priority mortgage on the vessels c) First priority assignment of earnings and time charters d) First priority pledge over the earnings accounts with the security agent e) First priority assignment of all insurances and requisition compensation of the vessels f) Corporate guarantee from the Company g) All the above post-delivery securities to be cross collateralised

The Loan Agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of the maximum funded debt to total shareholders' equity ratio of 2:1
- b) maintenance of the maximum funded debt to EBITDA ratio of 5:1
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Precious Group

Facility 4

On 15 February 2012, ABC Two Pte. Limited and ABC Three Pte. Limited ("ABC Two Company and ABC Three Company"), SPC subsidiaries of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 45.60 million Term Loan Facility with Bangkok Bank Public Company Limited (Singapore Branch) to finance up to 80% of the Contract Price of 2 new Cement Carriers ordered with ABG Shipyard Ltd., India, which were subsequently cancelled.

On 18 September 2013, ABC Two Company and ABC Three Company have executed the First Supplemental Agreement to amend the Term Loan Facility dated 15 February 2012, mainly to amend the purpose, maximum loan facility, repayment term and security as a consequence of the cancellation of the 2 cement carriers ordered with ABG Shipyard Ltd., India and replacement with the orders from China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China.

After the amendment, the drawing, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Pre-delivery facility	Post-delivery facility
Purpose	To finance the Pre and Post-delivery Installments of the construction of 2 new cement carriers ordered with China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China.	
Maximum Loan Facility	Maximum loan facility for both Vessels shall not exceed USD 38,688,000 of which, each vessel loan shall not exceed USD 19,344,000 per vessel.	
Repayment	To be repaid in one lump sum (from post-delivery facility) upon delivery of each vessel	For each Vessel, in 39 equal quarterly installments of USD 322,400 and a balloon repayment of USD 6,770,400 together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel.

Security	<ul style="list-style-type: none"> a) 1st priority assignment of the shipbuilding contract b) 1st priority assignment of the refund guarantees by the refund guarantors given in relation to the shipbuilding contract c) Pledge of the shares of ABC Two Pte. Limited and ABC Three Pte. Limited (the SPC subsidiaries) d) Corporate Guarantee from the Company 	<ul style="list-style-type: none"> a) 1st priority mortgage over the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessels c) 1st priority assignment of Time Charter contracts d) 1st priority charge over the Earnings Account and Retention Account e) Corporate guarantee from ABC Two Pte. Limited and ABC Three Pte. Limited (the SPC subsidiaries) f) Corporate Guarantee from the Company for up to USD 8 million per vessel
----------	--	---

The Secured Loan Agreement contains covenants that, among other things, require ABC Two Pte. Limited and ABC Three Limited to maintain certain financial ratios which include:

- a) Debt Service Coverage Ratio ("DSCR") of no less than 1.1 times
- b) Equity Ratio (ratio of Equity to Total Assets) of no less than 20%.

21.2 Loan facilities for purchasing of vessels

Facility 1

The Company and local subsidiaries entered into the Loan Agreement dated 18 January 2007 to mainly fund the purchase of vessels. During 2009 to 2011, the Loan Agreement had been amended for certain terms and conditions.

The summarised details of drawdown of this facility are as follows.

- a) During the years 2011 and 2010, 2 local subsidiaries had drawn down Baht 1,502.35 million for purchase of 2 vessels.
- b) During the year 2011, 4 local subsidiaries had drawn down USD 92.00 million from this facility and the undrawn facility was reduced to USD 108.00 million. In order to extend the availability period of the undrawn facility, on 9 March 2012, the Company and local subsidiaries executed a USD 50.00 million Term Loan Facility on same terms and conditions with one of the three local commercial banks and the loan was used for purchase of vessels by 2 local subsidiaries and thereafter the balance of USD 58.00 million was cancelled.

- c) During the years 2011 and 2010, 2 local subsidiaries swapped the Thai Baht loan of Baht 1,502.35 million into USD 45.90 million.
- d) During the year 2012, 4 local subsidiaries swapped the interest of the USD loans of USD 64.82 million, from floating interest rates (LIBOR) to fixed interest rate (2.10%) for interest payable during the period from 31 December 2014 to 30 September 2022.

The loan facilities have been secured by the mortgage of the subsidiaries' vessels, the pledge of the subsidiaries' shares, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders.

The loan facility agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of a total debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of a total debt to EBITDA ratio not exceeding 5:1
- c) maintenance of minimum free liquidity of USD 100,000 per vessel
- d) maintenance of debt service coverage ratio of at least 1.1:1

Facility 2

On 14 January 2010, the Company entered into a new Secured Term Loan Facility Agreement of USD 250.00 million with the Bangkok Branch of an international bank and 4 local banks to fund additional second-hand vessels which the Company may want to buy. The loan is carrying interest at LIBOR plus margin. The loan is to be used for purchase of vessels and to be repaid in equal quarterly installments over a period of 8 years commencing from the end of the availability period.

During 2011 to 2013, the Loan Facility Agreement has been amended mainly to extend the availability period of the loan facility to 30 June 2014 with the balance of loan facility of USD 150 million.

The loan facility has to be secured by the mortgage of the shipowning subsidiaries' vessels, the pledge of the subsidiaries' shares, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders when the facility is drawn down.

The Loan Agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of funded debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of funded debt to EBITDA ratio not exceeding 5:1
- c) maintenance of minimum free cash balance of USD 100,000 per vessel
- d) maintenance of debt service coverage ratio of at least 1.1:1

Facility 3

On 17 February 2012, the Company executed a USD 100 million Term Loan Facility with Export-Import Bank of Thailand to finance up to 80% of the Acquisition Cost of new or second-hand Dry Bulk Vessels which the Company may want to buy. The loan carries interest at LIBOR plus margin. The loan is to be repaid in equal quarterly installments over a period of 8.5 years commencing from the end of the availability period.

On 12 December 2013, the Company executed the Amendment Agreement to the Term Loan Facility to extend the availability period of the balance facility of USD 35.18 million up to 30 December 2014.

The loan facility has to be secured by the mortgage of the shipowning subsidiaries' vessels, the pledge of the subsidiaries' shares and the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries.

The Loan Agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of debt to total shareholders' equity ratio not exceeding 2:1
- b) maintenance of net funded debt to EBITDA ratio not exceeding 5:1
- c) maintenance of debt service coverage ratio of at least 1.1:1

The Group's bank loan facilities and the undrawn loan balances as at 31 December 2013 and 2012 are summarised below.

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				2013	2012	2013	2012
Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)							
Facility 1	DNB Asia Ltd. and 5 other banks, total 6 banks	The Company and subsidiaries	LIBOR + margin	54.50	167.20	-	88.00
Facility 2	NIBC Bank Ltd., Singapore	ABC One Pte. Limited	LIBOR + margin	-	22.80	-	11.40
Facility 3	ING Bank N.V. (Singapore Branch) and DNB Asia Ltd.	4 indirect subsidiaries in Singapore	LIBOR + margin	84.96	84.96	-	21.24
Facility 4	Bangkok Bank PCL (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin	38.69	45.60	38.69	45.60

(Unit: Million USD)

Facility	Bank	Borrower	Interest rate per loan/amendment agreement	Maximum facility amount per loan/amendment agreement		Undrawn loan balance	
				2013	2012	2013	2012
Loan facilities for purchasing of vessels							
Facility 1	Krung Thai Bank PCL and 2 other banks, total 3 banks	The Company and local subsidiaries	MLR-1 for Thai Baht loan and LIBOR + margin for USD loan	USD 142.00 million and Baht 1,502.35 million	USD 142.00 million and Baht 1,502.35 million	-	-
Facility 2	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch and 2 other banks, total 3 banks	The Company and subsidiaries	LIBOR + margin	150.00	150.00	150.00	150.00
Facility 3	Export-Import Bank of Thailand	The Company and subsidiaries	LIBOR + margin	100.00	100.00	35.18	69.98

22. Provision for maritime claims

(Unit: Thousand Baht)

	Consolidated financial statements	
	2013	2012
Balance at beginning of year	67,699	64,637
Increase during the year	179,748	27,857
Decrease during the year	(83,319)	(22,217)
Translation adjustment	11,493	(2,578)
Balance at end of year	175,621	67,699

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensation payable on employees' retirement, was as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	70,312	63,023	64,298	57,001
Current service cost	4,247	3,630	4,057	3,497
Interest cost	2,015	2,179	1,956	2,105
Actuarial loss	-	1,545	-	1,759
Translation Adjustment	(12)	(65)	(14)	(64)
Defined benefit obligation at end of year	76,562	70,312	70,297	64,298
Provisions for long-term employee benefits at end of year	76,562	70,312	70,297	64,298

Long-term employee benefit expenses included in the income statement were as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	4,247	3,630	4,057	3,497
Interest cost	2,015	2,179	1,956	2,105
Total expenses recognised in the income statement	6,262	5,809	6,013	5,602
Line items under which such expenses are included in the income statement				
Administrative expenses	4,322	3,829	4,073	3,622
Management remuneration including perquisites	1,940	1,980	1,940	1,980

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings as at 31 December 2012 amounted to Baht 1.53 million in the consolidated financial statements and amounted to Baht 1.74 in the separate financial statements.

Principal actuarial assumptions at the valuation date were as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.80	3.80	3.80	3.80
Future salary increase rate	6.50	6.50	6.50	6.50
Staff turnover rate (depending on age)	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00

Amounts of defined benefit obligation for the current and previous three periods are as follows.

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	76,562	70,297	-	-
Year 2012	70,312	64,298	(3,392)	(2,937)
Year 2011	63,023	57,001	-	-
Year 2010	57,408	51,551	-	-

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to Section 1202 of the Thai Civil and Commercial Code, a subsidiary (incorporated under Thai Laws) is required to set aside a statutory reserve equal to at least 5% of its profit each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

25. Corporate social responsibility (CSR) reserve

The Company has earmarked 0.5% of its profit for the year as a reserve towards CSR activities. The Company expects to earmark amounts based on the same percentage of profit annually on a cumulative basis, but subject to a minimum of Baht 1.75 million and a maximum of Baht 25.00 million per year. The reserve was approved by a meeting of the Board of Directors of the Company on 14 August 2008.

During the year 2013, the Company set aside Baht 2.64 million (2012: Baht 1.75 million) to a reserve for CSR activities and reversed Baht 1.48 million (2012: Baht 2.13 million) from the reserve when the Company made related payments against the reserve.

26. Expenses by nature

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Salary, wages and other benefits of employees and crews	1,323,853	1,008,349	243,102	192,939
Rental expenses from operating lease agreements	5,310	5,157	3,856	3,726

27. Income tax

No corporate income tax was payable for the years 2013 and 2012, since the Company had tax losses brought forward from previous years.

In accordance with the Director - General's Notification on Income Tax No. 72 dated 20 March 1998, the local subsidiaries are exempted from the payment of income tax on their marine transportation income. In addition, the subsidiaries are exempted from the payment of income tax on their marine transportation business under the provisions of the Investment Promotion Act B.E. 2520.

Corporate income tax of the overseas subsidiaries and associate has been calculated by applying the applicable statutory rates of the relevant countries.

As at 31 December 2013 the Group has deductible temporary differences, temporary differences arising from exchange difference occurring while translating financial statements in functional currency into presentation currency and unused tax losses totaling Baht 1,115.89 million (2012: Baht 1,702.67 million) (the Company Baht 94.99 million, 2012: Baht 1,256.25 million). However, the Group did not recognise deferred tax assets as the Group believes that it is not probable that future taxable profit will be available to allow the entire deferred tax assets to be utilised.

As at 31 December 2013, the Company has temporary difference arising from exchange difference from the translation of the financial statements from functional currency into presentation currency associated with investments in subsidiaries for which deferred tax liability has not been recognised, aggregating Baht 552.20 million (2012: Baht 35.04 million).

28. Promotional privileges

The Company has been granted promotional privileges under the Investment Promotion Act, as approved by the Board of Investment under BOI certificate No. 1405/2550 dated 23 March 2007. Subject to certain imposed conditions, the significant privileges are the rights to employ skilled foreigners to work within the scope of duties approved by the Board of Investment and for the period for which they are permitted to stay in Thailand, permission to own land in an amount considered appropriate by the Board of Investment, and permission to transfer funds in or out of Thailand in foreign currencies.

Under the provisions of the Investment Promotion Act B.E. 2520, the subsidiaries were granted certain promotional privileges for their marine transportation. The promotional privileges include, among other things, exemption from the payment of income tax for a period of 8 years commencing as from the date of first earning operating income on the condition that the vessels owned by the subsidiaries are registered in Thailand. During the year ended 31 December 2013, the subsidiaries have 16 vessels (2012: 18 vessels) under investment promoted operations.

Revenues and expenses for 2013 and 2012 (before eliminating related transactions), classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

	Non-promoted operations							
	Operations exempted from corporate income tax in accordance with the Director-General's Notification on Income Tax No. 72				Operations not eligible for corporate income tax exemption		Total	
	Promoted operations							
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues	1,533,042	1,749,552	1,363,448	1,134,820	1,856,540	1,426,048	4,753,030	4,310,420
Costs and expenses	(1,638,502)	(1,726,415)	(1,572,174)	(1,144,178)	(1,371,636)	(1,059,191)	(4,582,312)	(3,929,784)

29. Basic earnings per share

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

30. Segment information

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

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

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

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

The following table presents net vessel operating income from Time charter and Voyage charter of the Group for the years ended 31 December 2013 and 2012.

(Unit: Thousand Baht)

Consolidated financial statements										
	Time charter		Voyage charter		Total		Elimination		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Hire income	2,668,205	2,231,024	-	-	2,668,205	2,231,024	(50,198)	(50,503)	2,618,007	2,180,521
Freight income	-	-	1,306,987	1,396,593	1,306,987	1,396,593	(67,349)	(89,577)	1,239,638	1,307,016
Total vessel operating income	2,668,205	2,231,024	1,306,987	1,396,593	3,975,192	3,627,617	(117,547)	(140,080)	3,857,645	3,487,537
Voyage disbursements	-	-	(289,816)	(358,053)	(289,816)	(358,053)	117,547	140,080	(172,269)	(217,973)
Bunker consumption	-	-	(548,351)	(570,871)	(548,351)	(570,871)	-	-	(548,351)	(570,871)
Total voyage expenses	-	-	(838,167)	(928,924)	(838,167)	(928,924)	117,547	140,080	(720,620)	(788,844)
Net vessel operating income/time charter equivalent income	2,668,205	2,231,024	468,820	467,669	3,137,025	2,698,693	-	-	3,137,025	2,698,693

For the years 2013 and 2012, the Group has no major customer with revenue of 10% or more of the Group's revenues.

31. Provident fund

The Company and subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company/the subsidiaries contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by Kasikornbank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and subsidiaries contributed Baht 3.40 million (2012: Baht 3.13 million) to the provident fund (Separate financial statements: Baht 3.12 million, 2012: Baht 2.89 million).

32. Dividends paid

The dividends were approved for paying to the Company's ordinary shareholders as at the closing date of the share register, after deduction of the shares held by the registrar (Thailand Securities Depository Co., Ltd. for Depositors who are both Thai and Foreign shareholders), which are disqualified from receiving dividend, from the total number of shares outstanding (1,039,520,600 shares).

Dividends declared during the year 2013 consist of the following.

	Approved by	Qualified ordinary share (shares)	Shares held by the registrar (shares)	Dividend per share (Baht)	Dividend paid (Million Baht)	Paid date
a) Interim dividend based on the retained earnings as of 30 September 2013	Board of Directors' meeting on 31 October 2013	1,038,587,599	933,001	0.10	103.85	28 November 2013
b) Interim dividend based on the retained earnings as of 30 June 2013	Board of Directors' meeting on 31 July 2013	1,038,373,899	1,146,701	0.10	103.84	28 August 2013
c) Interim dividend based on the retained earnings as of 31 March 2013	Board of Directors' meeting on 30 April 2013	1,038,394,700	1,125,900	0.10	103.84	29 May 2013
d) Final dividend based on the retained earnings as of 31 December 2012	Annual General Meeting of the shareholders on 1 April 2013	1,039,379,600	141,000	0.10	103.94	11 April 2013
Total				0.40	415.47	

Dividends declared during the year 2012 consist of the following.

	Approved by	Qualified ordinary share (shares)	Shares held by the registrar (shares)	Dividend per share (Baht)	Dividend paid (Million Baht)	Paid date
a) Interim dividend based on the retained earnings as of 30 September 2012	Board of Directors' meeting on 6 November 2012	1,039,378,300	142,300	0.10	103.94	3 December 2012
b) Interim dividend based on the retained earnings as of 30 June 2012	Board of Directors' meeting on 6 August 2012	1,039,187,097	333,503	0.10	103.91	3 September 2012
c) Interim dividend based on the retained earnings as of 31 March 2012	Board of Directors' meeting on 14 May 2012	1,039,380,297	140,303	0.10	103.94	12 June 2012
d) Final dividend based on the retained earnings as of 31 December 2011	Annual General Meeting of the shareholders on 26 March 2012	1,039,382,300	138,300	0.15	155.91	5 April 2012
Total				0.45	467.70	

33. Commitments and contingent liabilities

33.1 Shipbuilding contracts commitments

As at 31 December 2013 and 2012, the Group had future minimum payment commitments under shipbuilding contracts as detailed below.

	2013		2012	
	(Million USD)	(Equivalent to Million Baht)	(Million USD)	(Equivalent to Million Baht)
The Company	294.91	9,676.89	122.60	3,755.43
Subsidiaries	70.36	2,308.83	-	-
Jointly controlled entity - proportion with the Company's shareholding (50%) - with Indian Shipbuilder	-	-	25.65	785.70
Jointly controlled entity - with Chinese Shipbuilder	-	-	43.52	1,333.21
Total	365.27	11,985.72	191.77	5,874.34

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

As at 31 December 2013 and 2012, the Group had obligations in respect of the charges for management of the undrawn portion of loan facilities, which are summarised as follows.

Facility	Commitment fees payable by the Group	Undrawn loan balance as at		Terms of payment of commitment fees	Payable upto
		2013	2012		
		(Million USD)	(Million USD)		
Loan facilities for financing the construction and acquisition of new vessels (Newbuildings)					
Facility 1	0.35% per annum of undrawn loan balance	-	88.00	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 2	1.20% per annum of undrawn loan balance	-	11.40	Every three months until the end of the drawdown period	Upon delivery of the vessel
Facility 3	1.15% per annum of undrawn loan balance	-	21.24	Every three months until the end of the drawdown period	Upon delivery of each vessel
Facility 4	1.20% per annum of undrawn loan balance	38.69	45.60	Every three months until the end of the drawdown period	Upon delivery of each vessel

Facility	Commitment fees	Undrawn loan		Terms of payment	Payable upto
	payable by the Group	balance as at		of commitment fees	
		2013	2012		
		(Million USD)	(Million USD)		
Loan facilities for purchasing of vessels					
Facility 2	0.70% per annum of undrawn loan balance	150.00	150.00	Every three months until the end of the drawdown period	30 June 2014
Facility 3	0.70% per annum of undrawn loan balance	35.18	69.98	Every three months until the end of the drawdown period	30 December 2014

33.3 Uncalled portion of other long-term investment

As at 31 December 2013 and 2012, the Company has a commitment of Baht 10.13 million in respect of the uncalled portion of other long-term investment (TMN Company Limited).

33.4 Long-term time charter commitments

Pursuant to a Memorandum of Understanding signed in October 2009, on 2 December 2009 and on 7 September 2012, the Company signed Long-Term Time Charter Contracts with a company incorporated in India (the charterer) for 4 new cement carriers. The charter periods under the contracts are 15 years, with a fixed charter rate per day as stipulated in the contracts. There is an option to extend the charter period twice by blocks of 5 years, with reduced charter rates as stipulated in the contracts. The vessels are new custom-built cement carriers, which have to be delivered to the charterer as per the committed schedule during 2011 to 2014. If the vessels are not delivered to the charterer within the agreed schedule, there is a fine payable of USD 4,250 per vessel per day.

The Company has nominated the 3 Long-Term Charter Contracts to ABC One Pte. Limited, ABC Two Pte. Limited and ABC Three Pte. Limited.

As at 31 December 2013, ABC One Pte. Limited and ABC Two Pte. Limited have paid the fine payable to the charterer due to the delay of vessel delivery amounting to USD 5.11 million or approximately Baht 167.77 million (2012; ABC One Pte. Limited paid USD 2.14 million or approximately Baht 65.61 million out of which the Company's portion was 50% of the amount, which is USD 1.07 million or approximately Baht 32.81 million) which is recorded in deferred contract costs account in the consolidated statement of financial position.

33.5 Commitment from option deed agreement

Apart from the Share Sale and Purchase Agreement signed with Varada Marine Pte. Ltd. ("the Seller") as mentioned in Note 2.2 to the financial statements, ABC Company (as Grantor) has also entered into an Option Deed with the Seller on 18 January 2013 under which, the Seller shall have the option to purchase 50% of the issued share capital of each of the existing Subsidiaries ("Option Securities") at the Price of ABC Company's cost of investment (including Shareholder Loans) together with interest at 7.5% per annum. Each of the Option Securities for each of the subsidiary, may be exercised at any time during the period of 60 days commencing 30 days after the date of actual delivery of each Vessel of each of the Subsidiaries under the respective Shipbuilding Contracts.

34. Financial instruments

34.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables and loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable. The Group manages the risk by adopting a credit policy whereby they evaluate the creditworthiness of charterers and other parties and restricts dealings to financially sound parties, and strictly attend to the preparation and completeness of documentation and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks and long-term loans. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidated financial statements							
As at 31 December 2013							
	Fixed						
	interest rate with						
	maturity date	Floating	Non-interest				
	within 1 year	interest rate	bearing	Total	Interest rate (% p.a.)		
					Fixed	Floating	
					USD	USD	Baht
<u>Financial assets</u>							
Cash and cash equivalents	657,435	2,168,157	116,192	2,941,784	0.74	0.13 - 0.45	0.50
Trade and other receivables	-	-	1,073,957	1,073,957	-	-	-
Total	657,435	2,168,157	1,190,149	4,015,741			
<u>Financial liabilities</u>							
Trade accounts payable	-	-	21,569	21,569	-	-	-
Long-term loans	-	9,272,757	-	9,272,757	-	1.35 - 3.00	6.25
Total	-	9,272,757	21,569	9,294,326			

(Unit: Thousand Baht)

Separate financial statements								
As at 31 December 2013								
	Fixed	Fixed	Floating	Non-		Interest rate (% p.a.)		
	interest rate with	interest rate	Floating	Non-				
	maturity date	with maturity	interest	interest				
	within 1 year	date at call	rate	bearing	Total			
						Fixed	Floating	
						USD	USD	Baht
<u>Financial assets</u>								
Cash and cash equivalents	575,677	-	1,546,166	678	2,122,521	0.74	0.35 - 0.45	0.50
Trade and other receivables	-	-	-	1,880,364	1,880,364	-	-	-
Short-term loans to								
a subsidiary	-	2,342,891	-	-	2,342,891	0.40	-	-
Long-term loans to								
a subsidiary	-	-	-	505,395	505,395	-	-	-
Total	575,677	2,342,891	1,546,166	2,386,437	6,851,171			
<u>Financial liabilities</u>								
Trade accounts payable	-	-	-	204	204	-	-	-
Advances received from								
related parties	-	-	-	2,023,148	2,023,148	-	-	-
Total	-	-	-	2,023,352	2,023,352			

(Unit: Thousand Baht)

Consolidated financial statements

As at 31 December 2012

	Fixed						
	interest rate with						
	maturity date	Floating	Non-interest		Interest rate (% p.a.)		
	within 1 year	interest rate	bearing	Total	Fixed	Floating	
					USD	USD	Baht
<u>Financial assets</u>							
Cash and cash equivalents	1,290,546	495,481	114,988	1,901,015	0.64 - 1.25	0.10 - 0.40	0.75
Trade and other receivables	-	-	216,784	216,784	-	-	-
Total	1,290,546	495,481	331,772	2,117,799			
<u>Financial liabilities</u>							
Trade accounts payable	-	-	1,722	1,722	-	-	-
Long-term loans	-	9,066,991	-	9,066,991	-	1.51 - 3.13	6.38
Total	-	9,066,991	1,722	9,068,713			

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2012

	Fixed interest		Fixed		Total	Interest rate (% p.a.)		
	rate with	interest rate	Floating	Non-		Fixed	Floating	
	maturity date	with maturity	interest	interest			USD	Baht
	within 1 year	date at call	rate	bearing				
Financial assets								
Cash and cash equivalents	343,023	-	302,508	745	646,276	1.25	0.10 - 0.30	0.75
Trade and other receivables	-	-	-	1,088,380	1,088,380	-	-	-
Short-term loans to								
a subsidiary	-	2,352,507	-	-	2,352,507	0.40	-	-
Long-term loans to								
jointly controlled entity	-	-	-	410,035	410,035	-	-	-
Total	343,023	2,352,507	302,508	1,499,160	4,497,198			
Financial liabilities								
Trade accounts payable	-	-	-	6	6	-	-	-
Advances received from								
related parties	-	-	-	2,626,665	2,626,665	-	-	-
Long-term loans	-	-	1,195,570	-	1,195,570	-	1.51 - 1.56	-
Total	-	-	1,195,570	2,626,671	3,822,241			

Foreign currency risk

Almost all revenues and expenditures of the Group is denominated in US Dollars, which provide a natural hedge against the currency risk associated with transactions in US Dollars. Consequently, the Group is exposed to a currency risk in respect of financial instruments denominated in other currencies. However, the Group's management has decided to maintain an open position with regard to this exposure, but endeavors to limit this exposure to the minimum possible amounts by not holding significant amounts of financial instruments denominated in other currencies or use derivative instruments, as and when it considers appropriate, to manage such risks.

The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.

The Group has the following significant financial assets and liabilities denominated in foreign currencies (currencies other than US Dollars which is the Group's functional currency).

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht loan	-	-	1,095.46	1,220.66	0.0303	0.0325

Foreign currency swap contracts outstanding are summarised below.

As at 31 December 2013				
Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
		Bought	Sold	
(USD per 1 foreign currency unit)				
Baht 1,095.46 million	USD 33.47 million	0.0302, 0.0309	-	Quarterly corresponding to the loan repayment schedule upto September 2022

As at 31 December 2012				
Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
		Bought	Sold	
(USD per 1 foreign currency unit)				
Baht 1,220.66 million	USD 37.29. million	0.0302, 0.0309	-	Quarterly corresponding to the loan repayment schedule upto September 2022

34.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instruments.

Since the majority of the Group's financial assets and liabilities are short-term in nature or bear floating interest rates and long-term loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

35. Capital management

The primary objective of the Group'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.

The Group manages its capital position with reference to its debt-to-equity ratio also to comply with a condition in the long-term loan agreements, which require the Group to maintain a consolidated debt-to-equity ratio of not more than 2:1.

As at 31 December 2013, the Group's debt-to-equity ratio was 0.63:1 (2012: 0.66:1) and the Company's was 0.16:1 (2012: 0.33:1) which is calculated from USD functional currency financial statements.

36. Events after the reporting period

- 36.1 On 9 January 2014, Precious Shipping (Panama) S.A., ("the overseas subsidiary"), which held 41 of 64 shares in the Fujisan Maru Vessel ("Vessel"), and the Joint Owner (held 23 of 64 shares) entered into a Memorandum of Agreement with an overseas company to sell the Vessel for USD 2.31 million. According to the shareholding in the Vessel, the sale price of the Vessel to be paid to the overseas subsidiary is USD 1.48 million or about Baht 48.86 million. The vessel is already delivered to the buyer and the overseas subsidiary already received the selling price of USD 1.48 million on 15 January 2014.
- 36.2 On 13 January 2014, Associated Bulk Carriers Pte. Limited ("Original buyer") entered into a novation agreement with its subsidiary, ABC One Pte. Limited. ("New buyer") and China Shipbuilding & Offshore International Co. Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd. ("Sellers") to transfer all the rights, title, interest, benefits, obligation and/or liabilities of the shipbuilding contract dated 30 August 2013 for construction of one 20,000 DWT Cement Carrier having builder hull No. CC200-04.

36.3 On 7 February 2014, the Company's Board of Directors' meeting passed a resolution to propose to the Annual General Meeting of shareholders to be held in March 2014 to adopt a resolution to pay a dividend of Baht 0.10 per share, or a total of Baht 103.95 million, to the shareholders in respect of the Company's retained earnings as of 31 December 2013.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

37. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2013 and 2012 and income statements for the years ended 31 December 2013 and 2012 are as follows.

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Assets				
Current assets				
Cash and cash equivalents	89,651	62,061	64,684	21,098
Current investment	-	-	-	-
Trade and other receivables	32,729	7,077	57,304	35,531
Short-term loans to a subsidiary	-	-	71,400	76,800
Current portion of advances for vessel constructions	18,076	15,768	18,076	12,796
Bunker oil	3,116	4,791	-	-
Other current assets				
Advances to vessel masters	3,782	3,366	-	-
Claim recoverables	851	774	-	-
Others	2,211	2,190	1,454	1,465
Total other current assets	6,844	6,330	1,454	1,465
Total current assets	150,416	96,027	212,918	147,690
Non-current assets				
Investments in subsidiaries	-	-	235,163	228,589
Investment in joint venture	-	-	-	-
Investment in associate held by a subsidiary	3,120	3,418	-	-
Other long-term investment	260	260	260	260
Long-term loans to jointly controlled entity	-	-	-	13,386
Long-term loans to a subsidiary	-	-	15,402	-
Receivables from cross currency swap contracts	54	2,746	-	-
Property, plant and equipment	568,958	529,276	216	257
Intangible assets	124	420	123	418
Other non-current assets				
Claim recoverables - maritime claims	4,247	1,490	-	-
Advances for vessel constructions - net of current portion	42,062	145,580	14,284	125,976
Deferred financial fees	2,966	4,088	2,300	3,283
Deferred contract costs	5,113	1,071	-	-
Others	94	98	73	78
Total other non-current assets	54,482	152,327	16,657	129,337
Total non-current assets	626,998	688,447	267,821	372,247
Total assets	777,414	784,474	480,739	519,937

Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade accounts payable	657	56	6	-
Advances received from related parties	-	-	61,656	85,750
Accrued crew accounts	2,623	2,423	-	-
Accrued expenses	2,139	4,366	23	124
Current portion of accrued employee bonus	1,324	1,444	1,222	1,335
Total trade and other payables	6,743	8,289	62,907	87,209
Advances received from charterers	2,000	1,120	-	-
Current portion of long-term loans	19,928	26,181	-	15,732
Income tax payable	240	145	-	-
Other current liabilities				
Withholding tax payable	122	360	80	317
Others	742	450	110	167
Total other current liabilities	864	810	190	484
Total current liabilities	29,775	36,545	63,097	103,425
Non-current liabilities				
Accrued employee bonus - net of current portion	935	750	860	693
Long-term loans - net of current portion	262,661	269,820	-	23,266
Provision for maritime claims	5,352	2,210	-	-
Provision for long-term employee benefits	2,333	2,296	2,142	2,099
Total non-current liabilities	271,281	275,076	3,002	26,058
Total liabilities	301,056	311,621	66,099	129,483
Shareholders' equity				
Share capital				
Registered share capital	35,308	35,308	35,308	35,308
Issued and paid-up share capital	35,308	35,308	35,308	35,308
Paid-in capital				
Premium on ordinary shares	16,135	16,135	16,135	16,135
Premium on treasury stock	4,819	4,819	4,819	4,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	2,802	2,802	2,802	2,802
- subsidiaries	14,460	14,285	-	-
Corporate social responsibility reserve	511	467	511	467
Unappropriated	403,659	400,142	355,065	330,923
Other components of shareholders' equity	(1,654)	(1,145)	-	-
Equity attributable to owner of the Company	476,040	472,813	414,640	390,454
Non-controlling interests of the subsidiaries	318	40	-	-
Total shareholders' equity	476,358	472,853	414,640	390,454
Total liabilities and shareholders' equity	777,414	784,474	480,739	519,937

Precious Shipping Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2013

(Unit: Thousand USD)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Revenues				
Vessel operating income				
Hire income	84,746	70,219	-	-
Freight income	40,011	42,117	-	-
Total vessel operating income	124,757	112,336	-	-
Service income	368	360	2,917	2,329
Gains on sales of equipment	1	9	1	9
Gains on novation/cancellation of shipbuilding contracts	30,824	9,771	29,550	9,771
Interest income	274	654	444	735
Exchange gains	423	-	502	-
Other income	78	106	78	88
Dividend received	-	-	17,932	17,301
Total revenues	156,725	123,236	51,424	30,233
Expenses				
Vessel operating costs				
Vessel running expenses	53,874	40,510	-	-
Voyage disbursements	5,583	7,026	-	-
Bunker consumption	17,766	18,387	-	-
Total vessel operating costs	77,223	65,923	-	-
Depreciation	36,790	29,331	91	130
Cost of services	158	139	-	-
Administrative expenses	7,091	5,725	6,082	4,910
Management remuneration including perquisites	3,547	2,848	3,344	2,709
Bad debts and doubtful accounts	39	394	-	-
Exchange losses	-	182	-	243
Total expenses	124,848	104,542	9,517	7,992
Profit before share of profit (loss) from investment in associate, finance cost and income tax expenses	31,877	18,694	41,907	22,241
Share of profit (loss) from investment in associate held by a subsidiary	1,025	(74)	-	-
Profit before finance cost and income tax expenses	32,902	18,620	41,907	22,241
Finance cost	(14,881)	(13,947)	(3,963)	(5,014)
Profit before income tax expenses	18,021	4,673	37,944	17,227
Income tax expenses	(250)	(133)	-	-
Profit for the year	17,771	4,540	37,944	17,227
Profit attributable to:				
Equity holders of the Company	17,493	4,455	37,944	17,227
Non-controlling interests of the subsidiaries	278	85	-	-
Profit for the year	17,771	4,540	37,944	17,227
				(Unit: USD)
Basic earnings per share				
Profit attributable to equity holders of the Company	0.0168	0.0043	0.0365	0.0166

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 7 February 2014.

CONNECTED TRANSACTIONS

The following significant transactions entered into by the Company and Subsidiaries constitute transactions with related parties

1. Office lease agreement between the Company and Unistretch Limited

The Relation

The Office lease agreement is between the Company and Unistretch Limited. Miss Nishita Shah and Mr. Ishaan Shah, Directors of the Company, are directly interested as Directors and Shareholders and Mr. Kirit Shah, Director of the Company, is also interested as Director of Unistretch Limited.

The Significance of the related transaction

The Office lease agreement is necessary for operating the Company.

The Fairness of Terms and Conditions of the Transaction

For the year 2013, the Company has rental and related expenses for other services from such transaction amounting to Baht 1.93 million (2012: Baht 2.15 million) which is 0.01% (2012: 0.01%) of Net Tangible Assets. The Company has signed a lease for the office premises with Unistretch Limited at the rate of Baht 210 per square metre per month. The Company has also signed a lease for other office premises from a third party on other floors of the same building at the same rate of Baht 210 per square metre per month.

Policy in respect of future transactions with connected parties

The Office is essential for operating the business of the Company so the Company has to continue to enter into lease agreement for the year 2014 on similar (or more beneficial) terms as that of year 2013.

2. Purchase of air tickets from Ambika Tour Agency Limited

The Relation

The Company and subsidiaries purchased air tickets from Ambika Tour Agency Limited in which Miss Nishita Shah and Mr. Ishaan Shah are directly interested as Directors and Shareholders.

The Significance of the related transaction

Given the nature of business, apart from air tickets for foreign travel by office Executives, air tickets are also required for the crew on a regular basis to allow them to sign on/off in different ports around the world on commencement and completion of their contracts, respectively. Ambika Tour Agency Limited has been selected for this purpose in view of their competitive rates and service and also for their proximity to the Company's office since this allows much quicker and efficient service.

The Fairness of Terms and Conditions of the Transaction

For the year 2013, the Company and subsidiaries purchased air tickets amounting to Baht 11.43 million (2012: Baht 10.03 million) which is 0.08% (2012: 0.07%) of Net Tangible Assets.

Policy in respect of future transactions with connected parties

For the year 2014, the Company and subsidiaries would have similar air ticket expenses, possibly higher in value than 2013 due to the bigger Fleet of the Company. The Company regularly reviews the pricing and service standards of the various Vendors of tickets including Ambika Tour Agency Limited. If the pricing and service standards of these present Vendors are found uncompetitive with market levels and/or if the terms and conditions are not for the benefit of the Company, the Company could change the Vendors.

3. Maintenance and Management services from Maestro Controls Ltd.

The Relation

The Company and its subsidiary paid maintenance expenses and related expenses for other services from such transaction to Maestro Controls Ltd. for the air conditioning system at the main operational offices and the condominium apartments of the Company and its subsidiary respectively. This is a connected transaction since Miss Nishita Shah, Director of the Company is directly interested as Director and Shareholder of Maestro Controls Ltd., Mr. Kirit Shah, Director of the Company, is also Director of Maestro Controls Ltd., and Mr. Ishaan Shah, Director of the Company, is Shareholder of Maestro Controls Ltd.

The Significance of the related transaction

The maintenance of air conditioning system at the main operational offices and the condominium apartments including the management thereof is essential for operating the business of the Company and the assets of the Company's subsidiary, i.e. the residences of the Company's expatriate staff. Maestro Controls Ltd. has been selected for this purpose in view of their competitive rates and service.

The Fairness of Terms and Condition of the Transaction

For the year 2013, the Company and its subsidiary have paid for maintenance and management expenses for the air conditioning system and the offices and condominium apartments of the Company and its subsidiary amounting to Baht 0.91 million (2012: Baht 1.02 million) which is 0.01% (2012: 0.01%) of Net Tangible Assets.

Policy in respect of future transactions with connected parties

For the year 2014, the Company would have similar expenses for the maintenance of air conditioning system and supply of air conditioners if required, from Maestro Controls Ltd. The Company regularly reviews such maintenance and management contracts for pricing and service standards and if the same are not competitive and/or for the benefit of the Company, the Company could change the existing service provider.

4. Expenses for Hotel and Management services from Maxwin Builders Limited

The Relation

The Company and its subsidiary paid expenses for hotel and management services to Maxwin Builders Limited. This is a connected transaction since Miss Nishita Shah and Mr. Ishaan Shah, Director of the Company, are directly interested as Directors and Shareholders. Mr. Khushroo Kali Wadia and Mr. Kirit Shah, Directors of the Company, are Directors of Maxwin Builders Ltd.

The Significance of the related transaction

The expenses for hotel services (like holding AGM and other meetings) and management services are required for the operating the business of the Company and its subsidiary. Maxwin Builders Ltd. has been selected for this purpose in view of their competitive rates and service.

The Fairness of Terms and Condition of the Transaction

For the year 2013, the Company has paid expenses for hotel and management services amounting to Baht 1.42 million (2012: Baht 1.23 million) which is 0.01% (2012: 0.01%) of Net Tangible Assets.

Policy in respect of future transactions with connected parties

For the year 2014, there will be no management services. However, the Company would have similar expenses for the hotel services from Maxwin Builders Ltd. The Company regularly reviews pricing and service standards and if the same are not competitive and/or for the benefit of the Company, the Company could change the existing service provider.

5. Insurances from InsurExcellence Insurance Brokers Group as Insurance Brokers

The Relation

The Company and subsidiary paid insurance premiums for the cars and properties owned by the Company and subsidiary to InsurExcellence Insurance Brokers Limited and also paid life insurance premium for the Company's staff from such transaction to InsurExcellence Life Insurance Brokers Limited. This is a connected transaction since Miss Nishita Shah, Mr. Ishaan Shah and Mr. Kirit Shah, Directors of the Company are related to Miss Sameera Shah who is a Director and Shareholder in InsurExcellence Insurance Brokers Limited and InsurExcellence Life Insurance Brokers Limited.

The Significance of the related transaction

The insurance of life of staff and motor vehicles and properties is part of the conduct of normal business of the Company and subsidiary and the insurances are essential for the security of the assets of the Company and Company's subsidiary. InsurExcellence Insurance Brokers Limited and InsurExcellence Life Insurance Brokers Limited have been selected for this purpose in view of their competitive rates and service after a thorough comparison of Insurance Premiums and allied services offered by other Insurance Brokers in the market.

The Fairness of Terms and Conditions of the Transaction

For the year 2013, the Company and its subsidiary have paid for various insurance premiums amounting to Baht 2.35 million (2012: Baht 2.38 million) which is 0.02% (2012: 0.02%) of Net Tangible Assets.

Policy in respect of future transactions with connected parties

For the year 2014, the Company would have similar expenses for insurance from InsurExcellence Insurance Brokers Limited and InsurExcellence Life Insurance Brokers Limited. The Company regularly reviews such insurance premiums for pricing and service standards and if the same are not competitive and/or for the benefit of the Company, the Company could change the existing service provider.

6. Computer purchases from Quidlab Company Limited

The Relation

The Company and subsidiaries purchased computer hardware, software and computer related services from Quidlab Company Limited. This is a connected transaction since Mr. Kamal Kumar Dua, Vice President - IT, as part of Management of the Company is related to Mrs. Charu Dua who is directly interested as Director and Shareholder of Quidlab Company Limited.

The Significance of the related transaction

Given the nature of business, computer hardware, software and related services are required for operating the business. Quidlab Company Limited is just one of the Vendors considered on a case by case basis for this purpose and whenever selected for a particular service or supply, is selected because of their competitive rates and services after a thorough comparison of rates and services offered by other companies in the market.

The Fairness of Terms and Conditions of the Transaction

For the year 2013, the Company and its subsidiary have paid for computer and software purchases amounting to Baht 0.38 million (2012: 1.29 million) which is 0.003% (2012: 0.01%) of Net Tangible Assets.

Policy in respect of future transactions with connected parties

The computer hardware, software and computer related services are essential for operating the business of the Company and subsidiaries so in the year 2014, the Company and subsidiaries may purchase computer hardware, software and related services from Quidlab Company Limited on a case-by-case basis after a thorough evaluation and comparison with other suppliers/service providers. Further, the Company will always review the pricing and service standards of other various Vendors of computer hardware, software and related services along with that of Quidlab Company Limited. If the pricing and service standards of Quidlab Company Limited are found uncompetitive with market levels and/or if the terms and conditions are not for the benefit of the Company, the Company will not enter into any such transaction with the Vendors (Quidlab).

Directors and Executives disclose their and their relatives' shareholdings, directorships and other interests in other Companies and Firms, and report their conflict of interest if any, to the Company for the company's use in complying with the regulations pertaining to connected party transactions. Such a report disclosing all their interests is also useful in monitoring their adherence to their duties regarding conflict of interest transactions. The Internal Auditors have reviewed the above connected transactions and reported the results of their review to the Audit & Corporate Governance Committee who in turn have discussed and reviewed the transactions in their Audit & Corporate Governance Committee Meeting No. 1/2014 held on 29th January 2014 and then reported these transactions to the Board of Directors. The Board of Directors Meeting No. 1/2014 held on 7th February 2014 reviewed the transactions and based on the findings and report of the Audit & Corporate Governance Committee, the Board is of the opinion that the Company has adequate rules, regulations and policies for prevention of conflict of interest transactions and that the above interested party transactions are entered solely based on the market prices and for the full benefit of the Company. Adequate disclosures have also been made in the financial statements and the Annual Report.

INDEX OF REPORT IN ACCORDANCE WITH FORM 56-2

(PURSUANT TO SECTION 56 OF SECURITIES AND EXCHANGE ACT B.E. 2535)

No.	Details	Page No.
1.	Company Overview	1 - 11, 25, 30 - 46
2.	Nature of Business	12 - 24
3.	Risk Factors	102 - 107
4.	Significant General Information	8 - 11, 248
5.	Shareholders	108
6.	Dividend Policy Statement	108
7.	Management Structure	28 - 29, 58, 87, 109 - 129
8.	Corporate Governance	49 - 70
9.	Corporate Social Responsibility	73 - 101
10.	Internal Controls and Risk Management	47 - 49, 65 - 67, 70 - 72, 111 - 113
11.	Connected Transactions	243 - 246
12.	Significant Financial Information	4 - 5, 25, 76, 158 - 242
13.	Management Discussion and Analysis	130 - 157
14.	Note to Annual Report regarding Form 56-1	Back Cover

REFERENCES

Share Registrar	<p>▶ THAILAND SECURITIES DEPOSITORY CO., LTD. 4th and 7th Floors, No. 62, the Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey District, Bangkok 10110 Telephone : 66-2 229-2800 Facsimile : 66-2 359-1259 Call Center : 66-2 229-2888 E-mail : contact.tsd@set.or.th Website : http://www.tsd.co.th</p>
	<p>▶ REGISTRATION SERVICES DEPARTMENT – ISSUER SERVICES UNIT 1 The Capital Market Academy Building, 2nd Floor 2/7 Moo 4, (North Park Project) Vibhavadi Rangsit Road, Km. 27, Thungsonghong Subdistrict, Laksi District, Bangkok 10210 Telephone : 66-2 596-9000 Facsimile : 66-2 832-4994-6</p>
Main Banks	<p>▶ KRUNG THAI BANK PUBLIC COMPANY LIMITED No.10, Sukhumvit Road, Klongtoey Subdistrict, Klongtoey District, Bangkok, 10110 Telephone : 66-2 208-7000, 8000 Facsimile : 66-2 255-9391-3 Website : http://www.ktb.co.th</p>
	<p>▶ KASIKORNBANK PUBLIC COMPANY LIMITED 1 Soi Kasikornthai, Ratburana Road, Bangkok 10140 Telephone : 66-2 888 8800 Facsimile : 66-2 888 8882 Website : http://www.kasikornbank.com</p>
	<p>▶ DNB BANK ASA, SINGAPORE BRANCH 8 Shenton Way, #48-02 Singapore 068811 Telephone : 65-6220-6144 Facsimile : 65-6224-9743 Website : https://www.dnb.no</p>
Auditor	<p>▶ ERNST & YOUNG OFFICE LIMITED 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey District, Bangkok 10110 (Opposite Benjakitti Park / Near Queen Sirikit National Convention Centre) G.P.O. Box 1047, Bangkok 10501, Thailand Telephone : 66-2 264-0777, 66-2 661-9190 Facsimile : 66-2 264-0789-90 E-mail : ErnstYoung.Thailand@th.ey.com Website : http://www.ey.com/th</p>
Main Legal Counsel	<p>▶ WATSON, FARLEY & WILLIAMS ASIA PRACTICE LLP 6 Battery Road #28-00 Singapore 049909 Telephone : 65-6532-5335 Facsimile : 65-6532-5454 E-mail : singaporeinfo@wfw.com Website : http://www.wfw.com</p>



Precious Shipping Public Company Limited

7th Floor, Cathay House, 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand

Tel : 66-2 696-8800, 66-2 696-8854 Fax : 66-2 236-7654, 66-2 633-8460

Email : psl@preciousshipping.com, ir@preciousshipping.com

Home page : <http://www.preciousshipping.com>

Note: For more details of the Company, please refer to Form 56-1 at
<http://market.sec.or.th/public/idisc/FinancialStatement.aspx?lang=th&reportcode=PP06> or
<http://www.preciousshipping.com/InvestorRelations/Form561/tabid/242/Default.aspx>

Paper made from

