



PRIMA MARINE
PUBLIC COMPANY LIMITED



ANNUAL REPORT 2018

Prima Marine Public Company Limited





PRIMA MARINE
PUBLIC COMPANY LIMITED

All ships
vessels

36

TRADING

LEADER
SHIPS BUSINESS
IN THAILAND

Revenue from
Services

4,479.7 MIL

Total assets

10,814.83 MIL

We are the largest fully integrated business operator in oil tanker and oil and petroleum storage in Thailand.

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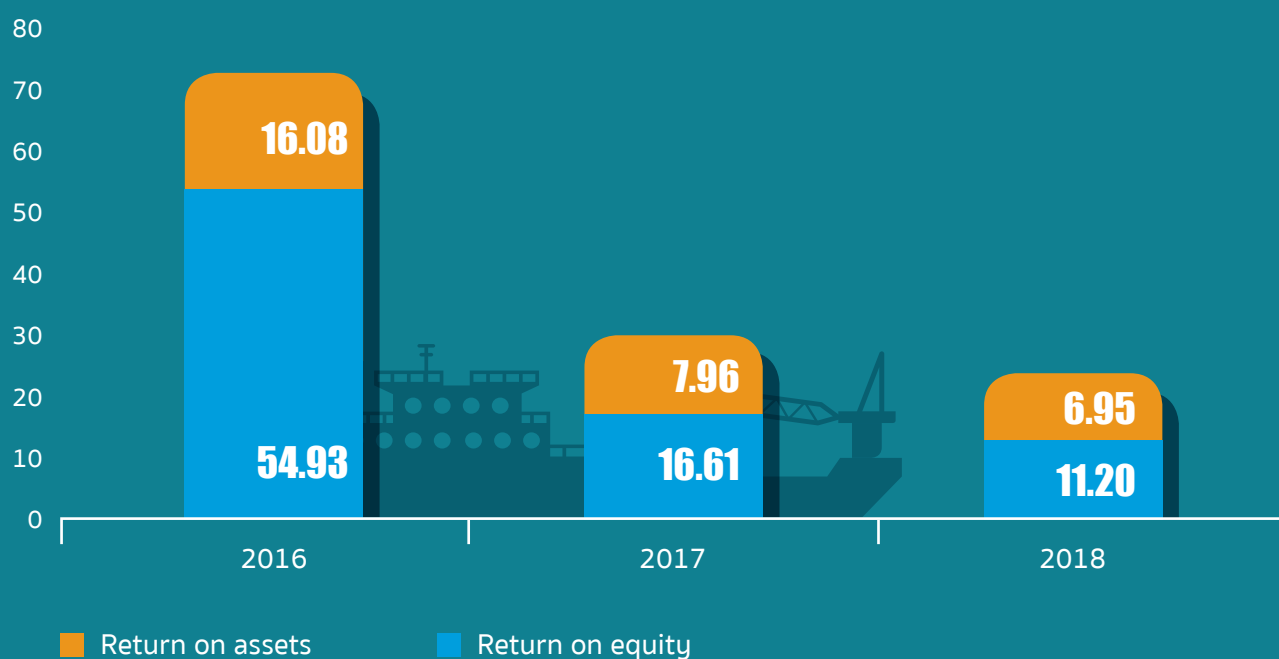
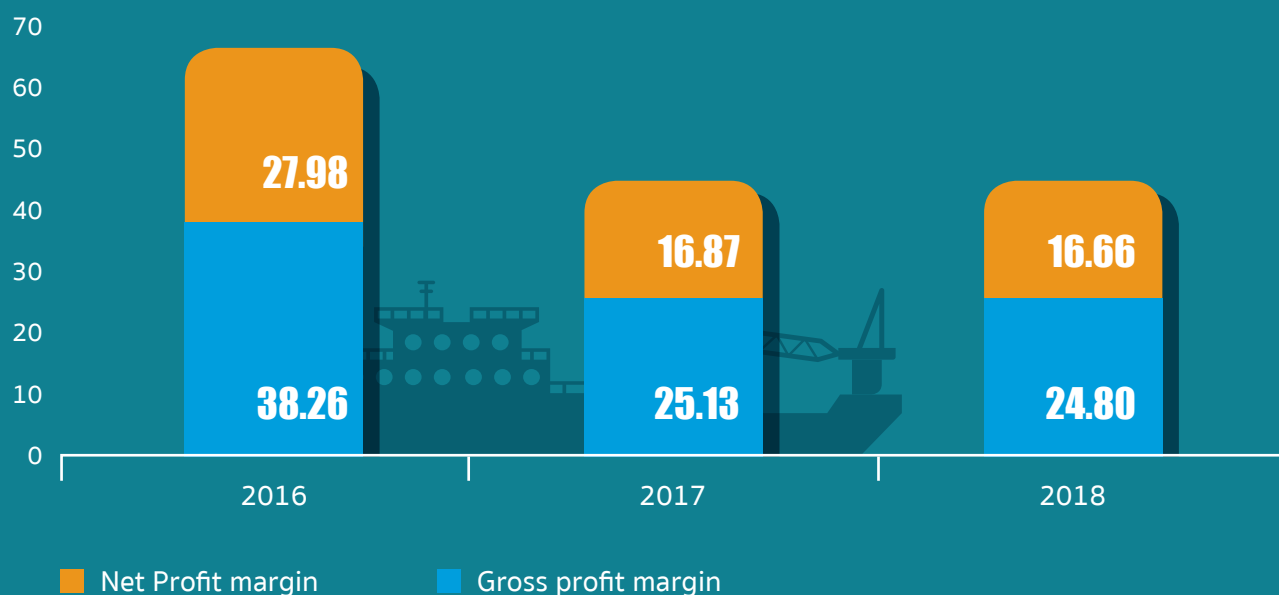
Financial Highlights

| Statement of Income (Unit : Million Baht) | Separate Income Statement | | | Consolidated Income Statement | | |
|--|---------------------------|----------|----------|-------------------------------|----------|----------|
| | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| Revenue from rendering of services | 1,991.22 | 2,038.74 | 1,744.56 | 4,296.54 | 4,501.00 | 4,479.72 |
| Gross Profit | 670.60 | 510.27 | 351.68 | 1,643.86 | 1,131.22 | 1,111.17 |
| EBITDA | 1,100.63 | 1,403.38 | 530.43 | 1,823.76 | 1,581.49 | 1,474.39 |
| Profit for the year | 755.87 | 1,083.25 | 382.25 | 1,202.16 | 759.11 | 746.43 |
| Basic earnings per share | 0.47 | 0.50 | 0.15 | 0.64 | 0.33 | 0.28 |

| Statement of Income (Unit : Million Baht) | Separate Income Statement | | | Consolidated Income Statement | | |
|--|---------------------------|----------|----------|-------------------------------|-----------|-----------|
| | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| Total assets | 4,145.58 | 7,304.17 | 6,855.76 | 8,382.69 | 10,678.67 | 10,814.83 |
| Total liabilities | 2,301.09 | 1,388.94 | 805.36 | 5,723.06 | 4,431.96 | 3,844.35 |
| Total equity | 1,844.49 | 5,915.23 | 6,050.40 | 2,659.62 | 6,246.71 | 6,970.48 |
| Authorised share capital | 2,000.00 | 2,500.00 | 2,500.00 | 2,000.00 | 2,500.00 | 2,500.00 |
| Issued and paid-up share capital | 2,000.00 | 2,500.00 | 2,500.00 | 2,000.00 | 2,500.00 | 2,500.00 |

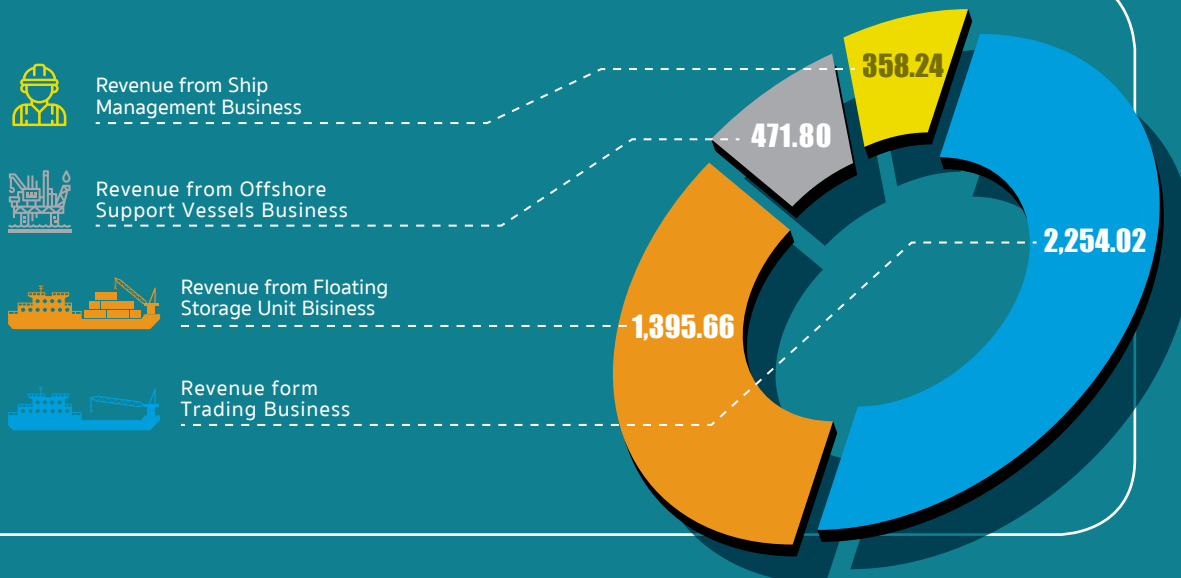
| Financial Ratio | Separate Income Statement | | | Consolidated Income Statement | | |
|-------------------------|---------------------------|-------|-------|-------------------------------|-------|-------|
| | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| Current Ratio (Times) | 0.09 | 5.26 | 2.24 | 0.38 | 2.36 | 1.19 |
| Gross Profit Margin (%) | 33.68 | 25.03 | 20.16 | 38.26 | 25.13 | 24.80 |
| Net Profit Margin (%) | 37.88 | 53.13 | 21.91 | 27.98 | 16.87 | 16.66 |
| Return on assets (%) | 0.20 | 0.19 | 0.05 | 16.08 | 7.96 | 6.95 |
| Return on equity (%) | 0.57 | 0.28 | 0.06 | 54.93 | 16.61 | 11.20 |

Financial Ratio

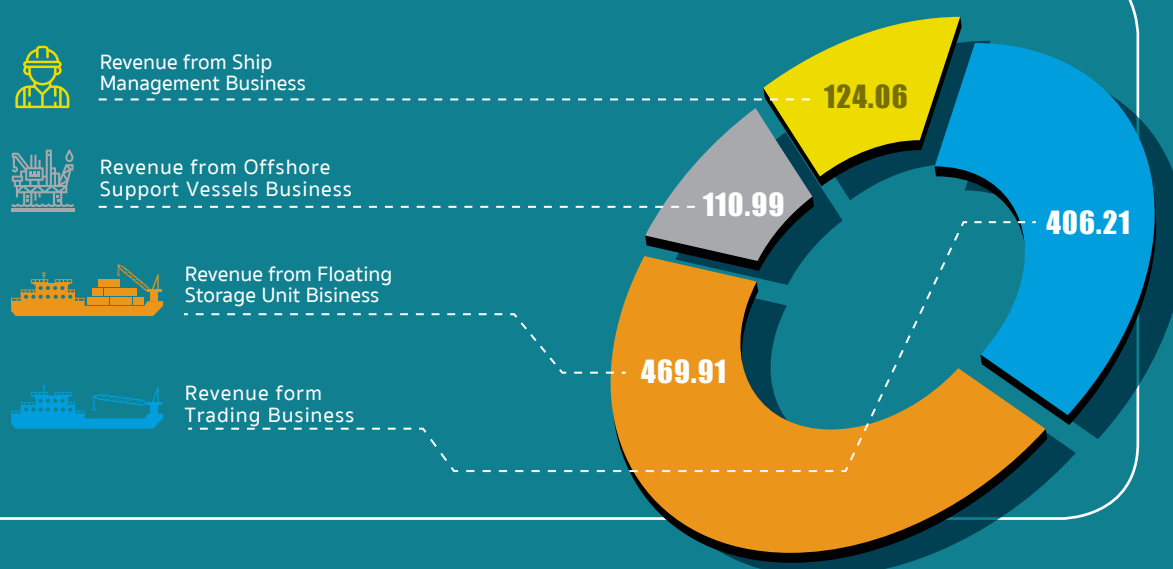


Operating Results of the Company and Its Subsidiaries for the Year 2018

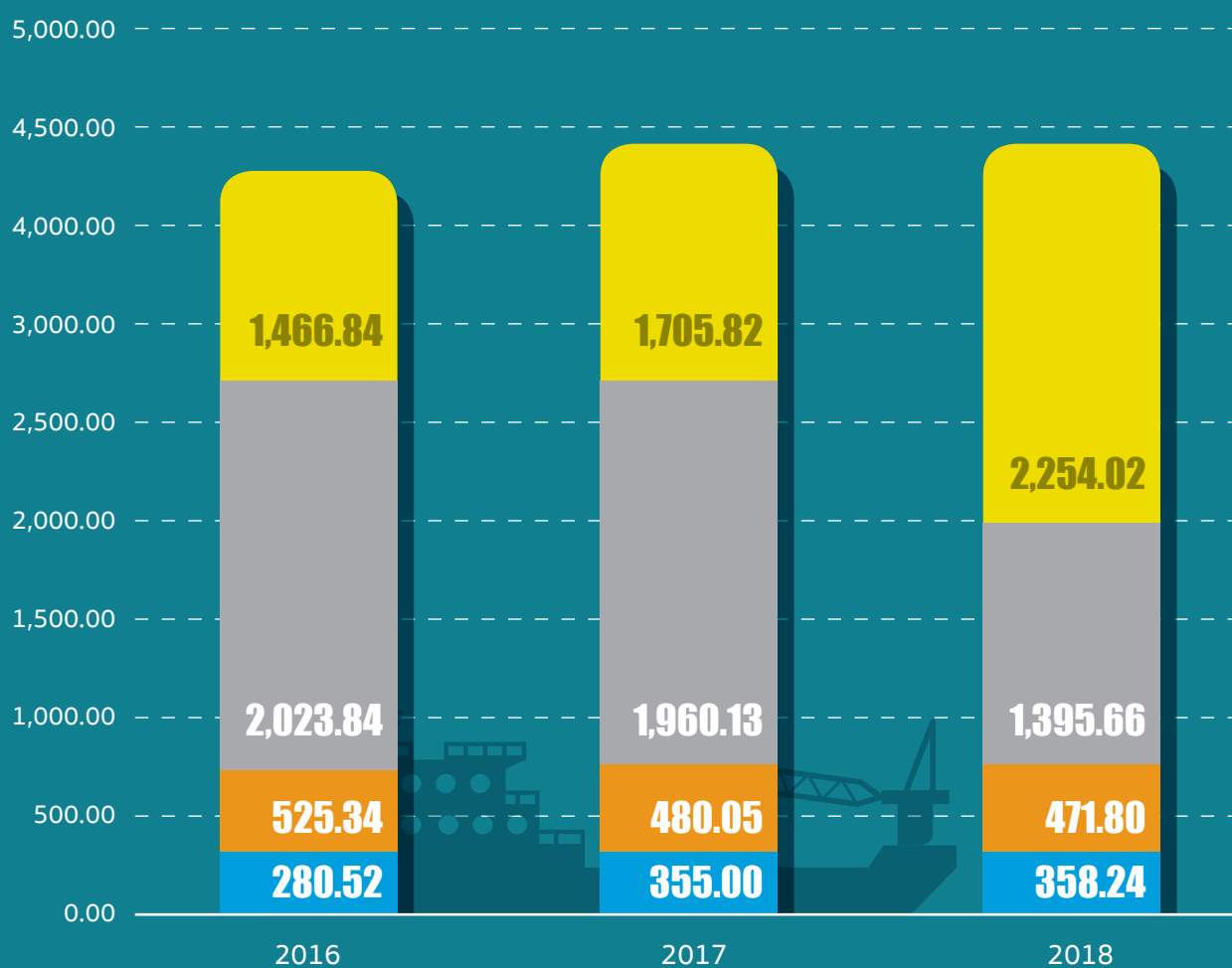
Revenue from the core business unit



Gross profit from the core business unit



Revenue from services of the core business for the past 3 years (Unit : Million Baht)



Revenue from Ship Management Business



Revenue from Offshore Support Vessels Business



Revenue from Floating Storage Unit Business



Revenue from Trading Business

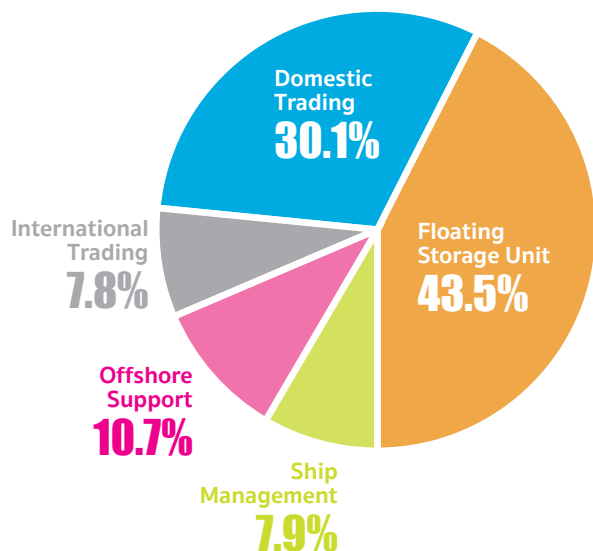
Message from the Chairman



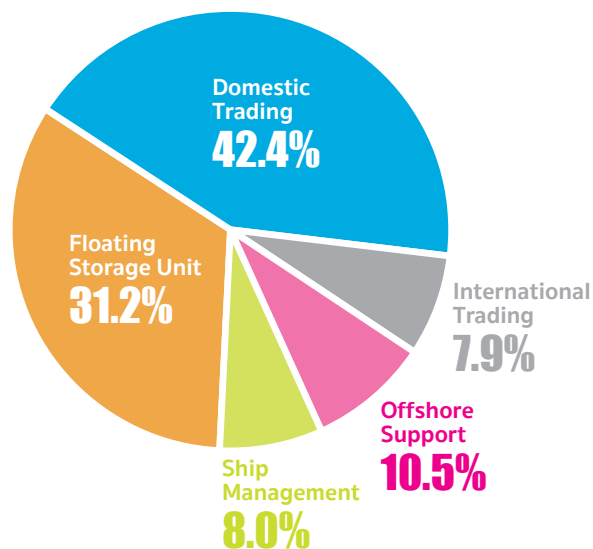
In 2018, Prima Marine Public Company Limited and its subsidiaries highly succeeded in managing and adjusting its business strategies to mitigate the impact of external factors on floating storage unit (FSU) business by reducing the number of FSU to be line with falling customer demand and by outstandingly expanding its trading ship business.

As a result, in 2018, the company generated revenue from rendering of services of 4,479.7 million baht and net profit of 746.4 million baht which was close to the results in 2017. The company increased its share of revenue from trading ship business from 30 percent in 2017 to 42.4 percent in 2018, representing positive outcomes from its effective strategic alteration.

In 2017, Revenue from rendering of services 4,501.6 Million Baht



In 2018, Revenue from rendering of services 4,479.7 Million Baht



Due to the global oil price fluctuation throughout 2018 and the suspended demand for fuel oil from small refineries in China, the demand for and the rental rates of FSU substantially diminished. Nevertheless, with attentive management, the company was able to maintain its major customer base, mostly oil trading companies in Singapore. The company provided FSU service for fuel oil storing and mixing in Malaysia on four vessels and for crude oil storage for domestic customer on one vessel, totaling five vessels which was a decrease of two ships compared to 2017 but matched with customer demand. At the same time, the Board of Directors and executives jointly studied and determined new business directions for the company with a focus on expanding trading ship business, which continued to show outstanding growth, domestically to compensate for declining revenue from FSU business. Therefore, the company urged the negotiations and successfully acquired Big Sea Co., Ltd., the country's second largest maritime service provider of petroleum transport. The company successfully bought 70 percent of Big Sea Co., Ltd.'s share for 1.54 billion baht (which are cash payment 1.4 billion baht and obligation to pay 0.14 billion baht) in July 2018 and made an agreement to buy the remaining share at 10 percent annually for

three years at agreed price which depends on Big Sea Co., Ltd.'s operating outcomes each year. The acquisition of Big Sea Co., Ltd. immediately increased Prima Marine's petroleum transport fleet to 13 vessels, resulting in a larger domestic market share of petroleum transport from 32.9 percent in 2017 to 49.3 percent in 2018 which is expected to grow even more once the company has bought all the share of Big Sea Co., Ltd.

The local expansion of petroleum transport ship business was part of the company's IPO plan in September 2017. The company set out to gradually expand its fleet and business which was expected to take a long period; as a result, its acquisition of Big Sea Co., Ltd. has efficiently helped accelerate its expansion plan. Aside from time saved for building ships and seeking personnel for ship management, the company has acquired more long-term customers who are multinational companies and domestic refineries. The company obtained sufficient capital for this investment from its 2017 IPO and received loans from financial institutions to support other expansions including the expansion of FSU business which the company believes will thrive again in the future.

The company continued its plan to build domestic petroleum transport vessels to replace vessels which have been worn out and close to replacement period to comply with international standards promised to customers and to meet growing customer demand. In 2018, the company built one vessel and expected to finish building six vessels in 2019, enabling the company to have 29 vessels at the end of 2019 with average lifetime of 12.4 years decreasing from 15.3 years in 2017. On top of this, the company bought an additional petrochemical transport vessel in 2018 as it realized opportunities to expand petrochemical export business of domestic refineries and petrochemical plants which are mostly the company's customers. Our ship management department is responsible for preparing expert personnel to sufficiently manage vessels owned by the company.

In 2018, the company continued to focus on improving its administration, risk management, internal control, and personnel development to prepare for long-term business expansion. The company developed a plan to align the company's work processes with Big Sea Co., Ltd.'s by jointly conducting a study to minimize the two companies' weaknesses and increase the companies' strengths for the organization's greatest benefit. In terms of corporate governance, the company received

"excellent corporate governance for listed company" recognition from the Thai Institute of Directors (IOD) even though it has been listed on the Stock Exchange of Thailand for only one year. This demonstrates the company's good corporate governance principles, responsibilities to shareholders, and efficient, transparent, and accountable management. Apart from this, the company is recognized and trusted by domestic and international investors and was finally listed on the SET100 in June 2018.

In 2019, the market is expected to begin showing positive signs for the company's business. It is predicted that FSU business will receive positive impact from the International Marine Organization (IMO)'s regime which requires companies to reduce sulfur in fuel oil used on board ships from 3.5 percent to 0.5 percent by weight beginning in 2020. This has given an opportunity for oil traders to mix low-sulfur fuel oil with high-sulfur fuel oil to create fuel oil which meets the IMO's 0.5 percent standard. Floating storage vessels are suitable for the storing and mixing of the fuel oil since the vessels already have the required heating and mixing equipment for the process. Singapore's regulations do not allow oil traders to store and mix oil on Singaporean shores like floating storage vessels. Moreover, a Malaysian oil refinery and asphalt company has asked for more of Prima Marine's FSU to store crude oil for refinery similar to the ones in Thailand. At the same time, charges in trading ship

business which were in the low for a long period began to rise towards the end of 2018. Since more old ships have been scrapped, the number of service ships has fallen. This benefits the company's building of two Aframax ships which are expected to perform better in 2019. For domestic platform supply vessel business, there have been more service contracts from late 2018 to September 2019, and it is expected that demand for platform supply vessels in the Gulf of Thailand will show an upward trend after the Thai government signed production sharing contracts for the extraction and production of both the Erawan and Bongkot gas fields in February 2019.

Given positive business prospect, readiness of all executives and employees, financial strength, and flexibility of its business structure, the company is confident that it will be able to expand business and create shareholder's value continuously and sustainably. In 2018 which was a challenging year for marine transport services, the company was able to cope with the challenges to successfully achieve satisfying profit as mentioned earlier. Therefore, I am delighted to tell our shareholders that the Board of Directors has decided to pay dividend of 0.14 baht per share or 91.6 percent of Prima Marine PCL's net profit.

As a final note, on behalf of the Prima Marine PCL's Board of Directors, I would like to express our appreciation to all executives and employees who have worked very hard to implement our new strategies quickly and effectively. I would also like to extend our gratitude to all shareholders, customers, financial institutions, business allies, government agencies, sponsors, and stakeholders for your support which has led to the company's success for the past years.



(Mr. Bowon Vongsinudom)
Chairman of the Board of Directors

Annual Audit Committee Report for 2018

To All Shareholders
Prima Marine Public Company Limited

The Audit Committee of Prima Marine Public Company Limited has been appointed by the Board of Directors, consisting of 3 independent directors with full qualification and experiences in Energy Business, Law, Accounting & Finance and Management, namely, consisting of Mr. Chainoi Puenkosum as the Chairman of the Audit Committee, Mr. Somchai Kuvijitsuwan and Mr. Kosit Fuangsawasdi as members of the Audit Committee, all of them are completely qualified as specified in the Charter of the Audit Committee.

The Audit Committee has independently performed its duties as assigned by the Board of Directors and in accordance with the authorities and duties as specified in the Charter of the Audit Committee to oversee the administration, to review the internal control, to comply with laws, rules and regulations relevant to the Company's business operation, to prepare and fully and accurately disclose the financial report in line with the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) by focusing on the compliance with the principles of good corporate governance and good internal audit system for equally providing utmost benefits to all stakeholders.

In 2018, the Audit Committee held 9 meetings to jointly discuss with the management, internal auditors, the Auditors and relevant parties as per meeting agenda, in addition, the Audit Committee also had a meeting with the Auditors without the attendance of the management to ensure that the Auditors are independent in performing the auditing of the Company's accounting and both executives and employees also provided good cooperation on providing the Company's information.

The operational performance and opinions on various matters from the Audit Committee can be summarized as follows:

1. Review of financial reports:

The Audit Committee reviewed the Company's and its subsidiaries' quarterly and annual financial statements of the year 2018 covering the consolidated financial statements, and accounting policies through the meeting with the attendance of relevant management and Auditors under an agenda in considering the financial statements. The Audit Committee reviewed

the accuracy and completeness of information in financial statements, related transactions with potential conflict of interest, the adjustment of significant accounting transactions possibly affecting the financial statements, the accounting recording, the adequacy of data disclosure in financial statements, notices and opinions of Auditors, to ensure that the Company's and its subsidiaries' financial statements were prepared in accordance with the requirements of laws and Generally Accepted Accounting and Auditing Standard.

2. Review of the adequacy of internal control system:

The Audit Committee annually reviewed the internal control system of the Company; the Company has adopted the conceptual framework in the establishment of COSO's (The Committee of Sponsoring Organizations of the Treadway Commission) internal control system to ensure more confidence and trustfulness in the appropriateness and effectiveness of the Company's internal control system, the adequacy assessment form of the internal control system prepared in accordance with the requirements of the Office of the Securities and Exchange Commission (SEC) has also been adopted as a guideline for assessing the adequacy of the internal control system for all departments within the Company. Additionally, from the assessment result of 2018, it was found that the Company's internal control system is adequate and appropriate.

3. Internal Audit:

The Audit Committee oversaw the internal auditors to independently perform the auditing in accordance with the internal audit standard, considered and approved the annual internal audit plan in line with the Company's strategic plan and reviewed the internal audit process to ensure that the internal audit is effective by focusing on the audit for improving the internal control system by covering all working processes, to prevent the corruption which may affect the Company, to review the internal audit report and to follow up on the improvement of the management's performance according to the recommendation of Internal Audit Department. In addition, the Audit Committee also considered the appropriateness of the Internal Audit Department's structure and the ratio of internal audit



workforce to support the increasing amount of auditing works.

4. The compliance with laws, rules and regulations: the Audit Committee reviewed the compliance with the Securities and Exchange Act, Regulations and Notifications of the Stock Exchange of Thailand and other laws relevant and applicable to the Company's business including other laws relevant to the Company's business operation, it was found that in 2018, the Company fully followed the Securities and Exchange Act, Regulations and Notifications of the Stock Exchange of Thailand and other laws relevant and applicable to the Company's business including other laws relevant to Company's business operation.

5. The consideration and appointment of Auditors: The Audit Committee selected the Auditors by considering their past performance, independence, knowledge, competency, audit experience, scope of work, working quality and standard of the audit firm, period in continuously performing the Company's and its subsidiaries' accounting audit including audit fees and then proposed to the Company's Board of Directors to ask for approval from the Annual General Meeting of Shareholders. For 2019, KPMG Phoomchai Audit Co., Ltd. has been appointed and Auditors who will be responsible for auditing and certifying the financial statements for the year 2019 are Mr. Thanit Osathalert, Certified Public Accountant Registration No. 5155, Miss Marisa Tharathornbunpakul, Certified Public Accountant Registration No. 5752, Miss Pornthip Rimdusit, Certified Public Accountant Registration No. 5565, Mr. Banthit Tangpakorn, Certified Public Accountant Registration No. 8509.

6. Review of related transactions with potential conflict of interest:

The Audit Committee reviewed connected transactions with potential conflict of interest to ensure that such transactions comply with rules and regulations of the Stock Exchange of Thailand and have no conflict of interest. It was found that connected transactions in 2018 followed the regulations and requirements in procurement with price comparison, service provider or vendor selection and asking for approval in accordance with the approval authority, such transactions are also considered to be reasonable, fair and maximally beneficial to the Company as well as the disclosure of information is complete and adequate in accordance with laws and the Stock Exchange of Thailand's requirements.

7. Good Corporate Governance

The Audit Committee reviewed the performance in accordance with the management policy for the good Corporate governance follow the CG Code of

the Stock Exchange of Thailand and Anti-Corruption Policy, especially related transactions and transactions with potential conflict of interest. It was found that the Company's directors and employees have strictly adhered to the good corporate governance manual and business ethic policy

8. Risk Management

The Audit Committee reviewed the effectiveness and efficiency of the risk management process, it was found that the Company established the risk management working group to regularly perform the risk assessment, risk review and risk management monitoring. This working group shall prepare the risk and risk management report and present it to the Risk Management Committee for approval to ensure that the Company has effective risk management process which can control significant risks to be at an acceptable level, by considering internal and external risk factors, risk opportunity, impact and severity of impact (if happening) including adequacy and appropriateness of measures to reduce and prevent the impact of risk for consideration.

In summary, in 2018, the Audit Committee has strictly performed its duties in accordance with the Charter of the Audit Committee and independently performed its duties and responsibilities as specified by following up and reviewing the Company's and its subsidiaries' operations, the Audit Committee's opinion is the Company and its subsidiaries prepared financial reports with accurate and reliable materiality, adequate information disclosure. As well, the connected transactions with potential conflict of interest strictly followed the regulations of the Securities and Exchange Commission, the Company's and its subsidiaries' overall business operations completely followed relevant laws, rules and regulations and the risk management and internal control system is proper and effective with independent Auditors and internal auditors who effectively perform their duties in auditing financial reports.



(Mr. Chainoi Puenkosum)
Chairman of the Audit Committee

Annual Nomination, Remuneration and Corporate Governance Committee Report for 2018

To All Shareholders
Prima Marine Public Company Limited

The Nomination, Remuneration and Good Corporate Governance Committees (“NRC Committee”) consists of 3 members whereas 2 of them are independent directors. Admiral Nibhon Changsudulya is the Chairman of the NRC Committee, Mr. Chainoi Puankosoom (independent director), and Mr. Somchai Kuvijitsuwan (independent director) as the members of the NRC Committee. Miss Udornrat Sitthikorn, the Head of Compliance and Company Secretary Department, acts as the Secretary of the NRC Committee and has scope, duties and responsibilities under framework of the NRC Committee’s Charter, and as delegated by the Board of Directors in consistency with Best Practice of the Stock Exchange of Thailand.

In 2018, the NRC Committee convened total of 4 meetings to perform its duty in accordance with the scope and responsibilities under the NRC Committee’s Charter as per the following summary.

Nomination Consideration

- Proposing the Board of Directors to consider and propose the 2018 Annual General Meeting of Shareholders for approval the election of three directors who retired by rotation, consisting of Admiral Nibhon Changsudulya, Mr. Somchai Kuvijitsuwan, and Mr. Kosit Fuangswasdi, to resume the director office for another term.
- Restructuring organization chart including defining position and appointing the Vice President (VP).
- Assessing the participation of Chief Executive Officer (CEO) in personnel development.
- Establishing Successor Development Plan for

Chief Executive Officer (CEO), considered electing the successor of the top executive, and monitored the progress of the development of the said successor.

- Acknowledging the report of the appointment of directors and executives in the subsidiaries and associated companies.

Remuneration Determination

- Formulating Directors’ Remuneration Policy for 2018 and gave consent on directors’ remuneration consisting of monthly remuneration, meeting allowance, and special remuneration, and determination of directors’ remuneration budget for 2018 in the amount not exceed 20 million Baht by considering the Company’s operating results, duties and responsibilities, and performance of each member. Such remuneration will be in suitable and comparable level with the same industry, and adequate for motivation and retention of the quality directors with the Company.
- Setting the criteria and Key Performance Indicator of Chief Executive Officer (CEO) for 2018, and propose to the Board of Directors for consideration and approval.
- Assessing the result of the Chief Executive Officer’s performance and propose to the Board of Directors for consideration and determination on annual increase rate of salary and bonus of the Chief Executive Officer (CEO).

Good Corporate Governance

- Reviewing the application of Corporate Governance Code for Listed Companies 2017 (“CG Code 2017”) issued by the Office of the Securities and Exchange Commission. In the opinion, the Company’s policy and practical guideline in overview are consistent with the principles of CG Code 2017. Moreover, reviewing



consideration was taken for update and addition of the Corporate Governance Policy of the Company in more consistency with CG Code 2017.

- To organize good corporate governance promotion activities of the Company and report the compliance with the principles of CG Code 2017.

- To organize seminar in topic of Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC") Project on 3 April 2018 for the Board of Directors, top executives and employees. The Company Secretary, Head of Compliance Unit and the executives from different lines were the lecturers to clarify for acknowledgement on management, nature of business, and practical guideline of corporate governance of the Company.

- To approve the Self-Assessment Form of the Board of Directors and the Sub-Committees, and assign the Company Secretary to deliver Self-Assessment Form to the Board of Directors and the Sub-Committees for performance assessment in last 2018.

According to the Company's emphasis on good corporate governance, and the NRC Committee's continuous performance of duties, the Company therefore earned "Very Good" level score or 4 stars from Corporate Governance Report of the Listed Companies 2018 (CGR) by Thai Institute of Directors Association (IOD) in 2018.

The NRC Committee reviewed and assessed the performance of its entrusted duties and deemed that the structure and composition of the NRC Committee is appropriate and the NRC Committee can completely and continuously perform its duties.

(Admiral Nibhon Changsudulya)
Chairman of the Nomination and Remuneration
and Good Corporate Governance Committee

Annual Risk Management Committee Report for 2018

To All Shareholders
Prima Marine Public Company Limited

The Board of Directors recognized the importance of risk management, which will keep the business steadily running and growing, therefore, the Risk Management Committee was appointed to consider and screen significant risks, as well as propose proper solutions, this Committee consists of 3 members who are knowledgeable with experience and understanding of business operations as follows:

1. Mr. Kosit Fuangswasdi

Chairman of the Risk Management Committee
(Independent Director)

2. Mr. Surapol Meesathien

Member of the Risk Management Committee (Director)

3. Mr. Prompong Chairsawatsuk

Member of the Risk Management Committee (Director)

The Risk Management Committee is committed to the risk management under 3 principles which are risk governance and management in accordance with good corporate governance principle, establishment of risk management policy for the whole organization and risk management implementation to create the assurance for the Company's business operation, the Risk Management Committee formulated the risk management in 4 key areas including Risk Management in Governance Risk, Strategy & Planning Risk, Operation & Infrastructure Risk and Financial Reporting Risk. The

Company implements risk management based on ISO 9001:2015 and COSO ERM 2017 Standards.

In 2018, the Risk Management Committee held totally 6 meetings and all members of the Risk Management Committee attended all meetings to have a quorum, main points of performance can be summarized as follows:

1.To consider and approve the annual risk management plan which all management from all relevant departments conducted risk assessment and prioritized risks as well as determine the impacts including how to manage such risks to be at the acceptable level or to minimize the chance of occurrence, the preventive measure, impact minimization measure and corrective measure was also set up.

2.To consider risk assessment result and approve corporate-level significant risks as well as acknowledge the corporate-level significant risk management plan.

3.To monitor and review the actions in accordance with the risk management plan under the intended policy and management framework to ensure that the Company has the systematic and effective risk management by assigning the Internal Audit Department to monitor and review whether the risk management achieves the intended objectives.




4.To consider and approve the risk of merger project and fleet adjustment project in both new vessel investment and old vessel reduction to meet the corporate strategies and business plan as well as the rapid change of oil tanker and petroleum product market, and petroleum survey and production in both domestic and foreign markets. Besides, to provide suggestions of additional protection to minimize the potential impacts as well as assign to continuously report the monitoring and reviewing of risk management.

5.To report the risk management results throughout the organization to the Board of Directors for acknowledgment.

From the above operations, the Risk Management Committee also had an opinion that the Company appropriately implemented the corporate-level significant risk management and control risks to be at the acceptable level and in line with principles and practices of good corporate governance for sustainable and effective risk management.

(Mr. Kosit Fuangsawadi)
Chairman of the Risk Management Committee



Vision, mission, objective, target and strategy of the operation of the Group of the Company

Vision

“The Group of the Company shall be the leading organization in the integrated business of shipment and offshore support business for petroleum exploration and production in Asia Pacific Region, with excellency of operations and services of shipment and floating storage unit that are reliable and fair for all groups of stakeholders, and fulfill customer satisfaction”.

Mission

- The Group of the Company shall be the leading organization in the Stock Exchange in maritime and logistics field, and support of offshore petroleum exploration and production activities.
- The Group of the Company shall expand market to cover Asia Pacific Region in one-stop shipment of chemical products, petroleum, liquefied petroleum gas, and logistics, as well as support of offshore petroleum exploration and production activities.
- The Group of the Company shall expand the investment in form of joint venture with the business group which is expert in each field for sustainable growth.
- The Group of the Company shall focus on development of the staff competency, teamwork promotion with happy working atmosphere on mutual trust basis.
- The Group of the Company shall be the organization that yields fair return, effectively fulfills determined investment plan under standard management system and equitable care of stakeholders.
- The Group of the Company shall focus on Corporate Governance Code and adhere to social and environmental responsibility.



Operating objective and target of the Group of the Company

With the will in operating the one-stop service and trading business of the Group of the Company for both tangible and intangible sustainable profit making to all stakeholders, the Group of the Company thus persists in and dedicates our intention with operating objective and target of just one group that is **“care of all stakeholders for true sustainability creation”** and observes the motto of “operation mainly for public interest”. That is why the Group of the Company which is the element of the society will also valuably grow and stably operate business upon prosperity and advancement of people at large, community and society

Operating strategy of the Group of the Company

For maximum effective operation that will generate worthwhile achievement and cause interest to all stakeholders, the Group of the Company has determined the direction and policy of strategic operation by dividing into two important aspects which are service strategy and marketing strategy, as per below details.

1. Service strategy

The Group of the Company plans the customer service in each type of business to cover customer demand and satisfaction both in term of working quality and service. The element of such strategy includes the following.

(1) The Group of the Company focuses on One-stop Service

As trading business unit, floating storage unite business, offshore support vessel business, and ship management service business which are the businesses requiring specification due to the operating complication and availability of set of regulations requiring strict compliance, the Group of the Company therefore focuses on being One-Stop Service Center. The service element is to give advice on supply of vessel which is appropriate for type of cargo required by the customer to ship, facilitate the information of seaports, select seafarers to be consistent with the requirement of the charter party and customer in accordance with standard and efficiency pursuant to the international requirements, and give advice on management strategy for shipment expenses of the customers for customer efficiency in shipment cost and service quality control for life, property and environment safety.





- **Focus on service of quality fleet**

The fleets of the Group of the Company include trading, FSU vessels and Offshore vessels from the size of approximately 1,000 - 300,000 DWT. This indicates the capability to supply types and sizes of the vessel to meet the different customer demand and to be appropriate for type of shipping cargo, and shipping route and seaway. Moreover, the Group of the Company is prepared and expert in adaptation of systems and equipment on board to be proper for utilization based on customer demand.

- **Focus on expert ship management**

From over than 30 years of experiences in shipment services for various types of oils, as well as petrochemical products petrochemical products and liquefied petroleum gas, these have built numerous experiences until the Group of the Company is confident that it has experienced personnel and adequate competency in effectively and safely providing Floating Storage Unit (FSU) service to customers on basis of laws, requirements and regulations consisting of: (1) relevant laws and rules of domestic organizations (2) relevant laws and rules of the countries where the vessels of the Group of the Company operate the business, (3) major conventions prescribed by International Maritime Organization (IMO) ("IMO") and (4) Guideline and Requirements for Ship Inspection Report Program (SIRE) of Oil Companies International Marine Forum ("OCIMF"), etc.

From the aforementioned, the fleet of the Group of the Company has been accredited by Harbour Department in the matter of standardization in accordance with international conventions in safety, prevention of pollution from ships, and seafarers. The quality control and preparedness in effective navigating operation and the fleet of the Group of

the Company, have been accredited by Classification Societies such as certificates from Lloyd's Register ("LR"), American Bureau of Shipping ("ABS"), Nippon Kaiji Kyokai ("NK"), Bureau Veritas ("BV") and Det Norske Veritas and Germanischer Lloyd ("DNV GL"), etc.

Moreover, the Group of the Company realizes on the importance of the personnel in leading to the expert ship management. The Group of the Company therefore determines that seafarers shall be regularly trained for knowledge and competency development and enhancement of the qualification of the seafarers of the Group of the Company, for instance, training and change in the certificate of seafarers of the Group of the Company from SCTW 1995 to be SCTW 2010 in accordance with the relevant set of regulations.

- **Focus on strict control of service quality**

The Group of the Company absolutely gives precedence to control of service quality resulting in safety of vessel operation and cargo, and punctuality of required customer schedule. The Company is strict to vessel staffs for strict compliance with relevant procedures and rules, and regular inspection of efficiency and condition of vessel to be in good condition in accordance with internal standard. The shipment-related counseling such as consulting on cargo operation and vessel technical work, and documentary execution with the government and private controlling organizations, are given so that safe and punctual cargo shipment service without error of shipment can be rendered.



(2) Focus of the Group of the Company on producing high experienced personnel team

• Executive team

The executive team of the Group of the Company is experienced in the industry for long time, and has knowledge and well understanding in the business, in accompany with monitoring the crucial development and change of the industry and customer feedback survey in services. The executive team therefore can apply industrial knowledge and customer comments in improvement and development of services of the Group of the Company to enhance the competitiveness in the industry.

• Operational supporting personnel team

The Group of the Company has the operational supporting personnel team which is experienced in the industry for long time, resulting in understanding on Trading Vessel Business, Floating Storage Unit (FSU) Business, Offshore Support Vessel Business, and Ship Management Service Business, in proper operation and execution in accordance with relevant laws, rules and standards for customer acceptance and trust. The advice on operation and compliance with relevant laws, rules and standards, can be given to the customers that have different cargo and routes of shipment.

• Seafarers

The Group of the Company is able to recruit seafarers such as captain, chief officer, second officer, etc. who are qualified as prescribed in relevant laws, rules and standards and appropriate for type and size of vessel, as well as route of shipment, such as qualifications in educational background, work experience, license for professional practice in specific related field, etc. The ability to recruit seafarers causes the Group of the Company enable

to provide effective shipment and storage services for cargo to the customers under shipment punctuality and safety of cargo and vessel, resulting in more confidence of customers on use of services of the Group of the Company.

(3) Focus of the Group of the Company on maintain the domestic shipment leadership

The Group of the Company has currently been the shipment leader for oil, refined oil products, semi-refined oil products, and liquefied petrochemicals, with continuous growth of revenue and shipment volume due to customer confidence on its quality and services.

However, the Group of the Company remains continually aiming at developing its services and business to maintain the leadership in long term, and has the service quality development plan by ordering new vessels and overhaul vessel to be able to transport more volumes, or ordering vessel with low life for replacement of old vessel which will be out of commission. This can reduce average life of the fleet and enhance the serviceability to the customers in shipment and floating storage unit in term of more volume and quality, resulting in ability to increase revenue from customer service, and decrease vessel maintenance expense. The Group of the Company also select the potential and experienced staffs for growth support, retain staffs with good working performance, and seek for opportunity to increase the shipment proportion in the domestic oil trader companies, etc.

(4) Focus of the Group of the Company on enhancement of potential in foreign market business

The Group of the Company has continually grown in Floating Storage Unit (FSU) Vessel Business. It therefore has established the subsidiary in Singapore where is regional oil Trading Hub. In the past, the operating standard of the Group of the Company is internationally standardized and accepted by the foreign customers. Thus, the Company has planned to expand its business and enhance the potential of the fleet of FSU in Singapore and Malaysia to support more customer demands on the services of the Group of the Company.

(5) Focus of the Group of the Company on customer care in term of Long-Term Partnership

The Group of the Company focuses on building customer relationship in term of Long-Term Partnership through preparedness of human resources and capital that can enhance the serviceability and increase navigating routes in both domestic and international regions. The personnel of the Group of the Company are knowledgeable and experienced whether in navigation, geography, and relevant rules and standards. The Group of the Company also has strong financial position that can enhance the potential of the fleet to support the continuous growth of the customer businesses.

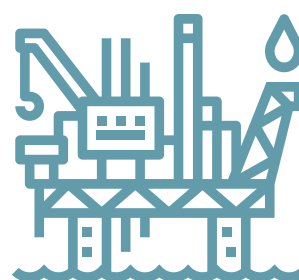
Moreover, the Group of the Company also takes care of its customers throughout service period, and closely coordinates and works with customers, resulting in the ability of the Group of the Company

to immediately recognize the customer problems. The Group of the Company therefore can rapidly fulfill the customer demand. The customers can contact the Group of the Company round the clock to be ready for coping with the contingent problems, and ready for giving counsel and solving problems upon customer requirement.

(6) Availability of operating cost management strategy by the Group of the Company

The Group of the Company focuses on effective operating cost management under purchase planning of materials and equipment, and maintenance service by (1) purchasing materials, spare parts, and equipment on board for large quantity in each purchase, and (2) planning the maintenance service and strict implementation in accordance with maintenance service plan for each trading, contributing to decrease in expenses related to materials and spare parts of the vessel, and extension of useful life of trading.

Moreover, in purchasing materials, spare parts and equipment by the Group of the Company, business partners are requested to offer materials, spare parts and equipment and the Group of the Company shall evaluate the price and quality in making decision on selection of business partner by considering on comparison of more than two business partners in order to enhance price negotiation in another way.





2. Marketing strategy

The marketing strategy of the Group of the Company is to retain and expand customer base to create the business partner to be long-term business alliances and reduce risk from price cutback competition as follows.

(1) Focus of the Group of the Company on retention of potential brokerage network

The Group of the Company has both domestic and foreign potential brokerage network that performs the supply of vessels or cargo particularly in Singapore where is the Major Maritime Hub with large seaport whereas the brokers and the Group of the Company will regularly contact to share the information of both domestic and foreign market situations in order to supply vessels and works for services in the existing and new customer groups.

The potential brokerage network of the Group of the Company can enhance competitiveness to the Group of the Company and increase efficiency in seeking for new vessels and works in the supplying market of trading, FSU vessel and Offshore vessel.

(2) Focus of the Group of the Company on marketing management to enhance the efficiency of ship utilization and competition potential

The Group of the Company focuses on ship management for shipment of cargo in the Group of the Company by increase in efficiency of maximum ship utilization. Upon acknowledgement of the Commercial Department of the Group of the Company on timetable of outbound shipment of the customer, the Group of the Company shall seek for customer that requires to transport cargo in Backhaul voyage to add revenue value and efficiency of maximum ship utilization for shipment of cargo, resulting in the ability of the Group of the Company to offer shipment cost both outbound and backhaul voyage which is competitive with other shipping companies and useful both for customers and operations of the Group of the Company.

(3) Focus of the Group of the Company on customer feedback survey on services for improvement of services before, during and after shipment of cargo

The executive team of the Group of the Company gives high precedence to improvement and development of customer services the Group of the Company. Thus, the survey of customer satisfaction on service, cargo shipment, planning of cargo shipment, compliance with relevant laws, rules and standards, and abroad operation and facilitation of consulting throughout the shipment, is conducted.

The Board of Directors

The Board of Directors consists of 9 directors as follows:



Mr. Bowon Vongsinudom

Chairman of the Board of Directors and Independent Director



Admiral Nibhon Chagsudulya

Vice Chairman of the Board of Directors and Chairman of the Nomination, Remuneration and Good Corporate Governance Committee



Mr. Chainoi Puankosoom

Independent Director, Chairman of the Audit Committee and Member of the Nomination, Remuneration and Good Corporate Governance Committee



Mr. Somchai Kuvijitsuwan

Independent Director, Member of the Audit Committee and Member of the Nomination, Remuneration and Good Corporate Governance Committee



Mr. Kosit Fuangswasdi

Independent Director, Member of the Audit Committee and Chairman of the Risk Management Committee



Mr. Suraphon Meesathien

Director and Member of the Risk Management Committee



Mr. Prompong Chaisrisawatsuk

Director, Member of the Risk Management Committee and Member of the Board of Executives



Mr. Surasak Chaiyen

Director and Member of the Board of Executives



Acting Sub Lt. Chanwit Anakkul

Director, Chairman of the Board of Executives and Chief Executive Officer

Management Team

The Company's management as defined by Notification of the Securities and Exchange Commission, consists of the following 6 executives:



Acting Sub Lt. Chanwit Anakkul
Chief Executive Officer



Mr. Nuthkorn Samran
Vice President of Ship
Management Business



Mr. Sompat Khongsamran
Director of Marketing
(Commercial 2)



Ms. Nipat Eamsiriwat
Director of Marketing
(Commercial 1)



Ms. Suthasinee Muenlamay
Director of Project Investment and
Quality Assurance



Mr. Viritphol Churaisin
Chief Financial Officer

Significant change and development of the Company Group

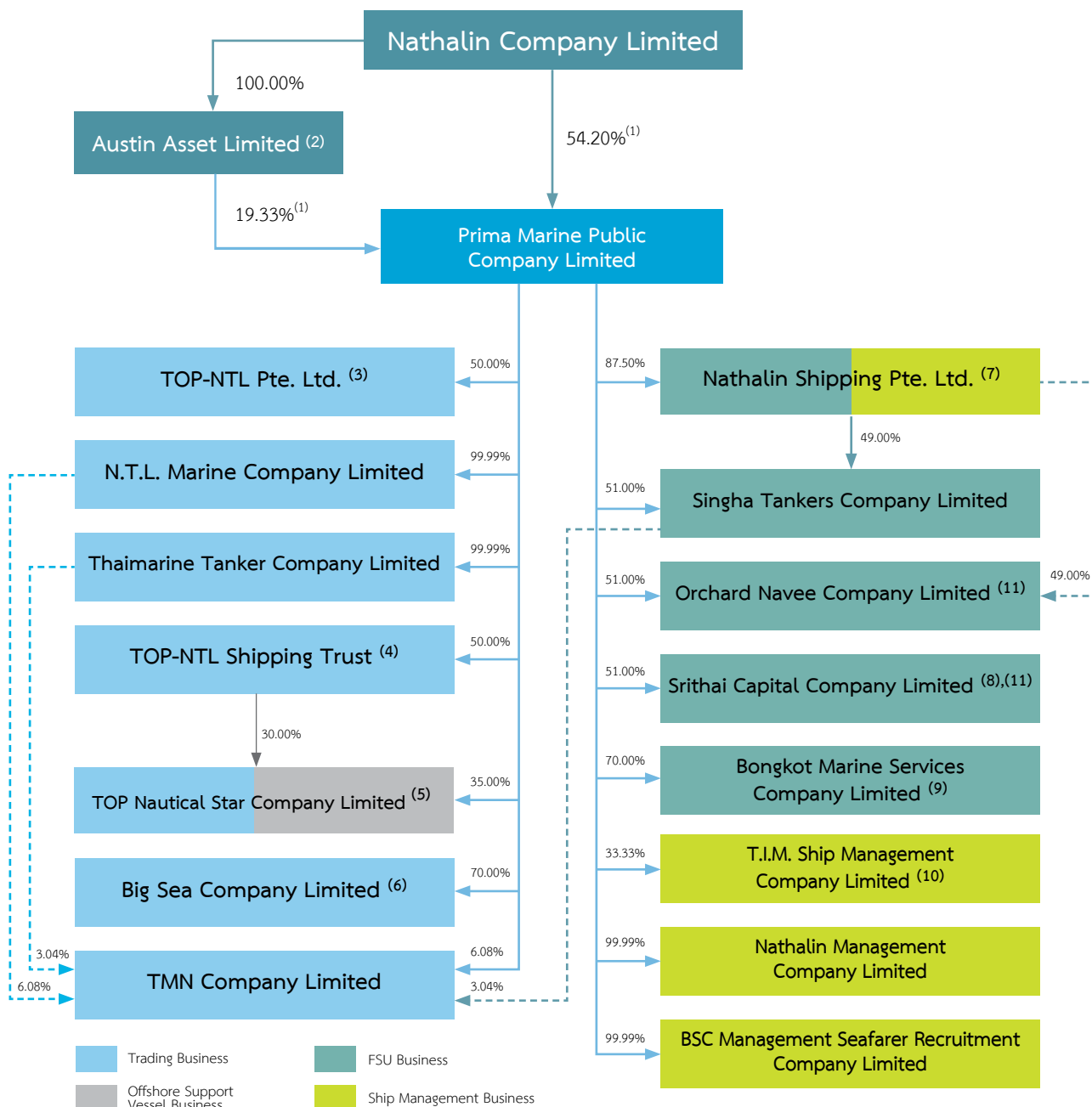
| Year | Events |
|-------------|---|
| 1987 | <ul style="list-style-type: none"> Nathalin was founded on 21 July 1987 with registered capital of 1,000,000 Baht. The business was commenced with 2 vessels in the size of approximately 1,000 DWT to provide shipment service for cargo in type of refined oil for Petroleum Authority of Thailand (which has now been PTT Pcl. ("PTT")) and Siam United Service Co., Ltd. (which has now been Susco Pcl.) in the main route between Sri Racha and Bangkok. |
| 1989 | <ul style="list-style-type: none"> Nathalin expanded shipment service with Siam Nathee Vessel to transport J.P. 1 aircraft oil for Petroleum Authority of Thailand in the route of Sri Racha – Songkhla Petroleum Depots, in replacement of transportation by train in the first time. |
| 1990 | <ul style="list-style-type: none"> Nathalin continuously expanded transportation capacity and route of cargo transportation for transportation of oil, condensate, and other types of oils, for Petroleum Authority of Thailand in the route between Central Petroleum Depot, Erawan Gas Processing Platform, Songkhla Petroleum Depot and Sriracha Petroleum Depot. |
| 1992 | <ul style="list-style-type: none"> Nathalin expanded Trading Vessel Business to the international routes for the first time from Thailand to the nearby region such as Cambodia, etc. |
| 1996 | <ul style="list-style-type: none"> As Nathalin has been accepted by the major customer group in oil field in its standard and quality of shipment service, resulting in the ability of Nathalin to continuously expand Trading Vessel Business. NTL which is the subsidiary of Nathalin at that time entered into the first cargo transportation contract with PTT. Later, NTL started to transport cargo for Caltex (Thailand) Limited (which has currently been Chevron (Thailand) Co., Ltd. for cargo transportation service in the route between Rayong and destinations specified by the customer. |
| 2001 | <ul style="list-style-type: none"> Later, Nathalin established NMC on 3 July 2001 with registered capital of 5,000,000 Baht for ship management service business expansion for the companies in the Group of the Company to increase the efficiency of shipment service for customers |
| 2003 | <ul style="list-style-type: none"> Khunnathee Co., Ltd. as the subsidiary of Nathalin at that time purchased the first Aframax vessel named Sriracha Energy in the size of approximately 90,000 DWT for use in oil transportation for PTT and Thailoil Co., Ltd. (which has been currently been Thailoil Pcl.). |
| 2004 | <ul style="list-style-type: none"> Nathalin expanded the transportation business to transportation service for cargo in type of liquefied petrochemicals whereas Kanchana Marine Co., Ltd. as the subsidiary of Nathalin at that time provided transportation service of cargo in type of petrochemical for major oil trading companies in the main route between Thailand and seaports of China. |
| 2007 | <ul style="list-style-type: none"> Nathalin established Nathalin Offshore Co., Ltd. on 23 January 2007 with registered capital of 5,000,000 Baht for preparedness in entry into Floating Storage Unit (FSU) Vessel Business and Offshore Support Vessel Business. |
| 2008 | <ul style="list-style-type: none"> Khunnathee Co., Ltd. as the subsidiary of Nathalin purchased Sriracha Trader Vessel in size of approximately 48,000 DWT in replacement of the existing vessel by quality improvement for the first time of cargo transportation service for CEC. |

| Year | Events |
|------|--|
| 2010 | <ul style="list-style-type: none"> Nathalin has continuously expanded the fleet of carriers through the investment of Khunnathee Co., Ltd. in carrier which is Sriracha Master Vessel in size of approximately 90,000 DWT to provide cargo transportation service to CEC. The Company expanded its business to the connected business in the supply chain of oil and petrochemical industry by starting to do FSU Vessel Business with the first Very Large Crude Carrier (“VLCC”) which is Titan Gemini Vessel (its name was later changed to be One Emerald Vessel) to provide transportation and storage service for crude oil and refined oil products for the major oil trading companies in Malaysia Waters. Later, the Company expanded the fleet of FSU Vessels by utilizing 2 VLCCs to provide transportation and storage service for crude oil and refined oil products for the major oil trading companies in Malaysia Waters. |
| 2011 | <ul style="list-style-type: none"> Nathalin expanded its business to Offshore Support Vessel Business through the investment of Khunnathee Co., Ltd. to do FSO Vessel Business with the first FSO Vessel which is Sriracha Trader Vessel in size of approximately 48,000 DWT to provide transportation and storage of crude oil for oil drilling platform for CED in Gulf of Thailand Waters. The Company entered to invest and started to operate AWB Vessel Business which is a business of Offshore Support Business with capacity of 300 people to provide transportation and accommodation service for oil drilling platform staffs of PTT Exploration and Production Pcl. (“PTTEP”) in drilling and exploration site of PTTEP such as Bongkot Field, Arthit Field, etc. Nathalin established NSSG (whereas its former name was Nathalin Offshore Pte. Ltd.) on 16 September 2011 under objective of business expansion to Singapore where is the Major Maritime Hub. NSSG was registered as juristic person in Singapore with registered capital of 1,000,000 SGD. |
| 2012 | <ul style="list-style-type: none"> The Company commenced the operation of Anchor Handling Tug (AHT) Vessel Business (AHTs Vessel) as a business of Offshore Support Vessel Business. Nathalin has continuously expanded the fleet of FSO Vessels through the investment of Khunnathee Co., Ltd. in Sriracha Eagle Vessel and Sriracha Leader Vessel in the size of approximately 95,000 and 44,000 DWT, respectively, to transport and store the cargo for CEC in Gulf of Thailand Waters. Due to increase in demand of requirement for use of shipment and marine storage service, the Company has expanded cargo shipment and storage capacity with FSU Vessel by Fortune Star Vessel and Amity Star Vessel in size of VLCC to transport and store cargo for the major foreign oil trading companies in Malaysia Waters. |
| 2013 | <ul style="list-style-type: none"> Nathalin has continuously expanded the fleet of FSU Vessels by investing in VLCC Sized Energy Star Vessel to transport and store the cargo for the major foreign oil trading companies in Malaysia Waters. Nathalin has foreseen on increasing requirement of oil transportation, it therefore has supplied Aframax Sized Trading which is Northern Pearl Vessel to provide international transportation service. |
| 2015 | <ul style="list-style-type: none"> Later, SHT invested in Jubilee Star Vessel which is VLCC Sized FSU to transport and store the cargo for the foreign major trading companies in Malaysia Waters. The Company increased the registered capital and paid-up capital to be 850,000,000 Baht, divided into 8,500,000 ordinary shares at par value of 100 Baht per share by offering for sale to the existing shareholders. It has been the part of restructuring plan of the Group of the Company. On 10 August 2015, Nathalin Offshore Co., Ltd. changed its name to be Prima Marine Co., Ltd. (“Company”). |
| 2016 | <ul style="list-style-type: none"> SHT has continuously invested in FSU Vessels by investing in VLCC Sized Grace Star to transport and store cargo for the major oil trading companies in Malaysia Waters. The Group of the Company has foreseen on the increasing requirement of oil transportation, it therefore has supplied Aframax Sized Trading Vessel which is Radiant Star Vessel to provide international transportation service. The Company restructured the Group of the Company in order to merge the connected business with cargo shipment and floating storage unit service, and maritime operation support vessel and ship management services of Nathalin to be under the Company by purchasing shares of the subsidiaries and associated companies from Nathalin and the existing shareholders, and increased the registered capital and paid-up capital to be 2,000,000,000 Baht, divided into 20,000,000 ordinary shares at par value of 100 Baht per share and offering for sale to the existing shareholders. The Company purchased STC shares for 51% of issued and paid-up capital from other shareholders. STC engages in Floating Storage Unit (FSU) Vessel Business. |

| Year | Events |
|------|--|
| 2017 | <ul style="list-style-type: none"> • The Company transformed to be public limited company and changed its name to “Prima Marine Public Company Limited” and then revised par value formerly from 100 Baht per share to be 1 Baht per share and issued 500,000,000 ordinary shares for capital increase for public offering for sale. This resulted in the registered capital of the Company to be 2,500,000,000 Baht, being classified into 2,500,000,000 ordinary shares at par value of 1 Baht per share. • The Group of the Company delivered “Sri Don Sak” Vessel and “Sri Khiri Chad” as the small vessel in trading business for crude oil, refined oil products, and liquefied petrochemicals (“Trading Vessel Business”) in size of 3,000 DWT. • The Company performed joint venture with Bangchak Petroleum Pcl. to establish the joint venture company named Bongkot Marine Services Co., Ltd. to supply “Bongkot Start” Vessel for operation of Floating Storage Unit (FSU) Vessel Business (FSU). It is the first vessel entering to operate the business in Thailand. • The Company opened for securities trading for the first day (short title of the securities is PRM) on 14 September 2017. • NTL increased registered capital of 200,000,000 Baht (formerly from 503,000,000 Baht to be 703,000,000 Baht) to support the expansion of the fleet of the Company. • On 23 December 2017, NTL signed the contract for employment in building new vessels which are small vessels in trading business for crude oil, refined oil products, and liquefied petrochemicals (“Trading Vessel Business”) at China from the Company which is not the connected party of the Company. NTL as the subsidiary of the Company holds shares for 99.9%. Those four vessels in size of 3,000 DWT for transportation of clear oil are built for expansion of the fleet and enhancement of business competition potential. |
| 2018 | <ul style="list-style-type: none"> • In January, the Company Group was delivered of 3,000 DWT new-built tanker in domestic oil and petrodemical tanker business named “Sri Kanchanadit”, to support increased volume based on the demands from major oil companies. • In February, the Company Group sold the Vessel named “Northern Star” which is the VLCC-sized vessel in Floatng Storage Unit Business (“FSU”) to adjust its business plan to be in line with the fluctvated market conditions. • The Company Group signed the asset acquisition transaction by purchasing a total of 360,000 ordinary shares in Big Sea Co., Ltd., which is in the domestic trading oil company in Thailand, on 2 July, 2018, the Company Group purchased 252,000 ordinary shares, representing 70% of the total ordinary shares with a total amount of 1,400,000,000 Baht. • In July 2018, the Company Group sold the Vessel named “Amity Star” which is the VLCC-sized vessel Floating Storage Unit Business (“FSU”), to adjust its business plan to be in line with the fluctvated market conditions. • In July 2018, the Company Group purchased and was delivered the 3,500 DWT second-hand tanker in domestic oil and petrochemical tanker business named “Siri Pipat”, to support petrochemical trading market according to the demands from major oil companies. • NTL increased its registered capital amounting 250,000,000 Baht (from 703,000,000 Baht to be 953,000,000 Baht) for the investment in 4 new-built tanker. • The Company Group has been rated as a company with good corporate governance at 4 stars level or “very good” level in the 2018 Corporate Governance Report of Thai Listed Companies (or CGR 2018) organized by the Thai Institute of Directors Association. |

Shareholding Structure of the Company Group

(Information as of 31 December 2018)



Remarks:

| | |
|--|--|
| (1) Information as of 27 November 2018 | (7) Other shareholders holds 12.50% of shares |
| (2) Registered Company in Singapore | (8) Purple Ocean Holdings Limited holds 49.00% of shares |
| (3) Thai Oil Marine Company Limited holds 50.00% of shares | (9) Bangchak Corporation Public Company Limited holds 30.00% of shares |
| (4) Thai Oil Marine Company Limited holds 50.00% | (10) Thai Oil Marine Company Limited holds 33.33% of shares and Thome Ship Management Pte. Ltd. holds 33.33% of shares |
| (5) Thai Oil Marine Company Limited holds 35.00% of shares | (11) Completed the registration of dissolutions with the Department of Business Development, Ministry of Commerce on 30 January 2019 |
| (6) TWAT Limited holds 30.00% of shares | |

Relationship with the Major Shareholders' Business Group



As of 27 November 2018, the shareholding proportion of Nathalin Company Limited (“Nathalin”) and Austin Asset Limited (“Austin”) which are the major shareholders of the Company have been 54.20% and 19.33% of total issued and sold shares of the Company respectively.

As of 31 December 2018, the business operation of Nathalin and the companies in the Group is classified into 4 core business groups consisting of (1) The service business group of shipment and floating storage unit for crude oil, refined oil product, semi-refined oil product and liquefied petrochemical, offshore support for petroleum exploration and production, and ship management, (2) trading business group of fuel oil, (3) alternative energy business group, and (4) other businesses. Nathalin separates the clear scope of business operation of the companies in the Group whereas the Company is the Flagship Company of the business group of shipment and floating storage unit services, offshore support business for petroleum exploration and production, and ship management.

For prevention of contingent conflict of interests, Nathalin sent Non-Business Competition Confirmation Letter) dated 19 April 2017 to the Company whereas Nathalin agrees not to invest in assets related to operation of the core businesses of the Company Group or not to hold shares exceeding 10% in other companies that engage in the business that may have conflict of interests or operates the business that has similar nature or may compete with the business of the Company Group unless it is the shareholding in the company and/or execution in accordance with the effective contracts of Nathalin or subsidiaries of Nathalin.



Revenue Structure and Number of Vessels

The following table shows the revenue structure of the Company Group divided into the core business in the past 3 years.

| Business Group | For the accounting year ended | | | | | |
|---|-------------------------------|--------------|---------------------------|--------------|---------------------------|--------------|
| | 31 December 2016 | | 31 December 2017 | | 31 December 2018 | |
| | Revenue (million Baht) | % | Revenue (million Baht) | % | Revenue (million Baht) | % |
| 1. Trading Business | 1,466.8 | 34.1 | 1,705.8 | 37.9 | 2,254.0 | 50.3 |
| 2. Floating Storage Unit (FSU) Business | 2,023.8 | 47.1 | 1,960.1 | 43.5 | 1,395.7 | 31.2 |
| 3. Offshore Support Vessels Business | 525.3 | 12.2 | 480.0 | 10.7 | 471.8 | 10.5 |
| 4. Ship Management Business | 280.5 | 6.5 | 355.0 | 7.9 | 358.2 | 8.0 |
| Total | 4,296.5 | 100.0 | 4,501.0 | 100.0 | 4,479.7 | 100.0 |

As of 31 December 2018, the fleet of the Company Group can be divided into the nature of business of the Company Group as follows:

| Type of vessel | Owned by the Company and its subsidiaries | | Owned by Joint Venture | | Hired by the Company Group* | | Total | |
|------------------------------|---|------------------|------------------------|----------------|-----------------------------|---------------|---------------|------------------|
| | No. of vessel | DWT | No. of vessel | DWT | No. of vessel | DWT | No. of vessel | DWT |
| 1.Trading Vessel | | | | | | | | |
| 1.1 Trading Vessel | | | | | | | | |
| Small Vessel(0 - 20,000 DWT) | 26 | 83,251 | - | - | 4 | 12,428 | 30 | 95,679 |
| Aframax Vessel | 1 | 105,996 | 1 | 105,535 | - | - | 2 | 211,531 |
| Total | 27 | 189,247 | 1 | 105,535 | 4 | 12,428 | 32 | 307,210 |
| 1.2FSU Vessel | | | | | | | | |
| VLCC Vessel | 4 | 1,203,634 | 1 | 299,930 | - | - | 5 | 1,503,564 |
| Total | 4 | 1,203,634 | 1 | 299,930 | - | - | 5 | 1,503,564 |
| 1.3 FSO Vessel | | | | | | | | |
| Aframax Vessel | 1 | 94,999 | 1 | 96,755 | - | - | 2 | 191,754 |
| Total | 1 | 94,999 | 1 | 96,755 | - | - | 2 | 191,754 |
| Grand Total | 32 | 1,487,880 | 3 | 502,220 | 4 | 12,428 | 39 | 2,002,528 |
| 2.Other Vessel | | | | | | | | |
| AWB Vessel | 1 | 300 persons | - | - | - | - | 1 | 300 persons |

Remark: * Vessel hired by the Company Group means the vessel that the Company Group has entered into the Bareboat Affreightment Contract and Time Charter Contract for managing the ship by themselves and then provide services to the customer of the Company Group.

Most vessels of the Company Group are Double Hull Vessels in accordance with the requirement of MARPOL Convention enacted by IMO which announced that oil tanker vessel shall be Double Hull Vessel. However, Marine Department has excepted the Thai flagged vessel and operates the business in Thai Waters can remain Single Hull Vessel until the life of the vessel is complete for 30 years from vessel delivery date and then it requires to change to Double Hull Vessel.

As of 31 December 2018, the fleet of the Company Group has Single Hull Vessels in the amount of 6 vessels. In this regard, The Company Group has planned to replace all of 6 vessels to be Double Hull Vessels, contributing to increase in safety of shipment and floating storage since Double Hull Vessel has two layers of hulls that can protect and reduce the opportunity of cargo leak down to the sea upon accident occurrence, resulting in the ability of the Company Group to provide more efficient transportation and storage service to the customers. This will also contribute to an increase in the opportunity of profit-making by the Company Group.



Business Overview

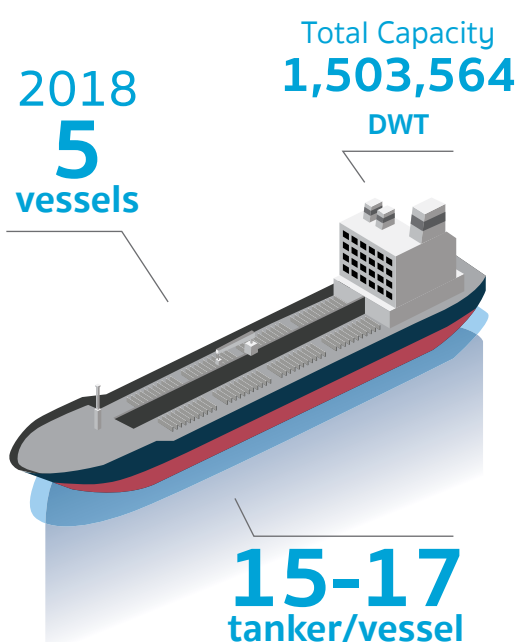
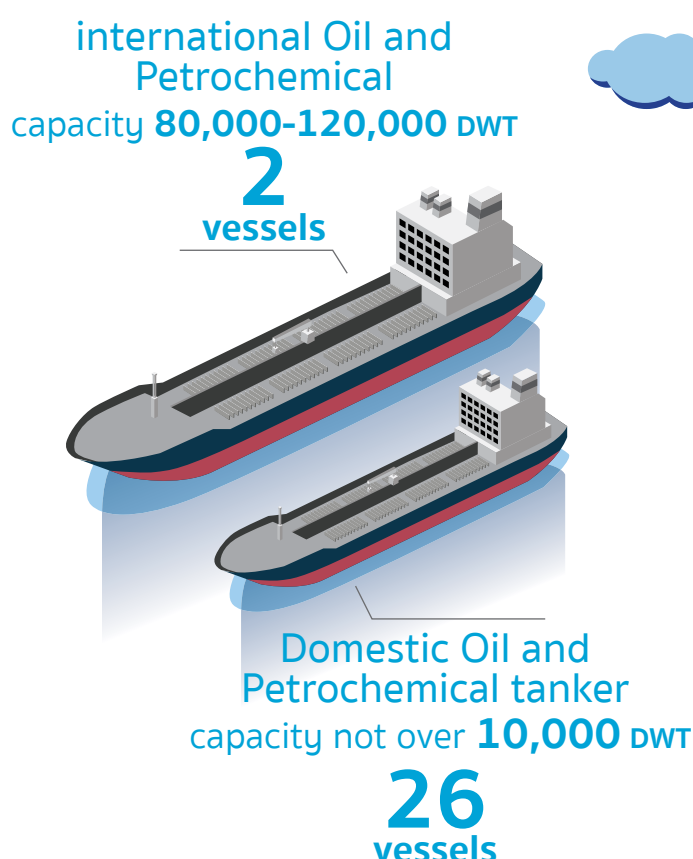
The Group of the Company provides one-stop services of shipment and floating storage unit of crude oil, refined oil products, semi-refined oil products, and liquefied petrochemicals (“Products”) to the customers upon customer demands and provides services of Offshore Support Vessel for petroleum exploration and production, and ship management which is the key of supply chain of oil and petrochemical industry. The core businesses of the Group of the Company are classified into four types of businesses as follows.

1 Oil and Petrochemical Tanker (“Trading Business”)

The Group of the Company provides product transportation service to the customers that operate oil refinery business, and the major oil trader to transport the cargo to the destination specified by the customers. It gives precedence to occupational health and environment, quality control of the products as determined by customers without contamination and alteration of chemical property of the transported products, and punctuality of transportation. Trading Business consists of domestic oil and petrochemical tanker, and international oil and petrochemical tanker

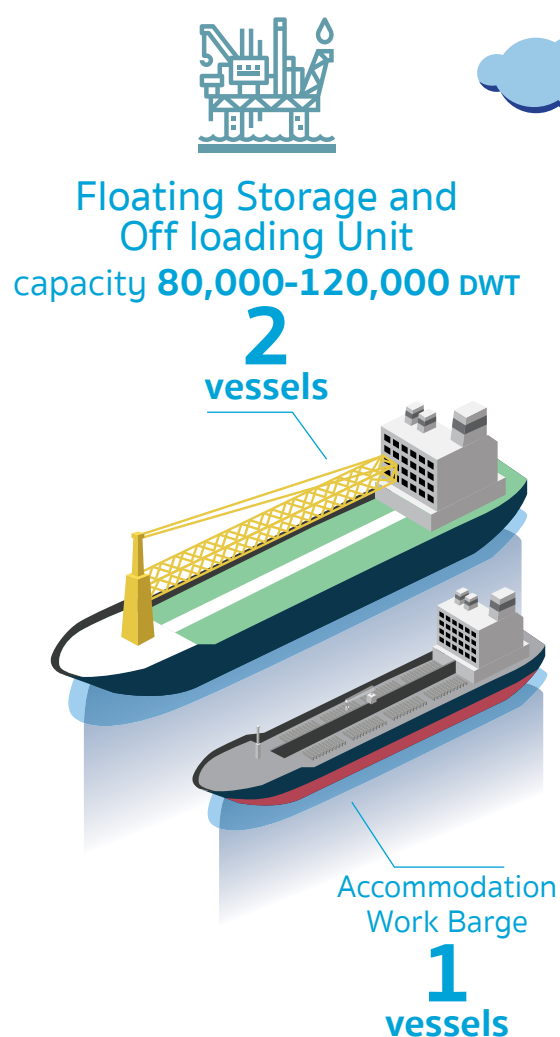
2 Floating Storage Unit (FSU) (“Floating Storage Unit (FSU) Business”)

The Group of the Company provides Floating Storage Unit (FSU) services using vessel which has big cargo storage tank (“FSU Vessel”) as storage place. The Group of the Company has duty to store of the customer to have quality, property and quantity as determined by the customer in agreed period, and also provide oil blending service on board based on specification of oil as required by the customer for cargo distribution to other customers in the region in accordance with regulations of laws.



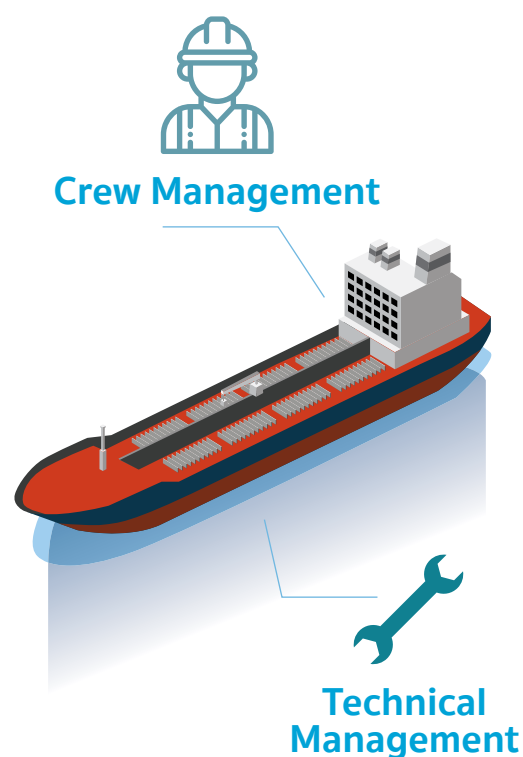
3 Offshore Support Vessels Business ("Offshore Business")

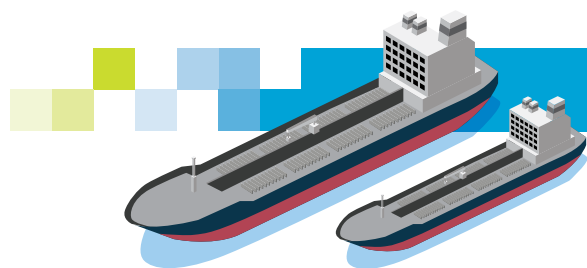
The Group of the Company provides offshore support vessel service for petroleum exploration and production to the customers which are mostly the offshore oil exploration and drilling companies. The business group for services includes Floating Storage and Offloading Unit (FSO) for oil drilling platform, Accommodation Work Barge (AWB) for oil drilling platform staffs, etc.



4 Ship Management Business ("SM Business")

Ship management is important for core business operation of the Group of the Company. The main scope of work consists of navigation conning and controlling, supply of crews, training organizing and health and safety care of crews, maintenance of vessel hull, engine, and tools and equipment, execution of license and documents related to the government agencies, etc.





Nature of Business Operation

1 Oil and Petrochemical Tanker ("Trading Business")

The Group Company provides its transport service to customers operating oil refineries and to major oil traders for marine transportation of goods from different sources to destinations; whereas, the Group Company shall provide effective oil tankers to meet customers' demands shall also provide crew members who have knowledge, abilities and expertise for safe transportation of goods in accordance with customers' demands as well as for performance of works as per conditions agreed between the Group Company and its customers.

1.1 Nature of Service Provision

The Company provides its marine transport service in 2 main shipping routes including 1) domestic oil and petrochemical tanker routes and 2) international Oil and petrochemical tanker routes as per the following details:

- **Domestic oil and petrochemical tanker routes**

Oil tankers of the Group Company shall pick up goods from oil refineries, fuel depots or ports of loading in Thailand such as Si Racha, Rayong and Bangkok (Bang Chak) and shall deliver goods at fuel depots or ports of discharge in Thailand such as Surat Thani, Samut Sakhon, Phuket, Songkhla and Bangkok; whereas, the Group Company shall use oil tankers with the capacity of not over 10,000 DWT for transport.

Table showing a number of vessels and trading volume in domestic Trading Business for the past 3 years.

| | 2016 | 2017 | 2018 |
|---|--------------|--------------|--------------|
| - Vessels owned by the Group Company | | | |
| No. of Vessels | 12 | 13 | 26 |
| Trading Volume (Million Litres) | 2,531 | 3,508 | 5,287 |
| - Vessels hired and managed of transportation by the Group Company⁽¹⁾ | | | |
| No. of Vessels | 3 | 4 | 4 |
| Trading Volume (Million Litres) | 377 | 498 | 442 |
| - Other Vessels⁽²⁾ | | | |
| No. of Vessels | 13 | 11 | 16 |
| Trading Volume (Million Litres) | 1,149 | 1,358 | 794 |
| Total Vessels⁽³⁾ | 28 | 28 | 46 |
| Total Trading Volume (Million Litres) | 4,057 | 5,364 | 6,523 |

- Note:
- (1) The vessels hired and managed of transportation by the Group Company are the vessels hired by the Group Company and the Group Company shall manage by itself to provide services to the Group Company's customers, these vessels will be hired under Bareboat and Time Charter Contract.
 - (2) Other vessels are the vessels hired by the Group Company to provide transportation services to customers on a trip basis when the Group Company's vessels are fully occupied.
 - (3) Total vessels means a number of vessels that provide services in each year.

- **International oil and petrochemical tanker routes**

Oil tankers of the Group Company shall pick up goods from ports of loading in Thailand such as Map Ta Phut Port in Rayong Province and Si Racha Port in Chonburi Province and shall deliver goods at ports of discharge in Singapore, Cambodia and Vietnam. Moreover, the Group Company has also provided transport services from its floating storage unit (FSU) in Malaysian waters to ports as required by customers. The Group Company shall use oil tankers with the capacity of over 10,000 DWT for transport.

1.1.1 Product Transported by the Group Company

Goods transported by the Company by vessel are liquid goods; whereas, the Company has its expertise in transporting crude oil, petroleum products, semi-petroleum products and liquefied petroleum such as gasoline, diesel fuel, A1 jet fuel, Naphtha, Cyclohexane, Ethanol, Paraxylene, mixed xylene and Toluene, etc.

1.1.2 Form of contract

The Group Company enters into the business agreement of 3 types of shipment services as follows:

(1) Voyage Charter Contract (“VOY”)

The Group Company provides oil tanker service to the customers for cargo shipment in voyage itinerary. The Group Company shall execute shipment and take responsibility of important cargo shipment expenses such as 1) ship management fee, 2) salary and remuneration of crew, 3) fuel oil expense for oil tanker navigation, 4) Port Due and Port Charge in seaport access and exit, 5) vessel repair and maintenance costs, 6) lubricating oil expense, and 7) cost of insurance.

VOYAGE can be classified into 2 types as follows:

- **SPOT Charter Contract (“SPOT”)**

The Group Company shall provide SPOT shipment service upon customer requirement whereas the customer shall define specification of trading vessel, type of trading vessel, type and volume of shipped cargo, shipment timetable, and place of cargo receiving and delivery to the Company in order to make the agreement on rate of spot shipment service charge and prepare Procurement Form to propose the customer in spot term.

- **Contract of Affreightment (“COA”)**

The Group Company shall provide COA for customer that requires continuous shipment since the customer has large volume of cargo. The important condition such as monthly minimum number of voyages, name list of trading vessels, freight rate, certain route of shipment, type and volume of product, and advance notice period for utilization requirement, etc., shall be specified.

(2) Time Charter Contract (“TC”)

The Group Company provides TC shipment service for customer that requires the continuous shipment of large volume of cargo, and requires specific oil tanker for day and night control and availability. The customer therefore is able to more effectively manage goods production process and inventory since the customer is able to release inventory all the time upon requirement. The important condition of TC shipment such as name of trading vessels, type and volume of shipped cargo, and freight rate, shall be specified.

For TC the vessel owner shall be responsible for the following expenses: 1) ship management fee, 2) crew remuneration, 3) vessel and machinery maintenance service expense, 4) lubricating oil, and 5) cost of insurance.

For the affreighting party shall be responsible for variable expenses such as 1) bunker expense, 2) Port Due and Port Charge in seaport access and exit, and 3) other variable expenses, etc.

(3) Bareboat Contract

The Group Company shall supply bareboat and equipment on board to customer that requires to possess and control the oil tanker by customer itself. The Group of the Company shall deliver just vessel and equipment on board only, and the customer shall have duty to supply crews, supervise works and pay expenses such as maintenance service expense, meal expense, and fuel oil expense, etc.

1.1.3 Oil tankers used in service

Oil tankers are regarded as a key part of business operation; whereas, the Group Company shall select oil tankers which are proper to customers' demands by taking account of the following factors:

1. Nature and characteristics of goods
2. Capacity of oil tanks which shall be proper to customers' demands and shall result in the most effective cost of transport for customers
3. Transport routes, depth of seaway and tidal height levels at ports of loading and ports of discharge, transport period
4. Vessel Approval List, in case, customers and the Company had COA transport contracts

The oil tanker with the carrying capacity lower than 10,000 DWT is regarded as small oil tanker without specific title. Some agencies may call it as Barge. The title of oil tanker with carrying capacity over than 10,000 DWT shall be as follows:

| Title | Capacity (DWT) |
|-------------------------------------|-----------------------|
| 1) General Purpose | 10,000 - 25,000 DWT |
| 2) Medium Range | 25,000 - 45,000 DWT |
| 3) Long Range 1 | 45,000 - 80,000 DWT |
| 4) Aframax | 80,000 - 120,000 DWT |
| 5) Long Range 2 | 80,000 - 160,000 DWT |
| 6) Very Large Crude Carrier (VLCC) | 160,000 - 320,000 DWT |
| 7) Ultra-Large Crude Carrier (ULCC) | 320,000 - 550,000 DWT |

As of 31 December 2018, the Group Company is the owner of 28 oil tankers in Trading Ship Business, classified into 26 small oil tankers (carrying capacity less than 10,000 DWT) with the average life of the fleet at approximately 16 years; and 2 Aframax oil tankers (carrying capacity between 80,000 - 120,000 DWT) with the average life of the fleet at approximately 15 years. The information of oil tankers in the Trading Business is as follows:

(1) Domestic Oil and Petrochemical Tanker (capacity less than 10,000 DWT)

| Vessel name | Registering country | Maximum capacity (DWT) | Age (Year) |
|--|---------------------|------------------------|------------|
| N.T.L. Marine Co., Ltd. | | | |
| 1) Siri Thana | Thailand | 4,999 | 33 |
| 2) Sri Nara | Thailand | 4,999 | 26 |
| 3) Sri Phuket | Thailand | 4,999 | 26 |
| 4) Sri Bandon | Thailand | 3,138 | 6 |
| 5) Sri Tah Chana | Thailand | 2,975 | 6 |
| 6) Sri Krabi | Thailand | 2,016 | 31 |
| 7) Sri Phangnga | Thailand | 1,989 | 31 |
| 8) Sri Tah Thong | Thailand | 1,869 | 26 |
| 9) Sri Tapi | Thailand | 3,022 | 2 |
| 10) Sri Khiri Chad | Thailand | 4,999 | 1 |
| 11) Sri Don Sak | Thailand | 3,021 | 1 |
| 12) Sri Kanchanadit | Thailand | 2,911 | 1 |
| 13) Siri Pipat | Thailand | 3,497 | 18 |
| Thaimarine Tanker Company Limited | | | |
| 1) Bhurimas | Thailand | 7,147 | 9 |
| Big Sea Company Limited | | | |
| 1) SS09 | Thailand | 1,929 | 30 |
| 2) SS10 | Thailand | 1,830 | 30 |
| 3) SS14 | Thailand | 2,376 | 27 |
| 4) SS15 | Thailand | 1,897 | 26 |
| 5) SS17 | Thailand | 2,308 | 24 |
| 6) SS20 | Thailand | 1,908 | 24 |
| 7) SS21 | Thailand | 1,941 | 23 |
| 8) SS101 | Thailand | 3,200 | 8 |
| 9) SS102 | Thailand | 2,384 | 4 |
| 10) SS103 | Thailand | 2,384 | 4 |
| 11) SS104 | Thailand | 6,400 | 6 |
| 12) SS105 | Thailand | 3,187 | 1 |
| Total capacity | | 83,251 | |

As of 31 December, 2018, the details of the Group Company's domestic oil and petrochemical tanker average utilization rate in the past 3 years are shown in the following Table:

| Year | 2016 | 2017 | 2018 |
|------------------------------|------|------|------|
| Average Utilization Rate (%) | 86% | 87% | 85% |

(2) International Oil and Petrochemical Tanker (carrying capacity between 80,000 - 120,000 DWT)

| Title of Oil Tanker | Vessel registering country | Capacity (DWT) | Age (Year) |
|------------------------------------|----------------------------|----------------|------------|
| Singha Tanker Co., Ltd. | | | |
| 1)Radiant Star | Thailand | 105,996 | 12 |
| Top Nautical Star Co., Ltd. | | | |
| 1)Northern Pearl | Thailand | 105,535 | 18 |
| Total | | 211,531 | |

As of 31 December, 2018, the details of the Group Company's international oil and petrochemical tanker with average utilization rate in the past 3 years are shown in the following Table:

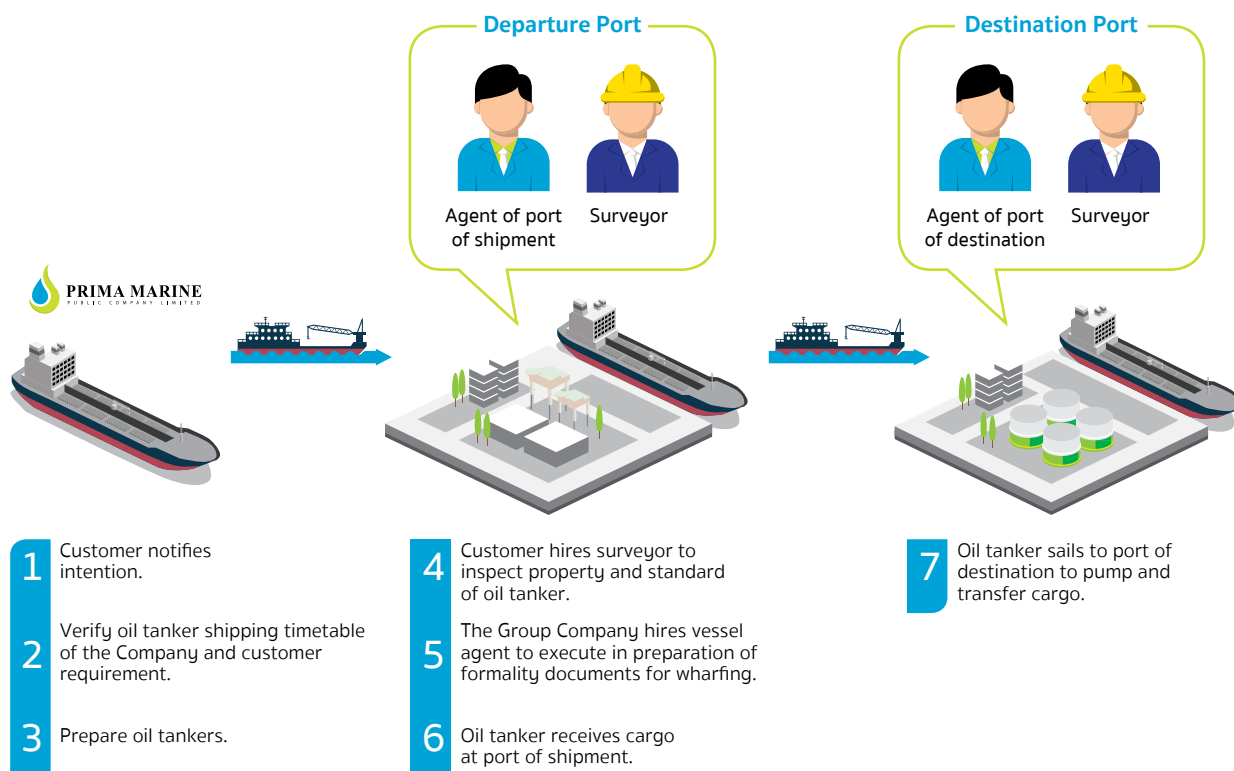
| Year | 2016 | 2017 | 2018 |
|------------------------------|------|------|------|
| Average Utilization Rate (%) | 91% | 75% | 88% |

(3) Charter-in Tanker

The Group Company shall consider to charter vessels from the third party in case where the Group Company is unable to seek for vessel within the Group Company in the date and time required by customer. As of 31 December 2018, the Group Company has chartered 20 oil tankers from the company outside the Group, four of them are hired to provide services by the Company Group itself under the Bareboat Affreightment Contract, and TC Affreightment Contract, two for each, total of carrying capacity of these 4 oil tankers are 12,320 DWT. Also, remaining 16 oil tankers are chartered by the SPOT and COA service contracts to support the spot demand of customers when the Group Company's oil tankers are fully occupied.

1.1.4 Procedure of operating Trading Business

After the Group Company entered into the shipment service contract with the customers, the Group Company shall have the following operating procedure of Trading Ship Business:



1. The customer notifies the intention to the Group Company by specifying shipping route, port of shipment and destination, type and volume of cargo, and shipment schedule.

2. The Group Company verifies oil tanker shipping timetable, and negotiate freight price with customer. After that, the Company fills Vessel Data Form, and delivers to the customer for customer inspection on property and standard of vessel.

3. The Group Company prepares the oil tanker.

4. The customer hires surveyor which is the intermediary to inspect the condition of cargo storage tank and inventory volume in cargo storage tank in accordance with the standard requirement prior to receiving cargo both at the port of shipment and destination.

5. The vessel agent listed in the Approved Vendor List carries out the procedure for request of wharfing permission at port of shipment and destination in lieu of the Company.

6. The oil tanker wharfs at the port for loading cargo into cargo storage tank inside the vessel. The oil tanker receives cargo as specified by the customer. After completion of cargo loading into the tanker, the related parties such as port agent, vessel agent and surveyor perform final inspection of quality and volume of cargo in order to issue Cargo Manifest and Bill of Lading, as well as Certificate of Cargo Quality prior to departure of the oil tanker.

7. The oil tanker wharfs at the port of destination to pump and transfer cargo to cargo receiving tank onshore. The vessel pumps and delivers cargo only if the port agent, vessel agent, and surveyor inspect quality and volume of cargo prior to pumping and delivering to ensure that quality and volume of cargo are not different from the port of shipment, the port agent at the port of destination therefore can approve pumping and delivering of cargo.

1.2 Market and competition

1.2.1 Customer group target

The Company's target customer group is the group of large oil companies, oil refineries, and major oil traders both in the country and abroad that require attention in quality, safety, standard of shipment service to maintain cargo quality, as well as concern on good environment. Thus, the customer shall require the shipper with specific knowledge and experience in shipment management and execution in accordance with relevant laws and requirements, and pollution requirement. The samples of customer group of the Company include PTT Pcl., Shell (Thailand) Co., Ltd., Chevron (Thailand), Ltd., Esso (Thailand) Pcl., Thailoil Pcl., and Bangchak Petroleum Pcl., etc.

1.2.2 Distribution and channels of distribution

The Group Company's Commercial Department contacts and coordinates with customers who are oil companies, etc. Upon the customer requirement for using the shipment service, the customer shall directly notify its requirement to Commercial Department. In addition, the Group Company indirectly contacts and coordinates with customers via both domestic and foreign brokers. For backhaul navigation, Commercial Department shall directly contact customers and contact via foreign brokers to seek for cargo embarked in backhaul voyage.

Moreover, Nathalin who is the major shareholder of the Company is the agent of the Group of the Company in supply of trading vessels to customers. Nathalin shall charge service fee of oil fuel trading vessel supply for the Group of the Company in the rate on general commercial term and it shall be the transaction that takes place for business operation on Arm's length Basis of the Company.

1.2.3 Price policy

The Group Company determines the rate of proper shipment service fee for customers by considering from mode of shipment service and shipment service term. The important factors that are taken into consideration in charging shipment service fee are nature of shipment, route of shipment, period of shipment, type of cargo, etc. The Group Company shall charge the rate of shipment service fee based on type of contract and nature of shipment service as per below details:

| Type of service contract | Charging of shipment service fee |
|---------------------------|---|
| SPOT Charter Contract | The Company shall charge the rate of shipment service fee based on type of shipped cargo, fuel oil price, and shipping distance per voyage. Most of freight price is varied with retail price of diesel oil as agreed with the large oil company. |
| COA Charter Contract | The Company shall charge the rate of shipment service fee based on type of shipped cargo, fuel oil price, and shipping distance per voyage. The number of voyages or quantity of cargo, shipment period in type of single continual voyage, are determined. Most of freight price is varied based on retail price of diesel oil as agreed with the large oil company. |
| TC Charter Contract | The Company shall charge shipment service fee under Time Charter whereas service fee is dependent on period, size of vessel that provides shipment service, and wage of the ship manager. |
| Bareboat Charter Contract | The Company shall charge shipment service fee under Charter for the whole vessel whereas shipment service fee is dependent on period and size of vessel that provide shipment service. |

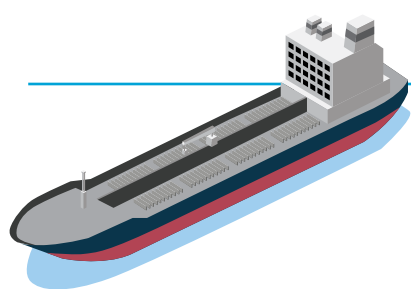
The Company's policies in determining the rate of shipment service include the followings:

1. The pricing policy using Cost Plus Method whereas the cost and expense of shipment service are plus with profit as determined by the Company. In such pricing, demand and supply of the market are also considered.
2. The pricing policy in comparison with competitor under concern on the actual cost and business opportunity in acquisition of new customer base as the major factor.

1.2.4 Industry competition

In oil tanker industry, there have been few entrepreneurs since it is the business that requires use of very high investment fund for investment in vessel and vessel equipment and very high operating expenses such as fuel oil expense, personnel expense, and insurance expense, etc.

Moreover, due to the relation of business operation with high valued cargo, the customer requires high quality shipment service since if accident occurs, there will be huge damage as well as environmental and people impact. Thus, the entrepreneurs in shipment industry must rely on the high experienced and expert personnel in operation of oil shipment that must understand and be able to comply with rules and standards of vessel operations both of customer and domestic governing agencies, such as Harbor Department, Ministry of Transport, and international organizations that control the shipping operations such as International Maritime Organization (IMO) Oil Companies International Marine Forum (OCIMF) International Association of Classification Societies (IACS), and International Labor Organization (ILO), etc.



2 Floating Storage Unit (FSU) ("Floating Storage Unit (FSU)")

2.1 Nature of Service Provision:

The Group Company has provided the transport and floating storage unit (FSU) services by using FSU vessels for storage of goods; whereas, the Group Company shall be obliged to keep goods of its customers in the condition as per the quality, specifications and quantity as prescribed by customers within the agreed period of time.

With the increasing fuel consumption in Asia and restrictions on land use for construction of additional onshore tank terminals in Singapore which is the Asian fuel trading hub, FSU vessels have been used as substitutes for fuel storage and ship-to-ship transfer of fuel trading operators which reduced port expenses and the waiting time, and had no restrictions on tidal height level at ports.

The prominent points for the use of shipment and storage service by FSU Vessel which is more advantageous than Tank Terminal onshore are as follows:

- 1) Use of lower investment fund : the Group Company can consider using secondhand vessel with property and useful life which are appropriate for customer utilization to be modified as FSU Vessel and offered to be shipment and storage service charge that contributes to decrease in overall cost of storage fee.

2) Flexibility of utilization : there are numerous laws and rules for construction and disuse of Tank Terminal required for compliance particularly laws and rules related to environmental impact, resulting in the period of utilization after construction until disuse of Tank Terminal longer than utilization of FSU Vessel.

3) Addition of alternative in selection of strategic location site of oil depot: the utilization of FSU Vessel adds alternative to the entrepreneurs in oil industry in selection of oil depot location in order to contribute to decrease in logistics cost as well as overall shipment cost of the entrepreneurs.

4) Increase in profitability : Oil storage warehouse of FSU Vessel is separate into oil storage compartment that increase flexibility for customers in blending oil in order to have specifications in small lot per time, resulting in the ability of customers to plan for profit optimization.

2.1.1 Products that the Group Company provided services of transport and storage:

Products that the Group Company had its expertise in transport and storage included crude oil and furnace oil.

2.1.2 Nature of Service Provision of Leasing out Tanks for Storage and Transport of Goods:

The Group Company provides its business of leasing out tanks for storage of goods in FSU vessels which are large vessels with large square storage tanks, numbering 15-17 tanks per vessel; whereas, the Group Company provides its services divided into 2 types:1) leasing out of whole tanks for storage of goods or leasing out of whole vessels; and 2) leasing out of some tanks for storage with following services by the Company:

- Solely Storage Service;
- Fuel Mixing by Air Agitation and Inter Tank Transfer methods;
- Fuel Heating Service.

The Group Company has been able to provide services of domestic and overseas transport and floating storage of goods. At present, three FSU vessels of the Group Company have been docked at Tanjung Pelapas Port in Malaysia and in waters between Singapore and Malaysia, which being the Asian hub of fuel trading business; whereas, Tanjung Pelapas Port has proper location for docking of FSU vessels because it is located in the International shipping routes of large commercial vessels and the weather in that area is not varied. Moreover, docking at Linggi, Malaysia one vessel.

Moreover, in Quarter 2/2017, the Group Company commenced to domestically ship and store oils with FSU Vessel. Joint venture company named “Bongkot Marine Co., Ltd.” was established to provide service with the vessel named “Bongkot Star”. Now, the vessel is locked for service in the area of Ko Sichang District, Chonburi Province.

Pictures for location of FSU Vessel in the zone of Tanjung Pelapas, Malaysia



2.1.3 Form of storage service contract

The Company enters into business agreement of cargo shipment and storage under Time Charter. The Group Company shall agree on cargo shipment and storage contract for customer that requires to store large volume of cargos. The period of most of contracts is 1 – 2 years. In the contract, name and size of stored FSU Vessel, docking area, storage and shipment period, storage and shipment charge, etc. shall be specified.

2.1.4 Vessels used in shipment and storage

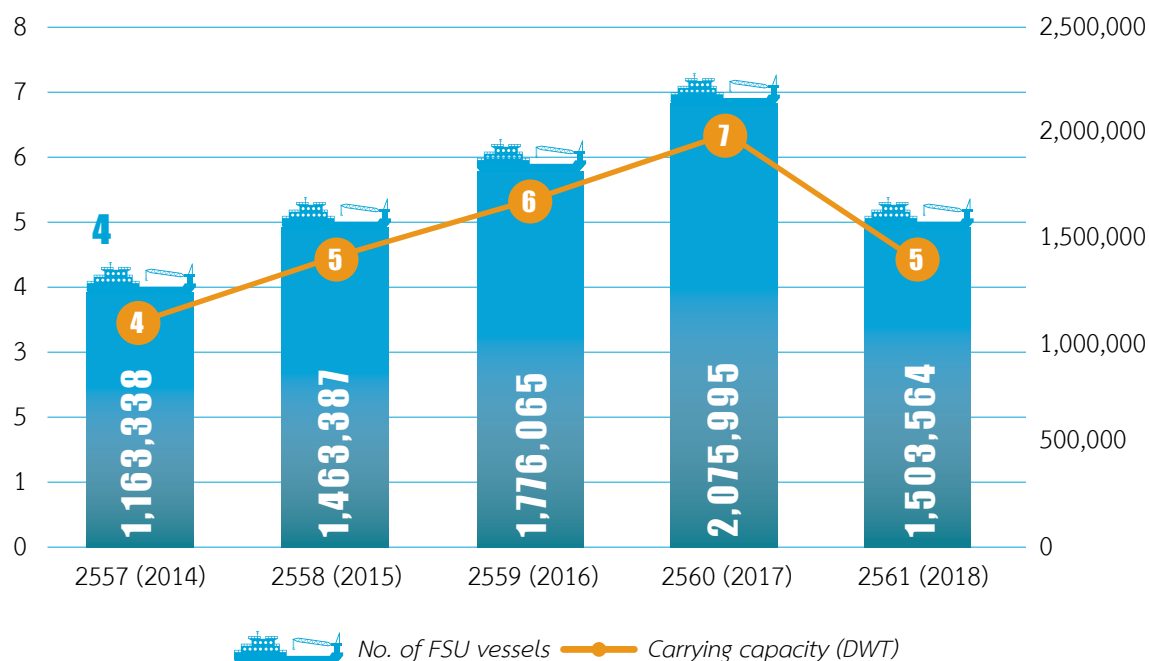
The Company shall select FSU Vessel which is appropriate for customer requirement under the concern on following factors:

- Characteristic and property of stored cargo
- Cargo volume required by the customer for storage
- Period required by customer for storage of cargo

The Group Company has continuously added number of the fleets of FSU Vessels during 2012 – 2017 to support the increasing customer requirements, however, 2018, the conditions of FSU vessel market have been fluctuated and quickly adjusted, causing the Group Company to reduce a number of vessels in the FSU Business to comply with such market conditions with the concern on the customers' need and reduction of management costs as main factors.

The Group Company has a number of the fleets of FSU Vessels and the average utility rate of vessels in the past 5 years (during 2012 – 2018) as follows:

Graph showing a number of vessels and carrying capacity of vessels in FSU Business



As of 31 December 2018, the Group Company has owned five VLCC FSU Vessels with total carrying capacity of 1,503,564 DWT and average vessel age of 20 years as per below table:

Table showing the Grup Company's Floating Storage Unit (FSU) Vessels

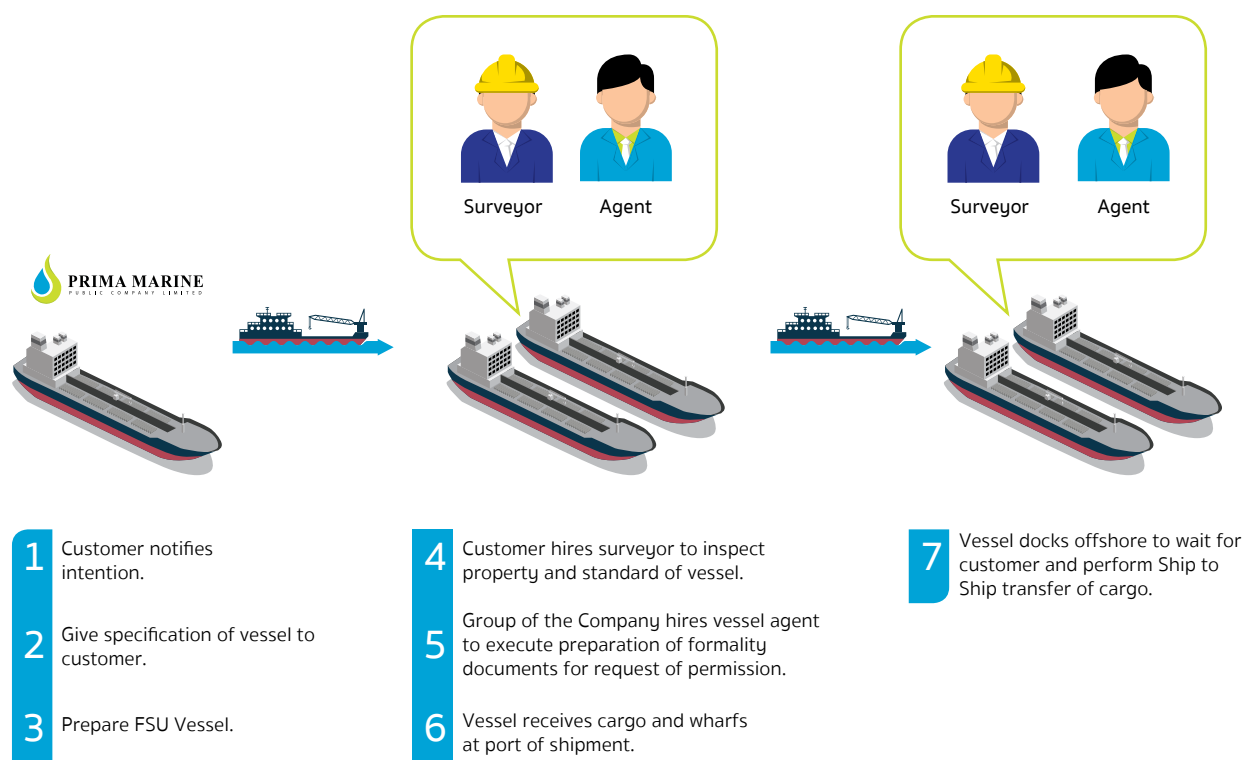
| Vessel name | Vessel registration country | Capacity (DWT) | Age (Year) |
|--|-----------------------------|------------------|------------|
| Prima Marine Public Company Limited | | | |
| Energy Star | Thailand | 309,984 | 21 |
| Fortune Star | Thailand | 280,973 | 19 |
| Singha Tanker Co., Ltd. | | | |
| Grace Star | Thailand | 312,678 | 17 |
| Jubilee Star | Thailand | 299,999 | 22 |
| Bongkot Marine Service Co., Ltd. | | | |
| Bongkot Star | Thailand | 299,930 | 21 |
| Total | | 1,503,564 | |

The Group Company's FSU Vessels have average utilization rate for the past 3 years as shown in following table:

| Year | 2016 | 2017 | 2018 |
|------------------------------|------|------|------|
| Average Utilization Rate (%) | 82% | 83% | 86% |

2.1.5 Procedure of FSU shipment and storage

Diagram summarizing the operation procedure of Floating Storage Unit Vessel Business for crude oil and petroleum products.



1. The customer notifies the intention with the Group Company by specifying type and volume of cargo required for storage, and negotiates the price of freight and storage fee with customer.
2. The Group Company gives details of vessel for storage and shipment to customer for inspection of quality and standard of vessel by customer.
3. The Group Company prepares shipment and storage vessel.
4. The customer hires the surveyor which is the intermediary to inspect the condition of cargo storage tank and inventory volume in cargo storage tank in accordance with the standard requirement prior to cargo receiving.
5. The vessel agent listed in the Approved Vendor List carries out the procedure for request of permission both before and after cargo receiving.
6. The customer vessel berths with FSU Vessel for ship to ship transfer or receiving and delivering cargo from cargo storage tank inside the Vessel. FSU Vessel pumps and transfers or receives cargo as determined by customer. After completion of pumping and transferring or receiving cargo, the related parties such as port agent, vessel agent and surveyor perform final inspection of quality and volume of cargo in order to issue Cargo Manifest and Bill of Lading, as the case may be.
7. The Vessel docks offshore to wait for customer to carry out Ship to Ship Transfer.

2.2 Market and competition

2.2.1 Customer group target

The Group Company's target customer in Floating Storage Unit (FSU) Vessel Business is the group of the large oil companies both in the country and abroad as per below details.

| Type of customers | Customer characteristic |
|--------------------|---|
| Domestic customers | The large oil company with requirement of cargo shipment and storage vessel due to growth rate of oil production and consumption. |
| Foreign customers | The large foreign oil company with requirement of cargo shipment and storage vessel in the area of Singapore and Malaysia. |

2.2.2 Channels of distribution

The Group Company directly contacts and provides shipment and storage service to customers. For domestic customers, Commercial Department that has duty to contact, coordinate and monitor domestic shipment of the customers shall contact and acknowledge the requirements from customers.

For foreign customers, the Company's Commercial Department and NSSG shall contact, coordinate and acknowledge the requirements from customers.

2.2.3 Price policy

The Group Company determines the service rate of freight and storage fee which is proper for customers by considering from the form and term of shipment and storage services. The important factors are taken into consideration on service charging freight and storage fee such as type of cargo, storage volume, size of vessel, route of shipment and storage and period of service. Below is the Group Company's pricing policy.

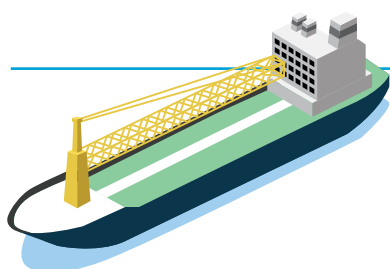
- The pricing is based on cost price plus the appropriate gross profit using Cost Plus Method, and in accordance with demand and supply condition of the market under requirement that the Group of the Company can be competitive.
- The pricing is compared with competitors and market price under the concern on actual cost. The Group Company shall consider the pricing based on the customer requirement together with the competition condition in the market.

2.2.4 Industry competition

Most of customers in Floating Storage Unit (FSU) Vessel Business of the Group Company are foreign oil companies that operate in Singapore and Malaysia because they are the regional oil trading hub. These foreign oil companies further distribute their goods in Asia Pacific Region, the competitors in the industry of the Group Company are the group of companies that operate FSU Vessel Business in the area of Malaysia Waters. FSU Vessel is regarded as the alternative product of large Tank Terminal.

Four FSU Vessels have currently docked at Tunjung Pelepas Port, the Group Company has had 3 FSU Vessels stationed at the said Port. There have been few main companies, for instance, China Shipping Co., Ltd. and Sentek Marine Pte. Ltd., etc., that operate FSU Vessel Business.

Moreover, the Group Company also established the joint venture company named Bongkot Marine Co., Ltd. with the joint investment from Bangchak Corporation Public Co., Ltd., to provide service of “Bongkot Star” Vessel, commencing from Quarter 2/2017 at Ko Sichang District, Chonburi Province.



3 Offshore Support Vessels Business ("Offshore Business")

3.1 Nature of service provision

The Group Company provides its services of oil tankers which support offshore exploration and petroleum production to customer groups of offshore exploration and crude oil excavation companies; whereas, services provided include floating storage and offloading units (FSO vessels) and accommodation work barges (AWB).

3.1.1 Floating Storage and Offloading Units (FSO)

The Group Company provides its services of transport and storage of crude oil by using vessels with characteristics of large tank of crude oil and tools for support of direct transfer of crude oil from offshore oil rigs; whereas, the Group Company shall be obliged to support and store crude oil of customers from oil rigs and to wait for transfer of oil to small vessels for transit to oil refineries.

As of 31 December 2018, the Group Company owned 2 Aframax-sized FSO vessels for service provision to its customers with the maximum capacity of 191,754 DWT and the service life of approximately 23 years, as per the following table:

| Name of vessel | Vessel registering country | Maximum carrying capacity (DWT) | Life of vessel |
|-------------------------------------|----------------------------|---------------------------------|----------------|
| Prima Marine Public Company Limited | | | |
| Sriracha Eagle | Thailand | 94,999 | 22 |
| Top Nautical Star Co., Ltd | | | |
| Southern Pearl | Thailand | 96,755 | 24 |
| Total | | 191,754 | |

The detail of average utilization rate of the Group Company's FSO Vessels for the past 3 years is appeared in the following table:

| Year | 2016 | 2017 | 2018 |
|------------------------------|------|------|------|
| Average Utilization Rate (%) | 100% | 100% | 100% |

Shipment and storage contract utilizing FSO Vessel shall be TC contract. At present, average term of contract has been 5 years due to necessity of the customer to control FSO Vessel day and night to support the continuous oil drilling operation.

3.1.2 Accommodation Work Barge (“AWB”)

The Group Company has Accommodation Work Barge for petroleum drilling platform staffs of petroleum exploration and production companies to reside during their operations on petroleum drilling platform. Accommodation Work Barge shall dock Barge in the area adjacent to petroleum drilling platform of the customer to facilitate petroleum drilling platform staffs for accommodation, preserved foodstuffs and nursing.

As of 31 December 2018, the Group Company has had one Accommodation Work Barge for service. The Group Company is the owner of vessel such as Nawa Thani Vessel, that can support 300 staffs and equipped with facilities such as kitchen, dining room, and recreation room. However, in the beginning period of Quarter 3/2018, the contract of accommodation work barge business for petroleum drilling platform staffs with the customer was expired, however, at the end of Quarter 4/2018, the Accommodation Work Barge for petroleum drilling platform staffs has provided of service again, it is to support the clearer situation of concession auction for the petroleum exploration and production at Bongkot-Erawan petroleum source.

| Name of vessel | Vessel registering country | Capacity (DWT) | Age (Year) |
|-------------------------------------|----------------------------|----------------|------------|
| Prima Marine Public Company Limited | | | |
| Nawa Thani Vessel | Thailand | 10,678 | 8 |



The average utilization rate of the Group Company’s Accommodation Work Barge in the past 3 years are shown in the following table:

| Year | 2016 | 2017 | 2018 |
|------------------------------|------|------|------|
| Average Utilization Rate (%) | 64% | 50% | 56% |

The service contract of Accommodation Work Barge is TC contract. At present, the contractual term is 7 months since the Barge must be stationed in the area of oil drilling platform all the time to be the accommodation of the oil drilling platform staffs.

3.2 Market and competition

3.2.1 Customer group target and channel of distribution

The Group Company's target customer group in the Offshore Support Vessel Business is the group of offshore crude oil exportation and production companies that operate offshore crude oil exploration and production inside Thailand.

The Group Company's Commercial Department directly and continuously contacts and coordinates with target customer group in order to recognize the customer requirements and enable to immediately fulfill.

3.2.2 Pricing policy

The Group Company determines rate of service fee which is appropriate for customers by considering from service form and service term. The important factors are taken into consideration in charging service fee such as type of cargo, size of vessel, type of vessel, route of shipment and storage, and period of service.

The Group Company shall charge service fee under service classification as follows:

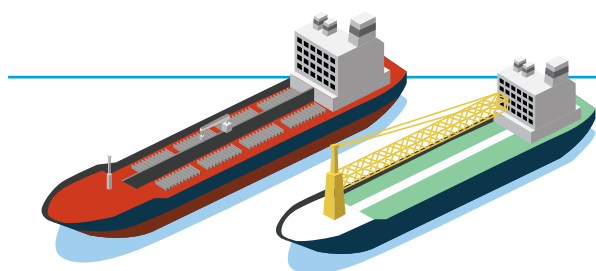
| Type of service | Charge of service fee |
|-------------------------|--|
| Offshore Vessel Service | The charge of service fee is based on Time Charter |

The Company's pricing policy is as follows:

- The pricing is based on the cost price plus appropriate gross profit using Cost Plus Method and in accordance with the demand and supply condition of the market under requirements that the Company can be competitive.
 - The pricing is compared with the competitors and market price under the concern on actual cost.
- However, the Company shall consider the pricing bases on the customer requirement together with the condition of the market competition.

3.2.3 Industry competition

In the Offshore Vessel industry, there have been a few entrepreneurs since it is the business that needs the use of very high investment fund in operation such as investment of vessel and vessel equipment, high operating expenses, such as personnel expense, and insurance expense, etc.



4

Ship management business ("SM Business")

4.1 Nature of Service Provision

The Group Company provides ship management service under the scope of major works such as Technical Management, Crew Management, and management for operation safety to crew, cargo, and hull of vessel under main environmental concern.

4.1.1 Technical Management

The Group Company on behalf of the ship manager shall control and supervise vessel to have property in conformity with maritime rules of the domestic agencies and international organizations under the following main operations:

- The Group Company shall determine that crews of engine room division or mechanics to govern and supervise maintenance, repair and general condition of the vessel and machineries and equipment in the vessel.
- Control and supervise shipyard docked work.
- Control and supervise Safe Cargo Operation.
- Control and supervise Ship Inspections and Surveys to be ready for operation in sea port of the vessel affreighting party.
- Execute about the important vessel documents of the significant agencies such as Harbour Department, Customs Department, and Office of the NBTC.
- Control and supervise the vessel to operate for safety of crew, hull of vessel, property and environment in accordance with International Safety Management (ISM) System.

4.1.2 Crew Management

The Group Company manages crews to be qualified in conformity with rules and regulations of Harbour Department and/or Convention of Standard of Training, Certification and Watchkeeping for Seafarers (STCW)/ Maritime Labour Law Convention (MLC), under the following main operations:

- Select qualified personnel for position, size of vessel, and shipping zone whereas certification of crew as prescribed by Harbour Department shall be available.
- Control and supervise crews to work safely and strictly comply with policy for use of narcotic and alcohol drinking.
- Manage salary, other remunerations and welfare for crews pursuant to rules prescribed by the Company and coordinate the essential training for crews.
- Develop crews to have knowledge and competency adequate for effective and efficient operation.
- Annually appraise performance of crews.

The companies in the Group that operate ship management business are: 1) Nathalin Management Co., Ltd. (“NMC”); 2) Nathalin Shipping Pte Ltd. (“NSSG”); and 3) T.I.M. Ship Management Co., Ltd. (“TIM”) as follows:

| Company | Business Operation |
|--|--|
| Nathalin Management Co., Ltd. (“NMC”) | provide domestic ship management service covering small vessel (size not over 10,000 DWT) and Crew Boat. As of 31 December 2018, NMC has mostly provided services to the companies in the Group. |
| Nathalin Shipping Pte Ltd. (“NSSG”) | It was established in Singapore to operate the services of shipment, ship management and storage for crude oil and petroleum products for foreign customers. As of 31 December 2018, NSSG has entirely provided services of FSU Vessels. |
| T.I.M. Ship Management Co., Ltd. (“TIM”) | It is the Company that operates domestic and foreign ship management business covering small and large vessels. As of 31 December 2018, TIM has provided services to Trading Vessels and FSO Vessels. |

4.1.3 Procedure of ship management service

Procedure of ship management business operation is as follows:

1) The Group Company requests detail of service required by customer, such as size and type of vessel, and shipping route from customer and the affreighting party, etc., for preparing the work proposal in return to customer. If the customer agrees on the proposal, the Group Company shall prepare the Ship Management Service Agreement.

2) The Group Company shall manage quality crews in accordance with the determined standard. The Group Company shall determine the qualification and number of crews to be proper in accordance with regulation of Harbour Department and rule of international navigation.

3) The Group Company which is the ship management service provider shall enter into the Crew Employment Agreement with the selected applicant.

4) The Group Company shall assign the personnel to supervise and coordinate with the crew and the vessel owner. The boarding of such personnel shall be based on the scheduled plan or as appropriate.

4.2 Market and competition

4.2.1 Target customer group and channel of distribution

The Group Company's target customer group in ship management business is the customer group that engages in the Trading Vessel Business, FSU Vessel Business and Offshore Support Vessel Business.

In 2018, the Company Group provided the ship management service as follows:

| Company Name | Business Operation |
|--|--|
| Nathalin Management Company Limited ("NMC") | Providing the ship management service to support Company Group's business in the amount of 15 vessels and providing the ship management service to support outside the Group in the amount of 2 vessels. |
| Nathalin Shipping Pte Ltd. ("NSSG") | Providing the ship management service to support Company Group's business in the amount of 5 vessels and providing the ship management service to support outside the Group in the amount of 1 vessel. |
| T.I.M. Ship Management Company Limited ("TIM") | Providing the ship management service to support Company Group's business in the amount of 3 vessels and providing the ship management service to support outside the Group in the amount of 8 vessels. |

However, due to quality and standard of the Group Company's ship management service, both domestic and foreign customers outside the Group have continuously used the services.

4.2.2 Price policy

The Group Company's pricing policy is based on the cost price of service plus the appropriate gross profit using Cost Plus Method, by considering the service from and service term. The important factors taken for consideration in pricing ship management service fee, such as type and size of vessel, type of service, scope of service, shipping route, and country where the vessel is operating, etc. The types of the Group Company's services cover the ship management, and crew management and the Group of the Company shall charge service fee for each type of service in monthly basis.

4.2.3 Industry Competition

The Group Company mainly operates the ship management business for vessels of the companies in the Group, in the past 2 years, the Group Company has been also entrusted by the customers outside the Group to increasingly use the ship management services because the domestic ship management business is specific and has high costs in personnel incubation to be skillful in operations, resulting in a few competitors in this business. Moreover, the Group Company also manage FSU vessels in foreign countries, therefore, with the expertise in operations, the Group Company has been accepted by the customers.

Sourcing of products and services

For the shipment and storage of marine products service, the Group Company will provide important raw materials and resources, such as: (1) transport service contracts; (2) vessels; (3) vessel management services; (4) marine fuel; (5) crew provision; and (6) ship maintenance, as following details:

1. Shipment service contract sourcing

The Company has two ways of shipments including: 1) Auction and 2) Direct hire.

1.1 Auction: The Group Company will join the auction by itself. Before participating in the auction, the Group Company will apply the Term of Reference (TOR) to analyze and evaluate the project. If the Group Company has the opportunity to win the auction and can generate the right return, the Group Company will approve the bidding and provide project proposals to customers or organizations.

1.2 Direct hire: The Group Company will directly undertake work from customers by making service contract or hiring order. However, the Group Company will consider the form of contract or hiring order, depending on the type of shipment service or store in either SPOT or COA or TC.

2. Ship sourcing

The Group Company will supply the vessel that appropriate to the need of customers by dividing into shipment services and storage services. For shipment services, the customers will send important details, such as type of product and its amount, source and destination ports, date and time for shipment required by the customers, etc. For storage services, the customers will send important details, such as type of product and its amount, the waters and area to dock the vessel and the duration of service, etc., the Group Company has 3 methods to supply the vessels: 1) purchasing second-hand vessels; 2) ship rebuilding; and 3) outsourcing. (vessel only)

2.1 Purchasing second hand vessels

The Group Company will contact through the Company's brokerage. The Group Company will check the condition of the vessel and assess the cost of improvement and maintenance to prepare the feasibility study. If the Group Company considers the project has worth returns, the Group Company will ask for approval to purchase the vessel from the Board of Directors. The Group Company considers the purchase of second-hand vessel by concerning the type, property and age of the vessel based on the appropriateness to the customer's needs.

The Group Company will improve the vessel to be ready before releasing the vessel to serve the customers. The major steps are repairing the vessel, additional equipment installation, purchasing fuel, hiring vessel manager. The vessel administrator will handle the crews, apply for licenses, such as Ship Register and Ship's License, etc. and prepare the Hull and Machinery Insurance: H&M Insurance and the Protection and Indemnity Insurance.

The Group Company will mostly purchase through domestic and international brokers, particularly the Group Company will screen a lot of vessels from brokers to select the vessel with good quality, reasonable price and technical qualification. (Specification) that meets the customer's needs.

There are many brokers in the industry, therefore, the Group Company is not required to enter into contract with any particular broker. So, the Group Company could compare the prices and properties of the vessels and the payment conditions, to get the best conditions.

2.2 Ship Rebuilding

The Group Company will consider to rebuild the vessel for the case that the Group Company is unable to find the vessel that meets the customer's needs or the vessel rebuilding is worthier than the purchase of second-hand boat, for example, lower maintenance costs, more fuel saving, more efficient operating systems and longer life of service, etc.

After the customer's needs was acknowledged, the Group Company will ask for the proposal from the shipyard to compare the technical data and price for evaluating the Feasibility Study of the project and then ask for approval from the Board of Directors. After that, the shipyard will prepare the ship construction design with thorough details for the ship rebuilding. The Group Company will control the quality of the ship throughout the ship rebuilding period, which takes about 2-3 years. Then, when the ship is going to complete, the Group Company will hire the ship management service provider to prepare the ship. This includes key steps, such as installing additional equipment, purchasing fuel, staff sourcing and other license applications, such as Ship Register and Ship's License, etc., as well as applying H&M Insurance (Hull and Machinery Insurance) and P&I Insurance (Protection and Indemnity Insurance).

The Group Company can easily find shipyards due to the large number of shipyards in the industry in Japan, South Korea and China, then, the Group Company has no long-term contracts, especially with the new shipyards, because the Group Company can compare prices, specifications and terms of payment to get the best conditions for ship rebuilding.

2.3 Outsourcing

The Group Company will consider to hire a vessel from a third party in the event that the Group Company cannot find a vessel within the date and time that meet the need of customers. The Group Company will contact the ship owner directly or through a broker in order to hire a ship. The Group Company will check details and specifications of the vessel, associated licenses to ensure that the vessel is on standard and has specifications that meet the customer requirements and is appropriate for the customer.

3. Procure Ship Management Service Providers

The Group Company procures the ship management service providers mainly through the companies in the group, such as Nathalin Management Co., Ltd. ("NMC"), Nathalin Shipping Pte Ltd. ("NSSG") ("NSSG") and T.I.M Ship Management Co., Ltd.

The Group Company will consider to hire according to their differences in expertise of ship management; NMC specializes in the management transport vessels and crew boats; NSSG specializes in the management of FSU; and TIM specializes in the management of floating storage vessel (FSO) and vessels operate in international routes.

4. Bunker

Fuel is one of the most important factors for the Group Company's operations, since all vessels of the Group Company are required to use bunker fuel. Therefore, the Group Companies give great importance for good quality fuel supply at reasonable prices.

The Group Company will supply the fuel from both domestic and international leading oil trading companies in the Group Company's Approved List. It will check the quality and standards of the oil trade business to ensure that the purchased fuel has good quality for the vessel engines.

Furthermore, the Group Company has an oil procurement process that makes the Group Company can acquire fuel at a reasonable price. The Group Company will contact at least 2 oil suppliers to inquire the price by specifying the quantity of oil, type and delivery location to compare for the reasonable price. Thus, the authorized person will consider and approve. After that, the sales department will contact the oil supplier to inform the ship-ping details.

The Group Company can easily procure fuel, due to there are many suppliers or oil traders in the industry according to section 7. In 2018, the Group Company procured fuel from many suppliers such as Sea Oil Public Company Limited, PTT Public Company Limited, Bangchak Petroleum Public Company Limited, and Chevron (Thailand) Co., Ltd., etc.

5. Supply of Crews

The Group Company will recruit personnel and crews who have experience and expertise to perform duties on the vessels, since the Group Company engages in the business related to high value goods and may have broad impacts on the environment without proper management. In addition, the Group Company must strictly comply with the regulations governing the vessels operations specified by the authorities, such as International Marine Organizations (IMO) and the government authorities governing the vessels and ports, etc.

The Group Company provides and recruits personnel and crews through various channels, such as the recruitment news through the National Marine Training Center and various marine schools, such as Asian Marine Technology College, Maritime School, etc., or through the relevant magazine on vessels and employees of the Group Company, website, and social media, for example, Facebook and Line, etc. The importance selection criterion are as follows:

- Pass the training course approved by Marine Department and relevant authorities to comply with the relevant international maritime regulations.
- Obtain the license or certificate issued by the relevant authorities.
- Should have at least 2 years of experience in the relevant works for the applying position.
- Have ability of English (for the positions of Captain or Seafarer)
- Pass the knowledge test and the interview by the commanding officers.

Moreover, the Group Company provides the training organized by personnel within the group of companies and outside speakers. It provides the training to the seafarers to understand the rules and procedures on board. The main trainings are divided into four categories:

- 1) Safety Training is a training that gives the crews abilities to cope with the problems, such as basic firefighting course, personal survival course, personal safety course and elementary first aids course, etc.
- 2) Navigation Training is a training that provides the crews abilities to correctly and safely sail the vessel to the destination, such as radar simulation course, bridge team management course and ship simulator course, etc.
- 3) Engine Room Training is a training to make the crews familiar with the mechanisms and operating system on board and machine rooms such as engine room management course, engine room operation course, and high voltage course, etc.
- 4) Specific Training: As The transport or storage of each type of cargo has different needs for storage and management, as such it is necessary to have additional trainings, such as oil tanker training course, gas tanker training course and chemical tanker training course, etc.

6. Vessel Maintenance

In order that the group can provide the shipment services and storage of crude oil, petroleum products, semi-finished products oil products and liquid petrochemical products continuously and efficiently products, as well as to meet the safety requirements of international Marine Organization. (IMO) and the Marine Department of Thailand; the group has planned the maintenance of a the group vessels into two different types of maintenance: 1) Preventive Maintenance and 2) Dry Docking) as follows:

6.1 Preventive Maintenance

Preventive Maintenance is a maintenance of vessel, machine and equipment, electrical and various control systems, as well as installed piping in the vessel, by performing the maintenance based on scheduled period, distance, or according to the manufacturer's instructions, Moreover, the Group Company hires contractors in the Approved Vendor List.

For vessels, under 5 year of age, the preventive maintenance can be made by conducting the under water survey instead of docking for the first 30 months. Therefore, the Group Company manage its cost and operational time with more efficiency.

6.2 Dry Docking

The Group Company's vessels will take out of service for dry-docking or a major repair every 2.5 years to determine the steel structure of hull and various systems on the vessels, such as engine systems, electrical and light systems within the vessels, communication systems, navigation systems, piping systems and equipment to transfer goods and tanker and safety on board, etc. Each time of dry docking will take about 3 – 4 weeks from taking the vessel from the ocean to returning the vessel to the ocean

In taking the vessel to Dry Dock for each time, the Group Company will be advanced planning to prevent the impact of shipping and storage services of the Group Company. There are 4-5 docks, which the Group Company uses for its regular service. They have good standard of service and reasonably price. These docks can be dry dock for many vessels at the same times, so that they have no impact on the operation.

The conditions of Fuel oil industry and fuel oil transportation and storage

Based on the article analyzing the energy situation of 2018 and the trend of 2019, issued by the Energy Policy and Planning Office, Ministry of Energy, it pointed out that in overview, Thailand has an increase of 0.8% in the initial energy consumption, while the economic growth rate of Thailand during the first 9 months of 2018 has increased by 4.3% compared to the previous year. With the supporting factors from private consumption and investment including the government spending and investment that are constantly expanding, the Office of the National Economic and Social Development Board (NESDB) expects that Thailand's economy in 2018 will be expanded by 4.2% due to the expansion of exports, the private consumption and total investment. The initial energy consumption was increased by 0.8%, which is not very high, while the fuel consumption was increased by 1.8% due to use in the transportation and transportation sectors.

The Situation of Each Type of Energy

In 2018, the use of refined oil was at 142.1 million liters per day, increased by 1.7% with following details:

Gasoline and gasohol: The average consumption was 31.0 million liters per day, increased by 3.1% in accordance with the increase of travelling demands, in line with the increased number of cars and the average retail price of gasoline and gasohol which is still not very high, resulting in the continuous demand to use cars for travelling in festival and holiday periods.

Diesel: the average consumption was 64.6 million liters per day, increased by 1.3% due to increase of use in the land transport sector, service sector and tourism sector, together with the increase in the transportation of agricultural products due to the expansion of the export sector, the tourism services coupled with the increase in the transportation of agricultural products in line with the continuous economic growth. In 2018, the agricultural economy grew by 4.6% when comparing to the previous year. In addition, the average retail price of diesel in 2018 was still not over 30 Baht per liter, although its retail price was higher than previous year.

Jet oil: The average consumption was 19.5 million liters per day, increased by 5.5%, in line with the expansion of the tourism sector, with the number of foreign tourists traveling to the country which is increasing due to the better trend of global economic situation. In 2018, it is expected that a number of tourists will be increased by 5.1% and domestic airfares are not very high, compared to traveling by car, as well as the competition of low-cost airlines has continued to have discounted promotions.

Bunker oil: the average consumption was 6.0 million liters per day, decreased by 3.0% due to a decrease of use in the industrial sector because of alternative fuels, whereas the use in the transport sector has been increased

Table showing the consumption of refined oil and the trend to use refined oil in 2018

| (Unit: Million Litres/Day) | 2015 | 2016 | 2017 | 2018P | 2019F |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Diesel | 60.1 | 61.9 | 63.8 | 64.6 | 65.7 |
| Benzene and Gasohol | 26.4 | 29.0 | 30.1 | 31.0 | 31.8 |
| Jet oil* | 16.5 | 17.7 | 18.5 | 19.5 | 20.3 |
| Bunker Oil | 5.6 | 6.2 | 5.8 | 6.0 | 6.1 |
| LPG** | 23.1 | 21.9 | 21.7 | 21.0 | 20.7 |
| Total | 131.5 | 136.7 | 139.8 | 142.1 | 144.6 |

Note: *Aircraft oil and Kerosene

**Excluding the use of LPG which is used as Feed stocks in Petrochemical

P = Primary data, F = Forecasting data

The trend of oil consumption in 2019

The use of refined oil in 2019 has been forecasted to be increased by 1.7% when comparing to 2018, the use of diesel is expected to be increased by 1.8%, especially the use in the transportation sector that is expected to expand the exports and sales of products via online channel, resulting in the increase of use for diesel in transporting raw materials and goods to consumers.

The use of benzene and gasohol is expected to be increased by 2.6% in accordance with the needs for oil consumption that are continued to increase and the trend of crude oil prices remains at a very low level. The use of aircraft oil is expected to increase by 4.0% in accordance with the continued expansion of the global economy and the measures to solve tourism problems as well as the government's tourism promotion measures and the competition among low cost airlines. The use of bunker oil was increased by 1.2% due to the use of fuel in the electricity production to be in accordance with the country's power production development plan in 2015 - 2036, while the use of LPG in the part excluding the use of Feed Stocks of Petrochemical industry is expected to decrease by 1.7% due to the decrease of use in transportation sector.

Source: the article analyzing the energy situation of 2018 and the trend of 2019, issued by the Energy Policy and Planning Office, Ministry of Energy

- Overview of production and distribution volume of fuel oils in Thailand

The overview of production and distribution volume of fuel oils in Thailand in 2011-2018 continuously increased through increase in production volume of fuel oils from 158 million liters per day in 2014 to be approximately 187 million liters per day in 2018. The annual average growth rate of fuel oil production (2014-2018) has been increased for 4.3%.

Table for production volume of fuel oils

| (Unit: Million Litres/Day) | 2014 | 2015 | 2016 | 2017 | 2018* |
|----------------------------|------------|------------|------------|------------|------------|
| Diesel Oil | 66 | 74 | 70 | 74 | 75 |
| Benzene | 27 | 31 | 33 | 35 | 36 |
| Jet oil | 18 | 19 | 19 | 20 | 22 |
| Bunker oil | 16 | 16 | 15 | 16 | 16 |
| Kerosene | 3 | 4 | 6 | 5 | 6 |
| LPG | 28 | 28 | 29 | 31 | 32 |
| Total | 158 | 172 | 173 | 181 | 187 |

Note: *Data of January – November 2018

Source: Department of Energy Business, Ministry of Energy

The distribution volume of fuel oils increased from 126 million liters per day in 2011 to be 142 million liters per day in 2018, The annual average growth rate of fuel oil distribution (2014-2018) has been increased for 1.7%.

Table of distribution volume of fuel oils

| (Unit: Million Liters/Day) | 2014 | 2015 | 2016 | 2017 | 2018* |
|----------------------------|------------|------------|------------|------------|------------|
| Diesel Oil | 58 | 60 | 62 | 64 | 64 |
| Benzene | 23 | 26 | 29 | 30 | 31 |
| Jet oil | 15 | 17 | 18 | 18 | 19 |
| Bunker oil | 6 | 6 | 6 | 6 | 6 |
| Kerosene | 0.03 | 0.03 | 0.03 | 0.02 | 0.02 |
| LPG | 25 | 23 | 22 | 22 | 21 |
| Total | 126 | 132 | 137 | 140 | 142 |

Note: *Data of January – November 2018

Source: Department of Energy Business, Ministry of Energy

- **Overview of import and export volume of fuel oils in Thailand**

The overview of import volume of fuel oils in Thailand in 2014-2018 is stable, in 2018, the import volume of fuel oils was 9.5 million liters/day in total, increased by 11.6% when comparing to 2017. The main reason is the import of diesel and bunker oil was reduced.

Table for import volume of fuel oils

| (Unit: Million Liters/Day) | 2014 | 2015 | 2016 | 2017 | 2018* |
|----------------------------|-------------|------------|------------|-------------|------------|
| Diesel Oil | 0.95 | 0.3 | 2.3 | 2.2 | 1.7 |
| Benzene | 2.4 | 2.1 | 4.2 | 4.8 | 4.2 |
| Aircraft oil | 0.01 | 0.01 | 0.24 | 0.13 | 0.14 |
| Bunker oil | 1.0 | 0.5 | 0.3 | 0.2 | 0.03 |
| LPG | 10.7 | 6.9 | 2.3 | 3.3 | 3.4 |
| Total | 15.1 | 9.9 | 9.4 | 10.6 | 9.5 |

Note: *Data of January – November 2018

Source: Department of Energy Business, Ministry of Energy

Moreover, the overview of export volume of fuel oils in 2014-2018 has been continually increased, in 2018, the export volume of fuel oils was 31.4 million liters/day, increasing from 2017 by 2.6%, the main reason was the production volume of oil refineries was increased.

Table for export volume of fuel oils

| (Unit: Million Liters/Day) | 2014 | 2015 | 2016 | 2017 | 2018* |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Diesel Oil | 11.8 | 16.9 | 13.1 | 14.4 | 14.9 |
| Benzene | 3.8 | 4.2 | 3.8 | 4.4 | 4.8 |
| Aircraft oil | 3.6 | 4.2 | 1.5 | 2.1 | 2.6 |
| Bunker oil | 10.5 | 10.0 | 8.9 | 9.6 | 9.1 |
| Kerosene | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 |
| Total | 29.8 | 35.3 | 27.4 | 30.5 | 31.4 |

Note: *Data of January – November 2018

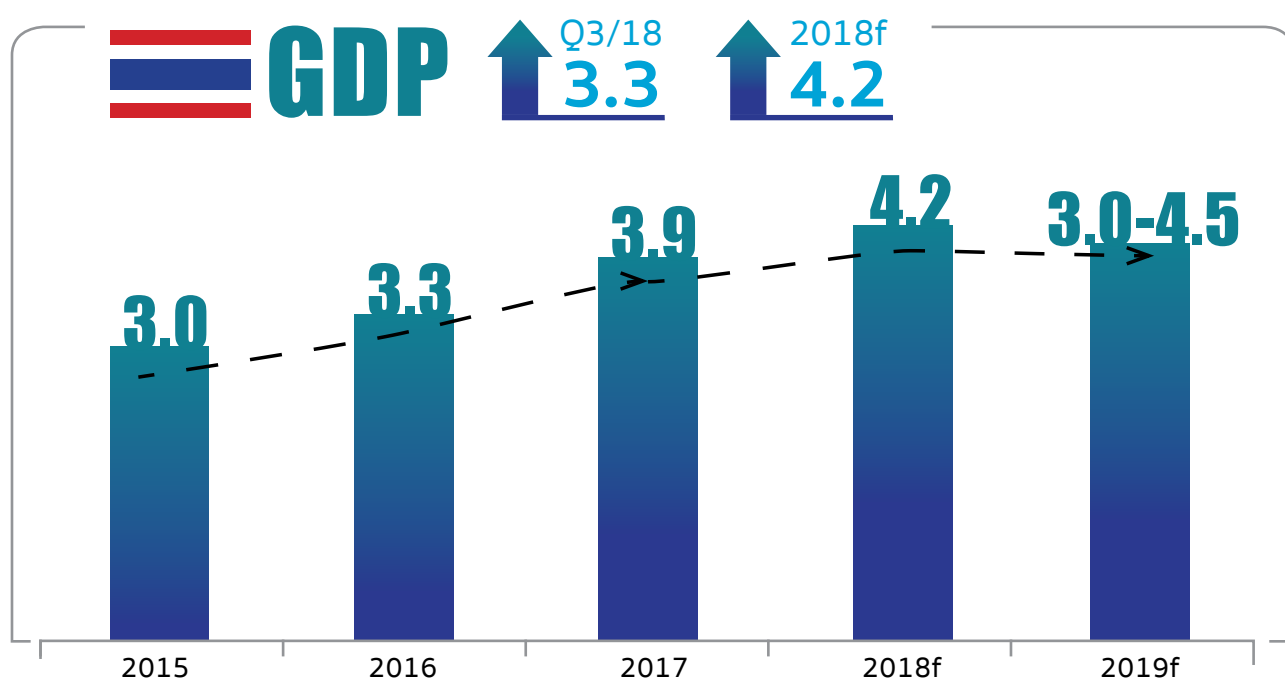
Source: Department of Energy Business, Ministry of Energy

- Significant factors and fuel oil consumption demand in Thailand

1) Gross Domestic Product (GDP)

The shipment activities of crude oil and refined oil products will be consistent with the economic condition of the country due to increase in domestic consumption, production of cargo and energy consumption upon increasing growth rate of economic condition. Thus, the volume of crude oil and refined oil product consumption will increase, resulting in increase in shipment of crude oil, refined oil products, semi-refined oil products, and liquefied petrochemicals to support the increase of the said economic activities.

Graph showing GDP for the past 3 years (2015-2017) and the estimated GDP of Thailand in 2018-2019 (Unit: %)



Source: News released by the Office of the National Economics and Social Development Council on 19 November 2018

2) Increase in production capacity of oil refineries in Thailand

Based on the data about the refining capacity of domestic refineries, it was found that the refining rate was near the highest refining rate. Therefore, if the refinery plans to invest in increasing the refining capacity, the refinery will be able to produce more refined oil which will make the tendency of refined oil transportation increased.

In previous year, the leading oil trading companies in Thailand clarified their plans to increase the production capacity of refineries to support the domestic demand of oil consumption that is continuously growing every year. Thai Oil Public Co., Ltd. which has the refining capacity rate of 113.8%, clarified its plant to expand the production capacity from 275,000 barrels per day to be 400,000 barrels per day, Bangchak Petroleum also plans to expand the production capacity from 120,000 barrels per day to be 140,000 barrels per day and Star Petroleum is preparing to expand the production capacity from 165,000 barrels per day to be 175,000 barrels per day as well.

Table showing the refining capacity utilization rate of the leading oil refineries in Thailand during January – November 2018

| Oil Refinery | Refining capacity | Refining capacity utilization | Rate of refining capacity utilization |
|---------------------|------------------------|-------------------------------|---------------------------------------|
| | (Thousand barrels/day) | (Thousand barrels/day) | (%) |
| Thai Oil | 275 | 305 | 110.9 |
| IRPC | 215 | 209 | 97.2 |
| Esso | 177 | 146 | 82.5 |
| Star Petroleum | 165 | 174 | 105.5 |
| PTT Global Chemical | 280 | 195 | 69.6 |
| Bangchak Petroleum | 120 | 99 | 82.5 |
| Total | 1,232 | 1,128 | 91.6 |

Note: *Data of January – November 2018

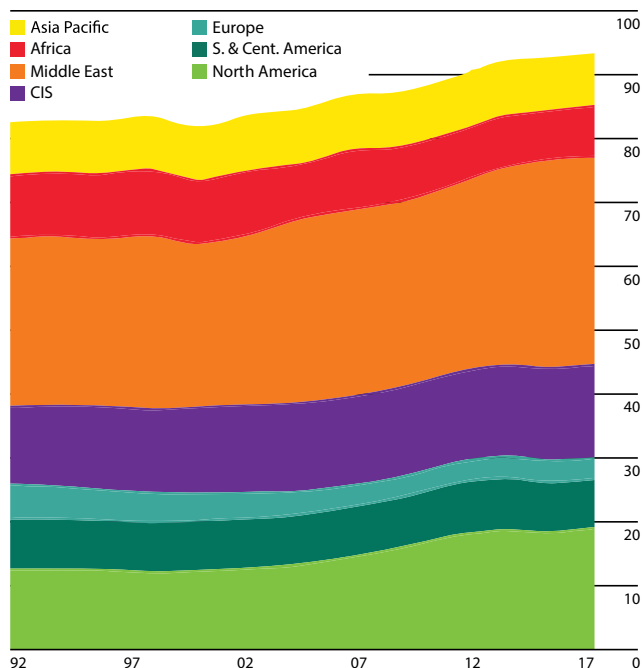
Source: Energy Policy and Planning Office, Ministry of Energy, November 2018

- Oil consumption in the Asia-Pacific region continued to grow

One factor that is a variable in the use of FSU vessel services for oil storage is the movement of world crude oil prices. Although the global crude oil price in previous year was fluctuated, the use of oil in the Asia-Pacific region continues to grow. In 2016, the Asia Pacific region had the highest oil consumption in the world, with a total oil consumption of 1,643.4 million tons, accounting for 35.6% of the global oil consumption and representing an average annual growth rate of 2.9%.

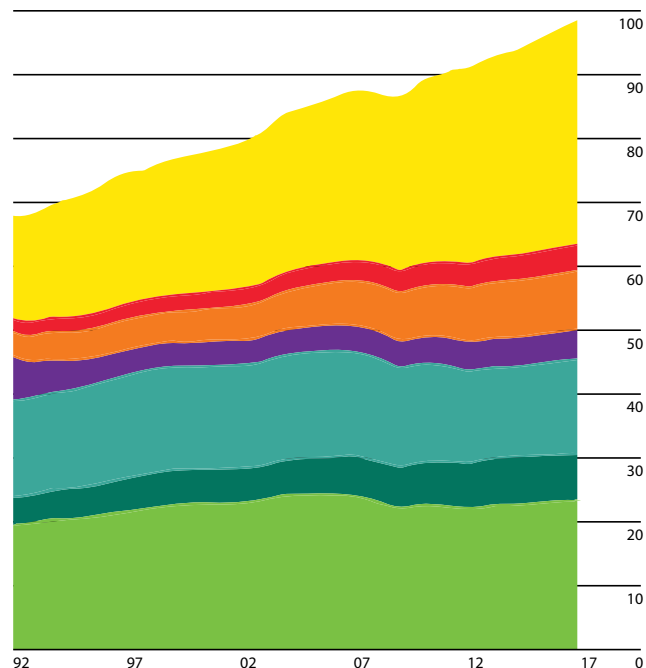
Oil Production Ratio in each region

(Unit: Million Barrels/Day)



Oil Consumption Ratio in each region

(Unit: Million Barrels/Day)



In 2018, world's oil production was increased by 0.6 million barrels per day only, less than the average estimates of 2 consecutive years, it was a result of crude oil productions in the Middle East countries and South American and South American countries that were decreased by 0.25 million barrels per day and 0.4 million barrels per day, respectively. Meanwhile, the North American and African countries increased their crude oil productions by 0.82 and 0.39 million barrels per day, respectively. At the same time, the amount of oil consumption was increased by an average of 1.7 million barrels per day which is higher than the average utilization rate in the past 10 years at approximately 1.1 million barrels per day for the third consecutive year. The countries with the highest consumption volume is People's Democratic Republic of China and the United States of America with a volume of 0.5 and 0.19 million barrels per day, respectively

Source: BP Statistical Review of World Energy 67th Edition, June 2018

Offshore Petroleum exploration and production ("Offshore Support Vessel Business")

The demand for FSU oil tankers has varied according to the drilling and exploration activities in Thailand. At the end of 2017, there are 39 concessions in the Gulf of Thailand and 49 exploration blocks.

Source: 2017 Annual Report of Department of Mineral Fuels, Ministry of Energy and data from the website of Department of Mineral Fuels, Ministry of Energy on 11 December 2018

In addition, based on the data of petroleum procurement from the petroleum sources in Thailand, issued by the Department of Mineral Fuels, Ministry of Energy, it was found that Thailand's petroleum production in 2017 had a total amount of 284.8 million barrels, equivalent to crude oil amount, or accounting for an average rate of 780,284 barrels per day, equivalent to crude oil. When comparing to 2016, the production volume was decreased by 4.7%, mainly due to the decrease of petroleum production potential. In 2017, the production of petroleum from the Ratchaphruek and Tarntawan Fields was stopped as well as some sources were also temporary stopped of production and waiting for further development. However, after the notification of the concessionaire for the natural gas exploration and production at Bongkot-Erawan Field during 2018, it is expected that the activities supporting the offshore petroleum exploration and production will be significantly increased, resulting in the Group Company's offshore vessel business to continue to grow in the same direction.

Business License

The Group Company secured licenses for domestic and international business operations as follows:

1. License for Domestic Business Operations

| License | Issuer | Issuance Date | Licensee Company |
|--|---------------------------------------|---------------|------------------|
| Notification for fuel transporter pursuant to Section 12 | Department of Energy Business | 17 Sep. 2015 | Company |
| Notification for fuel transporter pursuant to Section 12 | Department of Commercial Registration | 28 May 2001 | NTL |
| Notification for fuel transporter pursuant to Section 12 | Department of Commercial Registration | 11 Nov. 2001 | TMT |
| Notification for fuel transporter pursuant to Section 12 | Department of Energy Business | 13 Dec. 2013 | TNS |
| Notification for fuel transporter pursuant to Section 12 | Department of Energy Business | 8 Jun. 2015 | SHT |
| Notification for fuel transporter pursuant to Section 12 | Department of Energy Business | 15 Jun. 2015 | STC |

2. License for Business Operations in Malaysia

The license related to business of transport vessels and storage of FSU in Malaysia. It made up of two types:

1) Domestic Shipping License (“DSL”)

The DSL license is the license for the company that operates the transport business in Malaysia. The non-Malaysian flagship vessels must apply for authorization from the Malaysia Shipowners Association, “Masa”) and Domestic Shipping Licensing Board to obtain a DSL license for a period of 3 months and can renew without limiting the number of times, as of 31 December 2018, the Group Company has DSL licenses for operating all FSU ships.

2) Ship to Ship Approval License (“STS Approval”)

The STS approval license is the license for transfer of cargo in the middle of the ocean in Malaysia. The Group Company’s STS approval license has validity between 6 months and 5 years, as of 31 December 2018, the Group Company has STS Approval” for operating all FSU ships.

Environmental Impact

The Group Company highly emphasizes the environmental and safety impacts because the damages or accidents arisen by the transport vessels or oil tankers for crude oil and petroleum products have broad impacts, it will not only impact on the loss of worker’s life and property of the Group Company, but also impact on the lives and property of the third party and the environment in the surrounding accidental areas, as well as the Group Company’s reputation and image.

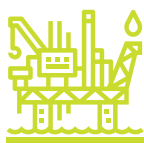
The Group Company has recruited the Ship Management who is effectiveness and experiences in management, quality inspection, vessel operations, according to the accepted international standards of the oil and chemical companies. Moreover, the Group Company also establishes an internal department to monitor and coordinate about the safety regulations, on board equipment and crew in conjunction with all relevant agencies to ensure that all vessels of the Group Company are effective and have all required qualifications. Moreover, the Group Company monitor to prevent of the environmental impact in all areas where the Group Company’s vessels operate. Also, the management has formulated the policy to continuously care for the public, society and environment,

Moreover, to inspire confident on all the stakeholders, the group buys Hull & Machinery Insurance (H&M) and Protection and indemnity insurance (P&I Insurance) in the event of incident according to international standards.

Achieved Awards and Standards

The Group Company has focused on the development of service quality to ensure maximum customer satisfaction and enhance competitiveness and find customers for the Group Company, which allows it to receive domestic and international certifications and earns many awards from both public and private sectors as follows:

| Year | Achieved Awards and Standards |
|------|--|
| 2006 | EHS Recognition Award: 500 voyages without Environment, Health and Safety Incident from Alliance Refining Company Limited |
| 2008 | EHS Recognition Award: Safety at Heart Program organized by Alliance Refining Company Limited |
| 2011 | CEO contractor Award for SSHE Excellence 2011: No recordable injury for one year presented by PTT Exploration and Production Public Company Limited. |
| 2012 | Accomplishment of EHS Incident Free from PTT Global Chemical Public Co., Ltd. |
| | CEO Contractor Award for SSHE Performance Excellence 2012 : No recordable injuries for two years presented by PTT Exploration and Production Public Company Limited |
| 2013 | The 2nd Prize of Vessel with Safety, Occupational Health and Working Environment Award from Thai Oil Public Co., Ltd. |
| | Achievement of Incident & Injury Free from Star Petroleum Refining Public Co., Ltd. (SPRC) |
| 2014 | 10,000 Safety Voyages in Marine Operation Excellence from Thai Oil Public Co., Ltd. |
| | Recognition of year 2014 SHE Performance from the Oil Industry Environmental Safety Group Association (IESG) |
| 2015 | Achievement in Zero Incidents in Marine Operations from Chevron (Thailand) Co., Ltd. |
| | Operation Support Group Maritime Safety Achievement Award 2015 : 5 Million Man-hours without Lost Time Injury For Marine Operation in the Gulf of Thailand, from PTT Exploration and Production Public Company Limited |
| | Excellent Vessel with Oil Loss Control for Oil Transport to Songkhla Petroleum Warehouse from PTT Public Co., Ltd. |
| | Operation Support Group Maritime Safety Achievement Award 2015 : 5 Million Man-hours without Lost Time Injury For Marine Operation in the Gulf of Thailand, from PTT Exploration and Production Public Company Limited |
| | Operation Support Group Maritime Safety Achievement Award 2015:5 Million Man-hours without Lost Time Injury For Marine Operation in the Gulf of Thailand from PTT Exploration and Production Public Company Limited |
| | Recognition of Above Party for a Safe Operation from Thai Oil Public Co., Ltd. |
| 2016 | CEO Contractor Award for SSHE Performance Excellence 2016 : No recordable injuries for one years from PTT Exploration and Production Public Company Limited |
| | Safety Health and Environment (SHE) Performance 2016 from the Oil Industry Environmental Safety Group Association (IESG) |
| | The 2nd Prize in “Our Safety Day 2016 Achieving Goal Zero Because We Care” Activity for the Video Clip of STC Operation, from Shell (Thailand) Co., Ltd. |
| 2017 | Safety Health and Environment (SHE) Performance 2017, organized by the Oil Industry Environmental Safety Group Association (IESG) |
| 2018 | 2018 IESG Safety Awards: Sri Bandon Vessel and Sri Tah Chana Vessel |
| | SPRC Port Award: 500 voyages without accidents: Sri Tah Chana Vessel |
| | PTTNG Port Award: 500 voyages without accidents: Sri Tah Thong Vessel |
| | Ship Owner of the Year Award from Shell (Thailand) Co., Ltd. |
| | Best Performance Award from Shell (Thailand) Co., Ltd. |
| | Best Vessel Award from Shell (Thailand) Co., Ltd. |



Risk from accidents arising during operations

As the Group provides cargo transport and storage services which carry high value and flammable goods, if accidents arise on vessels it may cause seafarers and other persons injury, death, loss of property, as well as the Group's market reputation. Moreover, it may affect the environment which may result materially negative impact on the Group's businesses, performance, and financial position.

However, the Group manages the risk from accidents by emphasizing compliance of the rules and regulations on safe working procedures, cargo safety operations, navigations, emergency practices and so on.. Upon vessels are due for periodical maintenance such as Preventive Maintenance System(PMS) and Dry-Docking the Group always arrange proper maintenance in order to obtain Sea Worthiness and safety to ensure that the risk from accidents which may lead to operational suspension, potential damages related to life and properties, and pollution emissions are in control. Furthermore, the Group regularly has emergency drills with the major oils to ensure that all parties are familiar with procedures able to handle emergency situations such as fire incidents during cargo operation at port, oil spill and so on.

Additionally, the Group gets covered by Hull and Machinery Insurance (H&M), which is a fundamental protection of a vessel against damage, and Protection and Indemnity Insurance (P&I) which covers damages affecting persons and environment such as personal injury or death and cargo leakage from vessels into sea or neighboring area as well as an insurance for the Loss of Hire in when vessels are unable to operate.



Risk from severe weather and natural disasters

Since our operations are 24 hours at sea, therefore severe weather conditions and natural disasters such as typhoon/depression may cause damages to life and properties of seafarers, cargoes, vessels and third parties and it may result to potential delay to arrive destinations. Such incidents may significantly interrupt operations and cause unexpected expenses, decreasing income and the Group financial performance respectively, To minimise risk from severe weather and natural disastersthe Group strictly adopt safety procedures such as navigational and route planning, monitoring weather forecast, water tide and draught in order to avoid danger from severe weather or natural disasters.

For trading vessels, they are equipped with communicating radio in accordance with the ship's safety standard under the regulations of the International Maritime Organization(IMO) in each area in compliance with the rules and regulations of the Global Maritime Distress and Safety System (GMDSS) to monitor weather conditions, warnings, and other necessary information prior sailingand during voyage. This practice allows vessels to adjust sailing plan toward safety as well as monitoring weather conditions, tracking vessel current position, and real-time reporting to relevant parties until cargoes are safely and punctually delivered.

Furthermore, the Group is well prepared to handlesevere weather conditions and natural disasters by exercising an annual emergency drills.

With the 30 years experience, the Group is capable to provide services which are safe and efficient without any significant accidents on crews, cargoes and vessels. In addition, the Group has maintained the Hull and Machinery Insurance(H&M), most of our fleets are insured with a coverage at minimum limit coverage not lower than the book

value thereof and the Protection and Indemnity Insurance: P&I Insurance covering damage to the third party who suffer the effect, cargo, and environment and to enter into an engagement agreement with the principal for transporting cargo, the Company adheres to the international standard and such agreement clearly contain the duty and responsibility of each party



Risk from theft and pillage by piracy

The Group has transported and stored cargo with high value and there are routes that having a risk of theft at sea such as the Singapore Strait, Strait of Malacca, and east area of Malaysia, etc. If there is an occurrence of the theft or pillage, it may affect the safety of the seafarers, cargo, vessel, or the third party, not only the Group cannot collect the transport fee with the customer, but also the customer may claim damages of the cargo against the Group. This may have the materially negative effect on the business, performance, and the financial position of the Group.

However, in the operation of the Group's fleet, before the vessel leaves and passes the risk area of the sea theft, the Group must notify the maritime enforcement coordination center (the "Center") which is the center that prevent and suppress illegal acts at sea and the piracy act as well as keep periodically watching, following, and reporting through the route until reaching the destination.

In addition, the Group has prepared for responding the event of theft and pillage by piracy which is in compliance with the law and relevant rules and regulations regarding the security of affected seafarer, cargo, vessel, or the third parties, such as the relevant laws and rules of the Marine Department which cover the standard of the vessel's safety in accordance with the regulations of IMO in part of the Convention SOLAS, also applying the Best Management Practice Version 4 for the route, i.e. Middle East region, that has a risk of facing the event of theft and pillage by piracy. The Group has set the internal practice rules, stating the guidelines and practice if any event of the risk to the safety of the vessel, cargo, and seafarers including the event of theft and pillage by piracy. Furthermore, the Group has prepared the communication for notifying the event to the government sector both Thailand - Maritime Enforcement Directorate Center and other relevant agency, such as The United Kingdom Marine Trade Operation: UKMTO.

The Group has maintained the Hull and Machinery Insurance: H&M Insurance and the Protection and Indemnity Insurance: P&I Insurance and, for the routes which have the risk from the event of theft and pillage by piracy, the Group has maintained an additional insurance to protect the risks which may arise which is the War Risk Insurance.



Risk from the gasoline price fluctuation

Cost of fuel oil for the bunkers, etc., are cost for providing important services of the transport ship, cargo transport and storage by FSU, and offshore business. However, the cost of fuel oil for the bunkers equals to 8.7, 13.19, and 16.13 percent of the income from total services for 2016 to 2018, respectively. The Group is responsible for such the cost of fuel oil for the bunkers, unless it is a business agreement of the Time Charter ("TC transport") which the charterer is responsible for the cost of fuel oil for the bunkers Therefore, if the oil fuel price in the global market is increased, it will also affect the cost of fuel oil for the bunkers to be increased, this may have the materially negative effect to the business, performance, and the financial position of the Group.

Although the increase of the fuel oil price for bunkers has caused the cost of services of the Group increasing for operating the transport ship business, the Group can also earn increasing income from the Voyage Charter (“VOYAGE transport”) as the Group has the policy to set the price by the Cost Plus Pricing Method and the cost and expense for transport plus profit as specified by the Group which vary to the retail fuel oil price at the oil station in Bangkok in the same direction.



Risk from the change of demand and supply of the transport

The Group’s business operation is directly related to the demand and supply of the marine transport and storage of oil, petroleum, and petrochemicals in Thailand and overseas. Therefore, the major factors such as the growth and the suspension of the global economy (measured from GDP), the change of technologies, especially, the development of technology, electric power and/or alternative power, the climate change, or major disaster may affect the demand of the oil, petroleum, and petrochemical transport and storage services to be varied in the same direction.

Furthermore, 1) the event of disaster arising in the area that the Group has engaged (Thailand and Asia) whether it is a disaster affecting the operation of the infrastructure system in the Value Chain of the industry such as a refinery or a huge fuel depot must suspend its operation or a disaster which is an obstacle for the sea transport and storage; or 2) change of the relevant laws and rules with oil, petroleum, and liquid petrochemicals, and consequent products consume, trade, transport, and storage including tax laws and regulations as well as the political change in Thailand and a country that the Group has operated its business; or 3) the change of the infrastructure system of the cargo transport such as the development of additional piping system. The said factors may affect the demand for oil, petroleum, and petrochemical transport and storage services to be varied in the same direction.

Furthermore, if there is an increase in the demand of the oil, petroleum, and petrochemical transport and storage services such as a material increase of building a new cargo trading ships, it may seriously affect the competition of this service which results the rate of service fee of the Group collectible from the customer to be decreased and negatively affects the performance of the Group.

However, the Group has set up the strategies for such incidents. Moreover, the Group has always monitored the market situation and factors affecting the business operation closely, while reviewing the suitability and adequacy of the fleet.



Risk from the change of regional economic conditions that may affect the Company’s operations

The boundary of the Company’s working is in Southeast Asia, the economic conditions in this region will affect the Company’s operations and financial position. Despite the economic condition is slowdown due to the trade war between China and the United States, the demand for oil consumption remains the same, especially the domestic demand that has continuously increased, the Company, therefore, could expand the fleet, shipping routes within the country and neighboring countries as planned.

However, the Company has established a strategy to prepare itself to cope with such risk by constantly monitoring and analyzing the impacts of these macro factors. In addition, Lean Management policy is also applied to improve the work efficiency, reduce wastes, and enhance the competitiveness, improve the working capital management, planning the tax plan, and establishing the impact assessment of such risk before investing and expanding the Company’s business.



Risk from the environmental and marine safety laws, such as IMO2020, BWMS etc.

The Company's operations need to relate and comply with the requirements and international laws related to the environment for safety and for preventing the marine accidents, the Company has always realized and strictly complied with the regulations and laws to create the confidence and safety in the Company's operations and business.

In the ocean freight transportation, the Ships' Ballast Water system will be used to adjust the center of gravity for the ship to be well balanced. During the transfer of ballast water, it was found that both plants and animals are mixed in the ballast water, and this is the origin of problem related to the movement of foreign species to the new environment, some species can quickly grow and breed, causing an impact on the balance of the ecosystem, economic system as well as causing the pathogenesis for humans. Therefore, in order to prevent the reduction and termination on the distribution of dangerous and disease-causing aquatic animals by controlling and managing the ship's ballast water and its sediments, the International Maritime Organization (IMO) has established the International Convention on the Control and Management of Ship's Ballast Water and Sediment, which was announced to be effective on September 8, 2004. Therefore, the Company may have to install a waste water treatment system that meets the standards of MEPC (IMO's Marine Environment Protection Committee) and USCG / IMO (United State Coast Guard) for ships transporting in the international territorial waters.

At present, the international shipping and cargo ships are a large source of sulfur dioxide (SO₂), due to the use of sulfur-containing fuels, this gas is harmful to both living organisms and ecosystems and is also the cause of acid rain and respiratory diseases. In order to reduce the marine pollution and minimize the impact of ships on the global warming, the International Maritime Organization (IMO), therefore, established the requirements in using low-sulfur fuels, which will be announced on 1 January 2020. The carriers will have to use fuels with low sulfur values of 0.5% from previously 3.5%, and the price of this required fuels is higher than the prohibited fuels, or to install the Exhaust Gas Cleaning Scrubber which is high price and may not suitable for the fleet with low service life.

However, in order to improve the performance to meet the requirements and laws, the Company may have more expenses in compliance with the requirements and laws regarding environmental conservation and this may affect the Company's operations and financial position.



Risk from the fluctuation of steel prices affecting the trading of vessels

Due to changes in the transportation market as well as the technological development that may affect the older ship because of its obsolescence or incompliance with new requirements on safety and environment, the Company may need to dispose of older vessels from the fleet. Such disposal may be done by selling to the buyer who will continue to use this ship or sell to the scrap buyer, the scrap price depends on the steel price in the country that receives the scraps, such as Bangladesh, Pakistan and India, etc. If the steel price is high, the Company will gain profits from the sale of scraps, however, the steel price may be fluctuated due to the global and regional economic conditions including demand and supply at that time.



Risk from the dependence of personnel with special expertise

The Group's business operation has depended on personnel and seafarers with experiences and expertise on performing duties on board. If the Group has insufficient or unqualified personnel, it may affect the Group's failure to operate the business in accordance with the standard specified by the customer, which may have the materially negative effect to the business, performance, and the financial position of the Group.

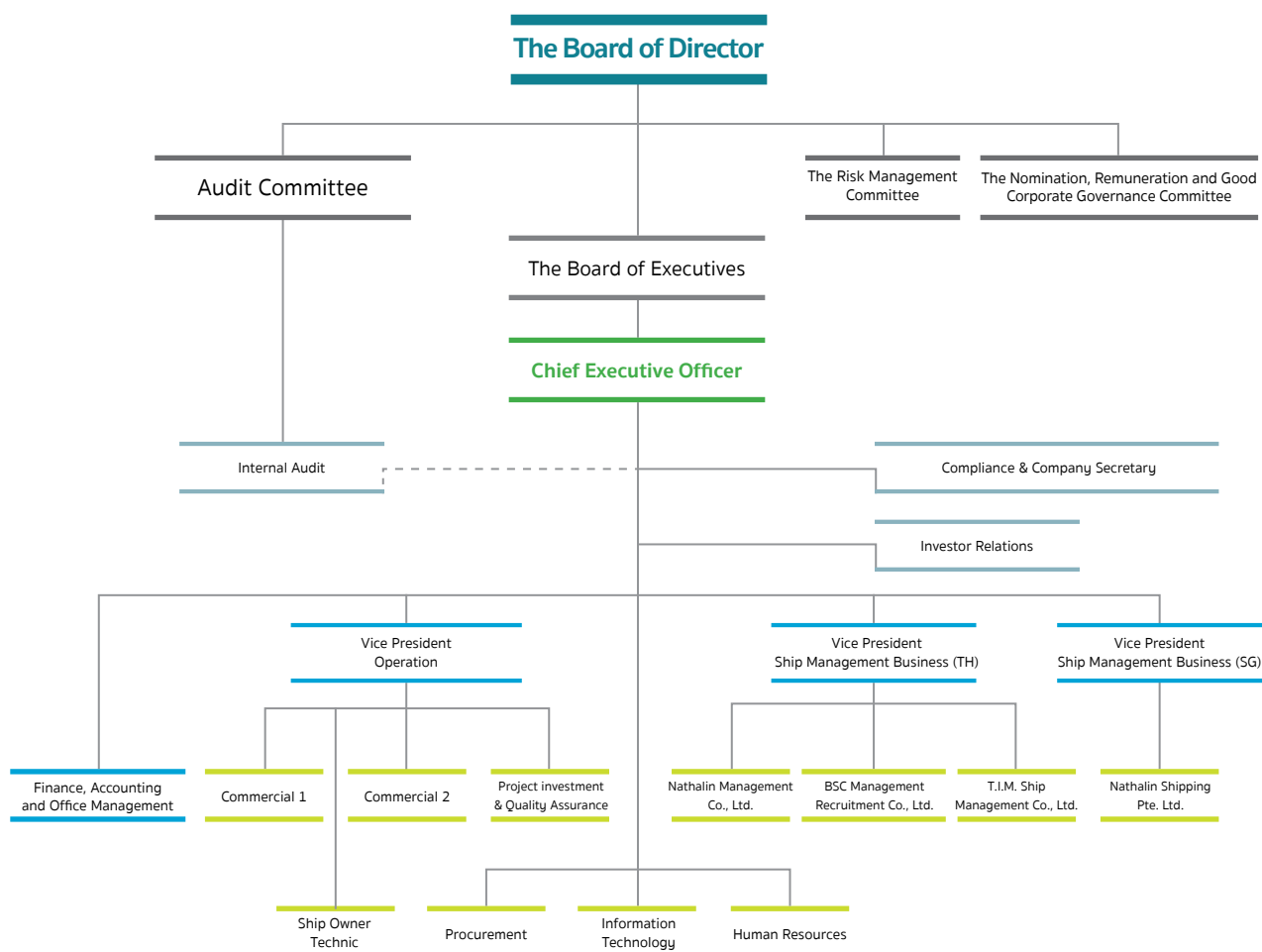
From the above-mentioned, the Group has therefore specified the Group's seafarers shall be selected their qualifications to be in correspondence with the law, rules, and regulations of the Marine Department and there are considerable selecting rules, such as passed the training courses approved by the Marine Department or other organizations approved by the Marine Department, etc. Moreover, the Group has provided internal training in the Group in order to ensure that the staff shall always possess knowledge, ability, and understand the rules and practices.

Furthermore, the Group has realized the importance of personnel for the sustainable business operation and aims for the personnel development to obtain knowledge, ability, and expertise by encouraging the staff to continuously study in related career field and apply such knowledge to work proficiently.

In order to maintain the Group's personnel, the Group has fixed appropriate remuneration and welfare to personnel, such as the consideration of promoting personnel according to their performance and experiences. This helps to persuade the personnel to work for the Group in the long run. Also, the Company has provided the health insurance as well as established the provident fund to personnel and seafarers of the Group.

Management Structure

Organization Structure Chart as of 31 December 2018



As of 31 December 2018, the Company's organization structure chart consist of the Board of Directors and the Sub-Committees as follows:

1. The Audit Committee
2. The Nomination, Remuneration and Good Corporate Governance Committee
3. The Risk Management Committee
4. The Board of Executives

1. The Board of Director

1.1 Composition of the Board of Directors

The Articles of Association of the Company specifies that the Company must have a Board of Directors to operate the Company's business which consists of no less than 5 persons. No less than half of the Board of Directors shall have a Thai nationality and residency in the Kingdom of Thailand. According to the Charter of Board of Directors, at least one-third of the Board of Directors shall be independent directors, and in any cases, the number shall not be fewer than three.

As of 31 December 2018, the Board of Directors comprises the following 9 directors:

| Name of Directors | Position | Date of Appointment ⁽¹⁾ |
|-----------------------------------|--|------------------------------------|
| 1. Mr. Bowon Vongsinudom | Chairman of the Board of Directors and Independent Director | 22 January 2016 |
| 2. Admiral Nibhon Chagsudulya | Vice Chairman of the Board of Directors and Chairman of the Nomination, Remuneration and Good Corporate Governance Committee | 22 January 2016 |
| 3. Mr. Chainoi Puankosoom | Independent Director, Chairman of the Audit Committee and Member of the Nomination, Remuneration and Good Corporate Governance Committee | 22 January 2016 |
| 4. Mr. Somchai Kuvijitsuwan | Independent Director, Member of the Audit Committee and Member of the Nomination, Remuneration and Good Corporate Governance Committee | 22 January 2016 |
| 5. Mr. Kosit Fuangswasdi | Independent Director, Member of the Audit Committee and Chairman of the Risk Management Committee | 22 January 2016 |
| 6. Mr. Suraphon Meesathien | Director and Member of the Risk Management Committee | 22 January 2016 |
| 7. Mr. Prompong Chaisrisawatsuk | Director, Member of the Risk Management Committee and Member of the Board of Executives | 22 January 2016 |
| 8. Mr. Surasak Chaiyen | Director and Member of the Board of Executives | 22 January 2016 |
| 9. Acting Sub Lt. Chanwit Anakkul | Directors, Chairman of the Board of Executives and Chief Executive Officer | 22 January 2016 |

Remark

(1) Date of Appointment means the first date appointed as a Director of the Company.

1.2 Qualification of Directors

According to the Charter of the Board of Directors, the Company's director shall have the qualification as follows:

(1) The directors shall have knowledge, ability, integrity, abidance to ethical business practices, and have adequate time to devote their knowledge and abilities to performing duties for the Company

(2) The directors shall have qualifications and shall not have prohibited characteristics as specified by law on public limited companies, law on securities and exchange and other related law and regulation. In addition, the directors shall not have characteristics indicating a lack of appropriateness in respect of trustworthiness in managing business whose shares are held by public shareholders as stipulated by the notification of the Capital Market Supervisory Board.

(3) The directors are forbidden to operate a business of the same nature as and in competition with that of the Company, or to enter to be a partner or director in other juristic persons which operates a business of the same nature as and in competition with that of the company, whether for their own or others' benefit, unless the meeting of shareholders had been notified prior to appointment thereto.

(4) Independent Directors shall have all the qualifications stipulated by the Company and pursuant to the Notification of the Capital Market Supervisory Board (as amended). Independent directors have a duty to protect the interests of every shareholders with equally and impartial manner in order to avoid any conflict of interest that may arise. They shall be able to attend Board meetings and independently express their comments and opinions.

Independent directors shall have the following qualifications:

(a) Holds no more than 1% of total voting stocks of the Company, its parent Company, its subsidiaries, its associated companies, major shareholder or controlling persons who may have conflicts of interest, including stocks held by connected persons of the independent director.

(b) Is not or has never been an executive director, employee, staff, or advisor who receives salary of a controlling person of the Company, its parent Company, its subsidiaries, its associated companies, same-level subsidiaries, a major shareholder or controlling persons who may have conflicts of interest unless the foregoing status has ended for more than 2 years before the date of appointment as independent director. The above restrictions do not apply to the appointment of an independent director who was a Government official or civil servant or consultant to a Government entity which was a major shareholder in the Company or which had a control over the Company.

(c) Is not a person related by blood or legal registration, such as father, mother, spouse, sibling or child, including spouse of children, management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of the Company or its subsidiaries.

(d) Does not have or has not had a business relationship with the Company, its parent Company, its subsidiaries, its associated companies or controlling persons who may have conflicts of interest, in a manner that may interfere with his independent judgment, or is not or has never been a major shareholder or controlling persons of any person having business relationship with the Company, its parent Company, its subsidiaries, its associated companies a major shareholder or controlling persons who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years prior to appointment as independent director.

The term 'business relationship' mentioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as

collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the applicant or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of Capital Market Supervisory Board concerning Rules on Connected Transactions. The combination of such indebtedness shall include indebtedness taking place during the course of 1 year prior to the date on which the business relationship with the person commences.

(e) Is not or has never been an auditor of the Company, its parent Company, its subsidiaries or its associated companies who may have conflicts of interest and is not a major shareholder, or partner of an audit firm which employs auditors of the Company, its parent Company, its subsidiaries, its associated companies, a major shareholder or controlling persons who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years prior to appointment as independent director.

(f) Is not or has never been any professional advisor including legal or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, its parent Company, its subsidiaries, its associated companies, a major shareholder or controlling persons who may have conflicts of interest, and is not a major shareholder, controlling persons or partner of the professional advisor unless the foregoing relationship has ended for more than 2 years appointment as independent director.

(g) Does not represent the Company's or its major shareholder's board member or a shareholder who is related to the Company's major shareholder.

(h) Is not an entrepreneur in any business similar to or materially competing with the Company or its subsidiaries or not being the material partner in partnership, executive director, employee, staff, or advisor who receives salary or holds more than 1% of total voting stocks of the Company similar to or materially competing with the Company or its subsidiaries.

(i) Has no characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business.

1.3 Authorities and Responsibilities of the Board of Directors

The Meeting of the Board of Directors No. 1/2017 on 30 March 2017 resolved to determine Charter of the Board of Directors as follows:

(1) Perform the duty and govern the business of the Company and subsidiaries in accordance with the policy of governance on subsidiaries/associated companies, laws, objectives, regulations, resolutions of the Meeting of the Board of Directors as well as resolutions of the Meeting of the Shareholders with responsibility, diligence and honesty to protect the rights and interests of the Company and all shareholders; and have duty to supervise the Company and subsidiaries to comply with laws related to the business operation of the Company and subsidiaries, and laws related to prohibition of bribery payment or corruption support.

(2) Determine vision, strategy, direction of business operation, policy, target, business plan, budget, management structure, and approval power of the Company and subsidiaries as proposed by the Management; and govern the management and performance of the Management or any person entrusted to effectively and efficiently perform such duty in accordance with the determined policy for maximum value addition to the Company, subsidiaries and shareholders.

(3) Continuously and regularly monitor and assess the performance of the Management to attain strategy in accordance with work plan and budget; and supervise executive remuneration payment mechanism system to be appropriate.

(4) Formulate the framework and policy for determination of salary, salary increase, and determination of bonus, remuneration, and reward of the Chief Executive Officer.

(5) Execute the Company and subsidiaries to have proper and effective accounting system; prepare reliable financial and auditing reporting; and establish adequate and appropriate internal control system, internal audit system, and filing system that can audit the accuracy of the information later.

(6) Acknowledge audit report of the Audit Committee.

(7) Consider approving acquisition or disposal of assets (in case of transaction size not required for consideration by the Meeting of the Shareholders), new business investment, and any executions in accordance with relevant laws, announcements and regulations.

(8) Consider approving and giving consent on the connected transaction (in case of transaction size not required for consideration by the Meeting of the Shareholders) of the Company and subsidiaries in accordance with relevant laws, announcements and regulations.

(9) Consider approving interim dividend payment to the Company's shareholders.

(10) Consider formulating the policy of risk management in companywide extension; and appropriately govern the system or process of risk management under supporting measure and abatement procedure of the business impact of the Company and subsidiaries; and monitor performance.

(11) Supervise not to cause problem of conflict of interests between the stakeholders of the Company and subsidiaries. In case where any director has gain and loss in any transaction performed with the Company or has increasing or decreasing proportion of shareholding in the Company and/or subsidiaries, the said directors shall inform the Company for acknowledgment without delay.

(12) Supervise not to cause problem of conflict of interests between the stakeholders of the Company and subsidiaries. In case where any director has gain and loss in any transaction performed with the Company or has increasing or decreasing proportion of shareholding in the Company and/or subsidiaries, the said directors shall inform the Company for acknowledgment without delay.

(13) Appoint the Sub-Committees such as Audit Committee, Board of Executives, and/or any other Sub-Committees, to assist and support the function of the Board of Directors as appropriate.

(14) Appoint the Company Secretary to assist the Board of Directors in working for business operation in accordance with relevant laws, announcements and regulations.

(15) Request for professional opinion from external organization if necessary for appropriate decision making support.

(16) Prepare Annual Report and take responsibility on preparation and disclosure of financial statements to present financial positions and operating results of the Company in last year, and propose to the Meeting of the Shareholders.

(17) Hold the Meeting of the Shareholders to be Annual General Meeting of Shareholders within 4 months from the ending date of the Company's accounting year.

(18) Fairly consider approving the issues under concern on interests of the shareholders and all groups of stakeholders of the Company.

(19) Entrust one or several directors or any other person to take any action in lieu of the Board of Directors. In authorization and delegation of duties and responsibilities of the Board of Directors, it shall not be in the nature of authorization or sub-authorization that allows the Board of Directors or the person who is authorized by the Board of Directors enable to approve the transaction that it or person who may have conflict (as defined in the announcement

1.4 Authorized Directors of the Company

The directors who are authorized to sign on behalf of the Company as of 31 December 2018 are Mr. Suraphon Meesathien, Mr. Prompong Chaisrisawatsuk, Mr. Surasak Chaiyen, Acting Sub Lt. Charnwit Anakakul, whereas two directors of these four directors shall jointly sign and affix the Company's seal.

1.5 Directors' Terms

The term of the Company's directors is not more than 3 years. In every Annual General Meeting of Shareholders, one-third of the directors shall vacate office. If the number of directors cannot be divided exactly into three parts, directors in a number closest to one-third shall vacate office. The directors who vacate the office may be selected to resume their office. The director who must vacate his/her office in the first year and the second year after registration of the Company shall draw lot. In the following years, the director who is in the office for longest period shall vacate the office.

1.6 The Meeting of the Board of Directors

In accordance with the Charter of the Board of Directors, the Board of Directors shall convene the not less than 6 meetings per year by scheduling meeting date in advance for the whole year. Special meeting may be additionally held in specific occasion in accordance with necessity and appropriateness. The Chairman or other person authorized by the Chairman shall deliver meeting invitation letter together with meeting agenda and meeting documentation at least 7 days in advance prior to the meeting date so that the directors shall have enough time to study the information prior to meeting attendance, unless in case of urgency for protection of right and interest of the Company and shareholders.

In 2018, the Board of Directors held 11 meetings and 2 meetings between Independent Directors (ID), with the details of attendance for each director shown below:

| Name of Directors | Meeting Attended / Total Meetings (Times) | | |
|------------------------------------|---|-----------------------------|--------------------------------|
| | AGM 2018 | Board of Directors' Meeting | Independent Directors' Meeting |
| 1. Mr. Bowon Vongsinudom | 1/1 | 11/11 | 2/2 |
| 2. Admiral Nibhon Chagsudulya | 1/1 | 11/11 | - |
| 3. Mr. Chainoi Puankosoom | 1/1 | 10/11 | 2/2 |
| 4. Mr. Somchai Kuvijitsuwan | 1/1 | 11/11 | 2/2 |
| 5. Mr. Kosit Fuangswasdi | 1/1 | 11/11 | 2/2 |
| 6. Mr. Suraphon Meesathien | 1/1 | 11/11 | - |
| 7. Mr. Prompong Chaisrisawatsuk | 1/1 | 11/11 | - |
| 8. Mr. Surasak Chaiyen | 1/1 | 11/11 | - |
| 9. Acting Sub Lt. Charnwit Anakkul | 1/1 | 11/11 | - |

2. Executives

As of 31 December 2018, The Company's executives as defined by Notification of the Securities and Exchange Commission, consists of the following 6 executives:

| Name of Executives | Position |
|-----------------------------------|--|
| 1. Acting Sub Lt. Chanwit Anakkul | Chief Executive Officer |
| 2. Mr. Nuthkorn Samran | Vice President of Ship Management Business |
| 3. Mr. Sompat Khongsamran | Director of Marketing (Commercial 2) |
| 4. Ms. Nipat Eamsirawat | Director of Marketing (Commercial 1) |
| 5. Ms. Suthasinee Muenlamay | Director of Project Investment and Quality Assurance |
| 6. Mr. Viritphol Churaisin | Chief Financial Officer |

Scope of duties and responsibilities of the Chief Executive Officer

The Meeting of the Board of Directors No. 1/2017 on 30 March 2017 resolved to define scope of authorities of the Chief Executive Officer as follows

(1) Formulate rules of governance, management and day to day operation of normal business in accordance with policy, direction, strategy, business plan and budget determined by the Board of Directors and the Board of Executives.

(2) Propose vision, policy, direction, strategy, business plan and budget of the Company or subsidiary to the Board of Executives for usefulness in preparing such issues to be proposed to the Board of Directors, and mutually consider such issues with the Board of Executives and the Board of Directors.

(3) Negotiate and enter into any contract or transaction related to the normal business operation of the Company within authority and financial limit as specified in Approval Authority Limits.

(4) Approve the appointment of the consultant in various fields which are essential for operation of the Company within authority and financial limit as specified in Approval Authority Limits.

(5) Have authority to employ, appoint, remove, discharge, and dismiss the staff of the Company in the position below the level of Function Director.

(6) Have power to determine the rate of wage, remuneration, reward and bonus, and increase salary for the staff of the Company in the position below Chief Executive Officer under framework and policy prescribed by the Board of Executives.

(7) Control, examine, and monitor the operating result of the Executive and Management, and suggest the guideline of problem and obstacle correction so that the executives and the Management shall execute based on formulated strategies and business plans in accordance with the policies of the Company, and regularly report operating result and progress of the operation of the Executive and Management to the Board of Executive, Audit Committee and the Board of Directors.

(8) Issue internal orders, rules, announcements, and records for operation of the Company to be line with the policies and for the Company's benefit, and maintain organizational discipline.

(9) Consider approving the operation which is normal business transaction, as well as operation which is the transaction that supports normal business of the Company under general commercial condition in financial limit not more than budget approved by the Board of Directors or the Board of Executives or resolved for approval on principle by the Board of Directors or the Board of Executives subject to the criteria of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand related to performing the connected transaction and asset acquisition and disposal transaction, as well as Table for Delegation of Approval Authority* as approved by the Meeting of the Board of Directors.

(10) Do other duties entrusted by the Board of Directors or the Board of Executives, and have essential authority to execute in the said function.

(11) Authorize any one or several persons to take any action in lieu of the Chief Executive Officer.

However, the delegation of power, duty and responsibility of the Chief Executive Officer shall not have the nature of authorisation or sub-authorisation that allows the Chief Executive Officer or the person who is authorized by the Chief Executive Officer enable to approve the transaction that he/she or person may have conflict (as defined in the Announcement of the Securities and Exchange Commission or the Announcement of the Capital Market Supervisory Board), may have gain and loss, or may gain any nature of interest, or may have conflict of interests with the Company, or the Company's subsidiaries, unless it is the approval of the transaction in line with the policy and criteria approved by the Meeting of the Shareholders or the Board of Directors.

Separation of the office of the Chairman of the Board and Chief Executive Officer

Roles and duties of the Chairman of the Board and Chief Executive Officer shall be clearly separated to ensure check and balance. Mr. Bowon Vongsinudom, the Chairman of the Board of Directors, has scope of duties and responsibilities as leader of the Board of Directors and Chairman of the Meeting in the Meeting of the Shareholders, and the Meeting of the Board of Directors. Mr. Charnwit Anakakul, the Chief Executive Officer, has scope of duties and responsibilities in day to day operation under the scope of power, business plan and budget, vision as well as mission approved by the Board of Directors.

3. Company Secretary

Pursuance to the Section 89/15 of Securities and Exchange Act, B.E. 2535, the Board of Directors' Meeting No. 7/2018 held on 21 June 2018 resolved to approve the appointment of Ms. Udonrat Sitthikorn as Company Secretary to perform the duty in the name of the Company or the Board of Directors, effective from 2 July 2018. The scope of authorities and responsibilities of the Company Secretary is defined as follows.

(1) Prepare and keep the registration of directors, appointment letter for the Meeting of the Board of Directors and minutes of the Meeting of the Board of Directors, Annual Report of the Company, appointment letter for the Meeting of the Shareholders, and minutes of the Meeting of the Shareholders.

(2) Keep the conflict of interest report of directors or executives, and deliver copy of the conflict of interest report to the Chairman of the Board and Chairman of the Audit Committee for acknowledgement within 7 working days from the date of which the Company received that report.

(3) Give primary advice to the directors about laws, rules and regulations, as well as policies of the Company, monitor for proper and regular compliance, and report the significant change to the directors.

(4) Hold the Meeting of the Shareholders and Meeting of the Board in accordance with laws, regulations of the Company and practices.

(5) Record the minutes of the Meeting of the Shareholders, and Meeting of the Board of Directors, and monitor for effective compliance with resolutions of the Meeting of Shareholders and Meeting of the Board of Directors.

(6) Supervise the disclosure of the information and report of important events of the Company in responsible part to the agencies that govern the Company in accordance with laws, codes of conduct, announcements, rules and requirements of the official agencies.

(7) Contact and communicate with the general shareholders to be informed about the rights of the shareholders and news of the Company.

(8) Control and keep the important registrations of the Company and licenses related to business operation and indication of the Company's status.

(9) Supervise activities of the Board of Directors and other Sub-Committees, and any executions in accordance with relevant laws, rules and regulations.

(10) Take any other action as prescribed by the Capital Market Supervisory Board.

Ms. Udomrat Sitthikorn has completed a company secretary training program from the Thai Institute of Directors (IOD) and other relevant courses, and she have experience in company secretary function as well as many other qualifications which support the Company Secretary function of the Company. The details of education, training and experience of the Company Secretary appear on the section "Information of Directors, Executives and Company Secretary".

4. Remuneration of Directors and Executives

The Board of Directors' remuneration is based on comparisons with the same industry and in line with the duties and responsibilities of each director. The executives' remuneration and directors' bonus determined based on the Company's performance. The annual remuneration of directors and executives must not exceed the average of remuneration of directors and executives in the same industry. The Company will be taking in account the best interests of the shareholders.

4.1 Monetary Remuneration

(1) Remuneration for Directors

The Company's directors shall be entitled to receive remunerations from the Company in the form of reward, meeting allowance, gratuity, bonus, or benefits of other nature as considered and approved by the resolution of the shareholders meeting with two-thirds of the total votes cast by the shareholders attending the meeting. The remuneration may be fixed or determined by the criteria, with effect from time to time or indefinitely until the shareholders meeting resolves otherwise. The Directors are also entitled to allowances and other benefits in accordance with the Company's regulations.

At the 2018 Annual General Meeting of Shareholders, held on 26 April 2018 has passed the resolution to approve the total remuneration for the Board of Directors and sub-committees in the amount not exceeding 20 million Baht, which is consist of meeting allowance, monthly allowance, bonus. The details are as follows:

| The Board of Directors and Sub-Committee | Monthly Allowance (Baht/Month) | Meeting Allowance (Baht/Meeting) |
|--|-----------------------------------|-------------------------------------|
| The Board of Directors | | |
| Chairman | 64,000 | 35,000 |
| Director | 34,000 | 29,000 |
| The Audit Committee | | |
| Chairman | - | 35,000 |
| Member | - | 29,000 |
| The Nomination, Remuneration and Good Corporate Governance Committee | | |
| Chairman | - | 35,000 |
| Member | - | 29,000 |
| The Risk Management Committee | | |
| Chairman | - | 35,000 |
| Member | - | 29,000 |

For 2018, the Company paid the remuneration to the Board of Directors, the Audit Committee, the Nomination, Remuneration and Good Corporate Governance Committee and the Risk Management Committee consisting of monthly allowances, meeting allowances and bonus in the amount of 14,457,000 Baht. The details are as follows:

| Name of Directors | Monthly and Meeting Allowance for the Board of Directors | Meeting Allowance for Sub-Committee | | | Bonus | Total |
|-----------------------------------|--|-------------------------------------|--|-------------------------------|-----------|------------|
| | | The Audit Committee | The Nomination, Remuneration and Good Corporate Governance Committee | The Risk Management Committee | | |
| 1. Mr. Bowon Vongsinudom | 1,153,000 | - | - | - | 1,500,000 | 2,653,000 |
| 2. Admiral Nibhon Chagsudulya | 727,000 | - | 140,000 | - | 1,250,000 | 2,117,000 |
| 3. Mr. Chainoi Puankosoom | 698,000 | 315,000 | 116,000 | - | 1,000,000 | 2,129,000 |
| 4. Mr. Somchai Kuvijitsuwan | 727,000 | 261,000 | 116,000 | - | 1,000,000 | 2,104,000 |
| 5. Mr. Kosit Fuangswasdi | 727,000 | 261,000 | - | 210,000 | 1,000,000 | 2,198,000 |
| 6. Mr. Suraphon Meesathien | 727,000 | - | - | 174,000 | - | 901,000 |
| 7. Mr. Prompong Chaisrisawatsuk | 727,000 | - | - | 174,000 | - | 901,000 |
| 8. Mr. Surasak Chaiyen | 727,000 | - | - | - | - | 727,000 |
| 9. Acting Sub Lt. Chanwit Anakkul | 727,000 | - | - | - | - | 727,000 |
| Total | 6,940,000 | 837,000 | 372,000 | 558,000 | 5,750,00 | 14,457,000 |

(2) Remuneration for Executives*

In 2018, the total remuneration for the 6 executives of the Company was 24.6 million Baht, consisting of salary and bonus which are based on the Company's operations and performance as well as each individual's performance.

Remark: *Executives means the executives as defined by the Notification of the Securities and Exchange Commission.

4.2 Other Remuneration

(1) Provident Fund

The Company has implemented a Provident Fund. In 2018, the Company paid a total of 1.13 million Baht into the provident fund for 6 executives**.

Remark: *Executives means the executives as defined by the Notification of the Securities and Exchange Commission.

5. Personnel

5.1 Number of Personnel

The number of personnel of the Company and subsidiaries (excluding directors and executives*) is classified on departmental basis as at 31 December 2018 as follows:

Remark: *Executives means the executives as defined by the Notification of the Securities and Exchange Commission.

| Department / Division | Number of staffs (persons) | | | | |
|---|----------------------------|-----|--------------------|--------------------|-------|
| | The Company | BSC | NMC | NSSG | Total |
| Marketing / Commercial and Operation | 12 | 6 | 2 | 3 | 23 |
| Human Resources | - | - | - | 1 | 1 |
| Office Management | 5 | - | - | - | 5 |
| Investment and Quality Management | 7 | - | - | - | 7 |
| Compliance and Company Secretary | 3 | - | - | - | 3 |
| Ship Owner Technic | 8 | - | 8 | 3 | 19 |
| Seafaring | - | - | 4 | - | 4 |
| Vessel Human Resource | - | 5 | 314 ⁽¹⁾ | 266 ⁽²⁾ | 585 |
| Co-service | - | 3 | - | - | 3 |
| General Service | - | - | 3 | - | 3 |
| Procurement | 9 | - | - | 3 | 12 |
| Internal Audit | 2 | - | - | - | 2 |
| Information Technology | 1 | - | - | - | 1 |
| Executives Office | 5 | 1 | 2 | 3 | 11 |
| Accounting and Finance | 30 | - | - | 4 | 34 |
| Investor Relations | 3 | - | - | - | 3 |
| Health, Safety, Security, Environment and Quality (HSSEQ) | - | - | 4 | 3 | 7 |
| Total | 85 | 15 | 337 | 286 | 723 |

Remarks (1) It classified into 76 regular staffs and 248 staffs under employment contract

(2) It classified into 3 regular staffs and 263 staffs under employment contract

5.2 Remuneration for staffs

Total remuneration for staffs (excluding executives) of the Company and subsidiaries in 2018 was 904.74 million Baht. The remuneration includes salary, bonus, social security, provident fund and retirement pension.

5.3 Policy for human resource and personnel development

The Company realizes on the importance of human resource as if it is the key success factor contributing to advancement of business operation in accordance with the organizational vision and mission. Therefore, the Company aims at developing all levels of staffs to be well doers and intellects with professional working behavior.

- (1) The Company selects the personnel with proper competency, capability, experience, and qualification for position, and professional working attitude.
- (2) The Company fairly manages wage and compensation of staffs under concern on factors such as capability, experience, duty and responsibility in comparison with rate of labor wage in domestic market, situation of the Company's situation and appropriateness of the business.
- (3) In personnel development, the Company formulates the policy for promotion and development of the staffs to have professional working knowledge, skill and attitude in duties and responsibilities, and encourages potential development of the staffs for sustainable growth abreast with the organization.

In 2018, the Company set out development plans appropriate for employees at various levels, covering managerial & leadership skills as well as professional skills. Trainings were arranged both internal training and external training as follows:

| Internal Training | |
|-----------------------|--|
| Section | Name of Course / Project |
| Basic | 1. Orientation for staff 2. New HRMS 3. Microsoft Dynamic AX 4. IT Security Awareness |
| Functional Competency | 1. Microsoft Excel |

| External Training | |
|-----------------------|--|
| Section | Name of Course / Project |
| Functional Competency | 1. Presentation skill 2. English 3. Coaching 4. Maritime law 5. Operation product 6. International maritime organization knowledge 7. Tax on maritime business 8. Ship contract 9. Product and service of financial / investment and related Law 10. Corporate governance and law enforcement in the financial market and capital market 11. Advances for corporate secretaries 12. Financial analysis 13. Public relations 14. Supplier relationship management 15. Presentation technic 16. Planning of procurement strategy 17. Basic import-export knowledge 18. Purchase of spare part and maintenance 19. Management of employment contract 20. Development and management of personnel 21. Planning and organizing of work 22. Value added business control: The right to manage risk 23. Audit Program Development 24. Creative Problem Solving for Audit |

| External Training | |
|-------------------|---|
| Section | Name of Course / Project |
| | 25. Internal Audit Procedure 26. Financial analytic for management 27. Risk management from exchange rate 28. Pay and receive via electronics system 29. Tax accounting technic for exchange business 30. PAE Accounting standard 31. Consolidate financial statement technic 32. New accounting standard 33. Taxation knowledge 34. Accounting knowledge 35. Mind Map 36. Project Management 37. Public speaking and presentation 38. Risk Assessment |

In 2018, the Company provided training for employees throughout the year. The number of training hours averaged 47.74 hours per person.

| Year | 2018 | 2017 | 2016 |
|---------------------------|-------|-------|-------|
| Training hour/person/year | 47.74 | 54.01 | 36.70 |

5.4 number of staffs in the past 3 years period

-None-

5.5 Labor dispute in the past 3 years period

The Company had none of labor union and none of any staffs of the Company who are the members of labor union. None of staffs filed the complaints to determine the agreement of employment union. However, the Company has never had important labor disputes.

Corporate Governance

1. Corporate Governance Policy

The Board of Directors realizes and comprehends on the importance of the good corporate governance, it is assured that the good corporate governance is regarded as the key maximum success factor in the business operation and will help promoting the Company and its subsidiaries to be the effective organization both in business operation and responsibilities on all groups of stakeholders. The Company has complied with the 2017 Corporate Governance Code (CG Code) for Listed Companies issued by the Office of Securities and Exchange Commission, and also completely applied the guideline prescribed by the government agencies, as well as official agencies that govern the Company, as the practical guideline in full manner.

The Preparation of Corporate Governance Policy

The Board of Directors documented the Corporate Governance Policy since 28 April, 2016 in accordance with the guideline prescribed by the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), to be used as an operational guideline for the Company and its Group to achieve the effective performance and show all investors the transparency, resulting in the outsider's confidence towards the Company's business operations. The Company's Corporate Governance Policy covers 5 main sections as follows:

- Section 1: The Right of Shareholders
- Section 2: The Equality of Shareholders
- Section 3: The Role of Stakeholders
- Section 4: Information Disclosure and Transparency
- Section 5: Responsibilities of the Board of Directors

The Board of Directors has always considered and reviewed to improve the Company's Corporate Governance Policy and the latest improvement of CG Code was on 30 March 2017 to continuously enhance the Company's Corporate Governance Code.

Code of Conduct for Business Operation

The Company intends to operate its business with transparency, morality and responsibility to all stakeholders as well as society and the environment. The procedure was documented as a guideline for the Board of Directors, executives and employees to adhere as following details:

1. Code of Conduct on Responsibility to Shareholders
2. Code of Conduct on the Relationship with Customers
3. Code of Conduct on the Relationship with Business Partners, Business Competitors and Creditors
4. Code of Conduct on the Responsibility to Employees
5. Code of Conduct on the Corporate Social Responsibility

Communication on Corporate Governance Policy

The Company has announced the Corporate Governance Policy for the Company's and its subsidiaries' directors, executives and employees to acknowledge and comply. In addition, the Company also prepared a Handbook on Corporate Governance Policy and Code of Conduct to allow directors, executives and employees to study and understand the Company's Corporate Governance Policy and correctly follow it.

Assessment Results on Corporate Governance

In 2018, the Company was assessed on corporate governance by related organizations as following results:

- The Company was scored of 98 points from the 2018 AGM Checklist for Listed Companies by the Thai Investors Association (TIA).
- The Company was rated of “Very Good”  level from the CGR 2018 by the Thai Institute of Directors (IOD).

2. Sub-Committees

The Company’s Board of Directors appointed 4 Sub-committees including the Audit Committee, the Nomination, Remuneration and Good Corporate Governance Committee, the Board of Executive, and the Risk Management Committee as following details:

2.1 Audit Committee

The Audit Committee consists of 3 directors whereas at least one director has adequate knowledge and experience in accounting or finance that can perform the duty of review on the reliability of financial statements, one member will be selected to be the Chairman of the Audit Committee and the Secretary of the Audit Committee will be appointed to help the operation of the Audit Committee.

The office term of the Audit Committee members is not more than 3 years and in accordance with the office term of the Company’s director. Any Audit Committee member who retires by rotation may be appointed to resume the office of the Audit Committee members.

As of 31 December 2018, the Audit Committee consists of 3 directors as follows:

| Name | Position |
|-----------------------------|---------------------------------|
| 1. Mr. Chainoi Puankosoom | Chairman of the Audit Committee |
| 2. Mr. Somchai Kuvijitsuwan | Member of the Audit Committee |
| 3. Mr. Kosit Fuangwasdi | Member of the Audit Committee |

Mr. Chainoi Puankosoom is the person with adequate knowledge and experiences that can perform the duty of review on the reliability of financial statements.

Meetings held by the Audit Committee

The Audit Committee has to hold at least 1 meeting per 3 months based on the financial report preparation period. In 2018, there were totally 9 meetings held by the Audit Committee (Please see more details in “Meeting Attendance of Sub-committees in 2018”).

Authorities and Responsibilities of the Audit Committee

The Board of Directors’ Meeting No. 1/2017 on 30 March 2017 had a resolution to define the scope of authorities and responsibilities of the Audit Committee and the Board of Directors’ Meeting No. 1/2019 on 22 February 2019 has revised the scope of authorities and responsibilities of the Audit Committee as follows:

(1) Review the Company has the proper financial reports and discloses adequate information.

(2) Review the Company's internal control system and internal audit system are proper and efficient, and consider the independence of the Internal Audit Work Unit as well as approval for the appointment, removal and dismissal of the Head and employees of the Internal Audit Department or any other department in charge of the internal audit.

(3) Review the Company complies with the Securities and Exchange Law, regulations and notifications of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and relevant laws and rules relating to the Company's business.

(4) Consider, select, nominate and terminate independent person to perform duty of the Company's auditor, propose remuneration of the auditor, and attend the meeting with the auditor without the Management's attendance at least once a year to propose to the Board of Directors meeting.

(5) Consider connected transactions or transactions that may have conflict of interests in accordance with the Securities and Exchange Law, as well as regulations and notifications of the Stock Exchange of Thailand/relevant laws which are effective for the Company and/or Company's business to ensure that the said transactions are reasonable and maximally beneficial to the Company.

(6) Prepare the Audit Committee's Report and propose to the Board of Directors by disclosing in the Company's Annual Report. Such report shall be signed by the Chairman of the Audit Committee and at least contained of following information:

- a. Opinion on the accuracy, completeness, reliability of the Company's financial reports.
- b. Opinion on the adequacy of the Company's internal control system.
- c. Opinion on the compliance with the Securities and Exchange Law, regulations and notifications of the SET, and other relevant laws which are effective for the Company and/or the Company's business.
- d. Opinion on the appropriateness of the auditor.
- e. Opinion on the transactions that may have conflict of interests.
- f. Number of meetings held by the Audit Committee and meeting attendance record of each Audit Committee member.
- g. Overall opinion or observation that the Audit Committee acquired from the function under the Charter.
- h. Any other transactions deemed that the Company's shareholders and general investors should be realized under the scope of authorities, duties and responsibilities entrusted by the Board of Directors.

(7) Review and propose the Board of Directors to consider and revise the scope of authorities, duties and responsibilities of the Audit Committee to be consistent with the situation.

(8) Audit and investigate the related parties under the authorities of the Audit Committee and have power to hire or take the specialist to help in audit and investigation works.

(9) If the following transactions or acts are detected or doubtful that may have significant impact on the Company's financial position and overall operations, the Audit Committee shall immediately report to the Board of Directors for improvement and correction by the Board of Directors.

- a. Any transaction that may have conflict of interests
- b. The corruption or abnormality or important fault in the internal control system
- c. The violation of the Securities and Exchange Law, regulations and notifications of the SET, or other relevant laws which are effective for the Company and/or the Company's business.

If the Board of Directors or executives fail to improve or correct within the aforesaid period of time, any member of the Audit Committee may report the existence of the aforesaid transaction or act to the Office of Securities and Exchange Commission or the Stock Exchange of Thailand.

(10) Review the compliance with the Company's anti-corruption policy to ensure that the company has adequate internal control, including reviewing the validity of the assessment form and reference documents follow to the Thailand's Private Sector Collective Action Coalition Against Corruption.

(11) Consider review the Company's anti-corruption policy to improve the policies and propose to the Board of Directors for approval.

(12) Perform other tasks assigned by Board of Directors and by the authority delegated in the Company's other policies.

2.2 Nomination, Remuneration and Good Corporate Governance Committee

The Nomination, Remuneration and Good Corporate Governance Committee consists of at least 3 directors and more than half of members must be independent directors, the Secretary of the Nomination, Remuneration and Good Corporate Governance Committee will be appointed to help the operation of the Committee.

The office term of the Nomination, Remuneration and Good Corporate Governance Committee members is not more than 3 years and in accordance with the office term of the Company's director (in case of any member holding the position of director). Any member of the Nomination, Remuneration and Good Corporate Governance Committee who retires by rotation may be appointed to resume the office of the Nomination, Remuneration and Good Corporate Governance Committee members.

As of 31 December 2018, the Nomination, Remuneration and Good Corporate Governance Committee consists of 3 directors as follows:

| Name | Position |
|-------------------------------|--|
| 1. Admiral Nibhon Chagsudulya | Chairman of the Nomination, Remuneration and Good Corporate Governance Committee |
| 2. Mr. Chainoi Puankosoom | Member of the Nomination, Remuneration and Good Corporate Governance Committee |
| 3. Mr. Somchai Kuvijitsuwan | Member of the Nomination, Remuneration and Good Corporate Governance Committee |

Meetings held by the Nomination, Remuneration and Good Corporate Governance Committee

The Nomination Committee shall hold the meetings as the Chairman deems appropriate, but at least 1 meeting per year should be held. In 2018, there were totally 4 meetings held by the Nomination Committee (Please see more details in "Meeting Attendance of Sub-committees in 2018").

Scope of Duties and Responsibilities of the Nomination Committee

The Meeting of the Board of Directors No. 1/2017 on 30 March 2017 had a resolution to define the scope of authorities and responsibilities of the Nomination, Remuneration and Good Corporate Governance Committee as follows:

(1) Determine qualification and criteria for the nomination of directors (including members of the Company's Sub-Committees) and top executives to be in line with relevant rules and/or laws, and consider and select the qualified persons with knowledge, experience, expertise to be nominated to the Board of Directors for consideration and appointment and/or proposed to the Meeting of Shareholders for further consideration and appointment (as the case may be).

(2) Consider the independence and qualification of each independent director to ensure that the Company's independent directors are fully qualified as prescribed by relevant rules and/or laws.

(3) Consider the form and criteria of directors' and Chief Executive Officer's remuneration payment (whether it be in form of cash, securities or any others) to be proper, fair and in line with the relevant laws.

(4) Consider the assessment criteria for Chief Executive Officer's performance and present it to the Board of Directors for consideration and approval.

(5) Review and propose the correction on scope of authorities, duties and responsibilities of the Nomination Committee in consistency with situation.

(6) Govern the Company's operation, and working of the Sub-Committees established by the Company, including executives and employees to meet the Corporate Governance Policy and comply with the criteria of the relevant laws.

(7) Formulate and review the Company's significant criteria and practices in accordance with the Corporate Governance Code.

(8) Suggest the requirements for the Code of Conduct for business operation and good practices to the Company's directors, executives and employees.

(9) Approve the activity plan to promote the Corporate Governance with the objectives to maintain standard and develop the corporate governance as well as upgrade the corporate governance to be the corporate culture by regularly communicating the Corporate Governance to directors, executives and employees.

(10) Report the Corporate Governance to the Board of Directors along with opinions on practical guideline and suggestions for correction and improvement as appropriate.

(11) Take any other action as assigned by the Board of Directors or in accordance with the policy prescribed by the Board of Directors.

2.3 Risk Management Committee

The Risk Management Committee consists of 3 members, any or all of them are not required to be a member of the Company's Board of Directors. One member will be selected as the Chairman and the Secretary of the Risk Management Committee will be appointed to help the operation of the Risk Management Committee.

As of 31 December 2018, the Risk Management Committee consists of 3 directors as follows:

| Name | Position |
|---------------------------------|---|
| 1. Mr. Kosit Fuangswasdi | Chairman of the Risk Management Committee |
| 2. Mr. Suraphon Meesathien | Member of the Risk Management Committee |
| 3. Mr. Prompong Chaisrisawatsuk | Member of the Risk Management Committee |

Meetings held by the Risk Management Committee

The meetings of the Risk Management Committee shall be held as deemed appropriate by the Chairman but at least 1 meeting every 3 months period should be held. In 2018, there were a total of 6 meetings held by the Risk Management Committee (Please see more details in "Meeting Attendance of Sub-committees in 2018").

Scope of duties and responsibilities of the Risk Management Committee

The Meeting of the Board of Directors No. 1/2017 on 30 March 2017 had a resolution to define the scope of authorities and responsibilities of the Risk Management Committee as follows:

(1) Govern the compliance with the risk management policy and risk management framework so that the Company's risk management system will be effective across the Company and continuously complied.

(2) Consider, assess and review the nature of risks encountered by the Company or expected to be happened and affect the Company (Identification of Risk) and define the Company's acceptable risk level (Risk Appetite).

(3) Consider and establish the policy for both internal and external risk management to be comprehensive and consistent with the strategy and direction of the business.

(4) Consider and establish the strategy and practical guideline of risk management to be consistent with the risk management policy for assessment, monitoring and governing risks to be in acceptable level.

(5) Consider and establish the structure and appoint the working team of risk management to assess and monitor risk management, and prepare risk reports.

(6) Consider and set the budget and approach to respond the actual and potential risk for being used as an operational guideline in accordance with the situation of each type of risk and proposed to the Board of Directors for approval.

(7) Review the appropriateness and adequacy of policy, strategy, and practical guideline of the Company's risk management to ensure that the said policy, strategy and practical guideline are consistent with the strategy and direction of the Company's business, and enable to govern risks to be in the acceptable level.

(8) Report risks and risk management to the Board of Directors.

(9) Take any other action as assigned by the Board of Directors or in accordance with the policy as prescribed by the Board of Directors.

2.4 Board of Executive

The Board of Executive consists of 3 members, any or all of them are not required to be a member of the Company's Board of Directors. One member will be selected as the Chairman and the Secretary of the Board of Executive will be appointed to help the operation of the Board of Executive.

The office term of the Board of Executive members is not more than 3 years and in accordance with the office term of the Company's director (in case any of them holds the position of the Company's director). Any Board of Executive member who retires by rotation may be appointed to resume the office of the Board of Executive members.

As of 31 December 2018, the Company's Board of Executive consists of 7 persons as follows:

| Name | Position |
|-----------------------------------|------------------------------------|
| 1. Acting Sub Lt. Chanwit Anakkul | Chairman of the Board of Executive |
| 2. Mr. Prompong Chaisrisawatsuk | Executive Director |
| 3. Mr. Surasak Chaiyen | Executive Director |
| 4. Mr. Wang Wei | Executive Director |
| 5. Mr. Sompot Khongsamran | Executive Director |
| 6. Mr. Viritphol Churaisin | Executive Director |
| 7. Mr. Nuthkorn Samran | Executive Director |

Meetings held by the Executive Board

The meetings of the Executive Committee will be held as deemed appropriate by the Chairman of the Executive Committee with minimum 6 meetings per year. In 2018, there were 12 meetings held by the Executive Board (Please see more details in "Meeting Attendance of Sub-committees in 2018").

Scope of Duties and Responsibilities of the Executive Board

The Meeting of the Board of Directors No. 1/2017 on 30 March 2017 had a resolution to define the scope of authorities and responsibilities of the Board of Executive as follows:

(1) Prepare and establish policy, direction, strategy, business plan, budget, management structure, and managerial authorities, and propose to the Board of Directors for approval; govern, supervise, examine, and monitor the Company's business operation to be in line with the policy, director, strategy, business plan, budget, management structure, and managerial authorities approved by the Board of Directors, as well as inspect and monitor the said overall operations to be effective and efficient.

(2) Manage and control the business operation related to the operation based on normal affairs.

(3) Approve the execution of any agreement and/or transaction related to the Company's normal business transactions with general commercial conditions (such as trading, investment or joint venture with other person(s) for the Company's normal transactions and in accordance with the operating benefit as per the Company's objectives) within the financial limit specified in the Delegation of Authority or as prescribed by the Board of Directors, and under the regulation of the criteria prescribed by the Office of SEC and the Stock Exchange of Thailand on connected transactions and asset acquisition transactions.

(4) Consider and screen money borrowing, and applying for any credits from the financial institution, borrowing, as well as pledge, mortgage or being the guarantor of the Company and its subsidiaries within the financial limit as specified in the Delegation of Authority or as prescribed by the Board of Directors.

(5) Approve the appointment of advisors required by the Company's operation under the budget framework approved by the Board of Directors in each year.

(6) Determine the framework and policy for salary setting, salary increase, setting of bonus, remuneration and reward for employees.

(7) Take any other action as assigned by the Board of Directors or in accordance with the policy established by the Board of Directors.

(8) Authorize one or several persons to take any action in lieu of the Board of Executive.

(9) Monitor the performance and progress of the investment project for each business and report actual results, problems or obstacles, and guideline of improvement to the Board of Directors for acknowledgment.

The delegation of powers, duties and responsibilities of the Board of Executive shall not be in the form of authorization or sub-authorization that the Board of Executive or the attorney of the Board of Executive can approve transactions that he/she or person that may have conflict (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Market Supervisory Board) may have gain and loss or may benefit in any nature or may have any other conflict of interests with the Company or its subsidiaries unless it is the approval of transactions in accordance with the policy and criteria approved by the Meeting of the Board of Directors.

Summary of Meetings & Attendance of Sub-Committees in 2018

| List of Directors | Meeting Attendance / Total No. of Meetings (Time) | | | |
|-----------------------------------|---|--|---------------------------|--------------------|
| | Audit Committee | Nomination, Remuneration and Good Corporate Governance Committee | Risk Management Committee | Board of Executive |
| 1. Mr. Chainoi Puankosoom | 9/9 | 4/4 | | |
| 2. Mr. Somchai Kuvijitsuwan | 9/9 | 4/4 | | |
| 3. Mr. Kosit Fuangswasdi | 9/9 | | 6/6 | |
| 4. Admiral Nibhon Chagsudulya | | 4/4 | | |
| 5. Mr. Suraphon Meesathien | | | 6/6 | |
| 6. Mr. Prompong Chaisrisawatsuk | | | 6/6 | 12/12 |
| 7. Acting Sub Lt. Chanwit Anakkul | | | | 12/12 |
| 8. Mr. Surasak Chaiyen | | | | 12/12 |
| 9. Mr. Wang Wei | | | | 10/12 |
| 10. Mr. Sompot Khongsamran | | | | 12/12 |
| 11. Mr. Virithol Churaisin | | | | 12/12 |
| 12. Mr. Nuthkorn Samran | | | | 11/12 |

3. Nomination and Appointment of Directors and Executives

3.1 The Nomination and Appointment of Independent Directors

The Nomination and Appointment Process for Independent Directors

The Nomination, Remuneration and Good Corporate Governance Committee shall consider the independence of each independent director to ensure that the Company's independent directors are fully qualified in accordance with relevant rules and/or laws

In nominating the person to hold the office of the Company's independent director, the Nomination Committee shall propose a person with full qualification to the Meeting of the Board of Directors for consideration and further proposing to the Meeting of Shareholders for consideration and appointment to be the Company's director. However, in case the director office is vacant due to other reason apart from the retirement by rotation, the Board shall select the person who is fully qualified to replace such vacancy.

The Qualification of Independent Directors

The independent directors must have qualifications relating to the independence as determined by the Company and in accordance with the guidelines specified in the notification of the Capital Market Supervisory Board (Including additional amendments) and must be a person who can equally take care of the interests of all shareholders to prevent conflicts of interests. In addition, they can attend and provide independent opinions to the meetings of the Board of Directors, the Company set the definition of independent directors similar to the requirements prescribed in the notification of the Capital Market Supervisory Board No. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares with details as disclosed in "Management Structure" > "The Qualifications of the Board of Directors".

3.2 The Nomination and Appointment for Directors and Top Executives

The Nomination and Appointment for Directors

(1) Determination of Criteria: The Nomination, Remuneration and Good Corporate Governance Committee will determine the qualification and criteria to nominate directors to be in line with relevant rules and/or laws.

(2) Nomination Method:

- In the event that a director vacates his/her office upon the expiration of the term, the Company gives an opportunity for the minor shareholders to propose the appropriate person for consideration and selection as a director prior to the Annual General Meeting of Shareholders.
- Consider the list of qualified candidates as shown in the Director Pool of the Securities and Exchange Commission and the Director Pool (Professional Directors) of the Thai Institute of Directors Association.

(3) Selection: The Nomination, Remuneration and Good Corporate Governance Committee will consider and select those who are qualified with knowledge, experience and expertise and then propose to the Board of Directors for consideration and appointment and/or to propose to the Meeting of Shareholders for further consideration and appointment (as the case may be).

(4) Appointment

- a) The appointment of directors to replace those retiring by rotation

Based on Article 17 of the Company's Articles of Association, at every Annual General of Shareholders Meeting, one-third of all directors shall retire and the Nomination, Remuneration and Good Corporate Governance Committee will consider and propose persons who are deemed appropriate to the Board of Directors for consideration before proposing to the Meeting of Shareholders for further consideration and appointment. However, any director who is retired from the office may be chosen to resume his/her position.

The Meeting of Shareholders will elect directors based on following rules and methods:

1. One shareholder has one vote equaling to one share per one vote.
2. Each shareholder shall use all of existing votes to elect one person or several persons as director(s). In case several persons are elected as directors, votes are unable to be divided to anyone more or less.
3. In case where several persons are elected as directors, the persons who gain highest votes in descending order shall be elected as directors in equal number of directors who are supposed to have or elect in that time. In case that the person who is elected in the descending order has equal vote in excess of number of directors who are supposed to have or elect in that time, the Chairman of the Meeting shall perform casting vote.

The resolution of the director election shall pass the approval with majority votes of total number of votes from shareholders who attend the meeting and have voting rights.

b) The appointment of new director(s) to replace director(s) who retired due to other reason apart from retirement by rotation.

The Nomination, Remuneration and Good Corporate Governance Committee shall consider and propose the person who is qualified without prohibited characteristic in accordance with the Public Limited Companies Law and the Securities and Exchange Law to replace the retired director in the following Meeting of the Board of Directors unless the remaining term of that director is less than 2 months. The said person who replaces the retired director shall be in the office term for just the remaining term of the director replaced by him/her.

The resolution of the meeting requires votes for not less than three-fourth of the remaining directors.

The Nomination for Executives

In nominating the person to hold the office of the executive, the Nomination, Remuneration and Good Corporate Governance Committee shall nominate the proper qualified person in consistency with what is prescribed by the relevant rules and/or laws to hold the position of top executive in each department by considering qualification, knowledge, experience, profession, specialized qualification which is required and maximally useful for the Company's business, and propose to the Board of Directors for consideration and appointment.

4. Governance on the operations of subsidiaries and associates

The Company establishes the policies to control and govern the operation of its subsidiaries and associates to set the important guideline for governing the operations of subsidiaries and associates so that the Company can manage its business and govern its subsidiaries and associates to be in consistency with the Company's policies and in line with the Public Limited Companies Law, the Securities and Exchange Law, as well as notifications, regulations, and criteria related to the Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand, with following practical guidelines:

1. The Company shall deliver the Company's representatives to be the directors in each subsidiary and associates in accordance with the proportion of shareholding in each company or the conditions settled in the agreement. However, the Board of Directors shall consider and approve to send the Company's representatives to hold the position of directors in each subsidiary and associated company based on the appropriateness of each business.

2. The Company's Board of Directors has duty to govern each subsidiary and associates under following scopes:

2.1 Govern the Board of Directors of each subsidiary and associates to function in accordance with laws, objectives, and Articles of Association, and resolutions of the Board, and resolutions of the Meeting of Shareholders, and in accordance with the Corporate Governance Policy and the Code of Conduct with Duty of Loyalty, Duty of Care, Accountability and Ethics.

2.2 Continuously monitor all performance of its subsidiaries and associates and give advices to ensure that the operation of subsidiaries and associates is in line with the given target and enable to timely and appropriately deal with the potential obstacles and problems.

2.3 Consider, monitor, and give advices for the effective and efficient internal control system and work system of the subsidiaries and associates in business operation.

2.4 Regularly consider, monitor, and implement the review and update of important business operation-related policies and work plans of the subsidiaries and associates to suit the business condition.

3. The Company shall determine work plans and execute to ensure that the subsidiaries and associates disclose the proper, complete and reliable information of overall operation and financial position, as well as information required for disclosure to related governance agencies, government agencies, external investors, and public.

4. In case of necessity of the subsidiaries and associates to perform any connected transaction or transaction that may cause conflict of interests, the Company shall monitor the subsidiaries and associates to make transaction with transparency and fairness. The Company shall strictly comply with the criteria of connected transaction, asset acquisition and disposal transaction which are prescribed by the related governance agencies.

5. The Company shall perform the necessary action and monitor its subsidiaries and associates to have the adequate and appropriate information disclosure system and internal control system for business operation.

5. Supervision on the use of inside information

The Company gives precedence to prevent the use of inside information of the Company and its subsidiaries by aiming to have the policy on prohibiting the Company's directors, executives, staffs and employees to disclose the Company's secret or inside information which has not yet been disclosed to public, or exploited personal benefit or other person's benefit either directly or indirectly and whether the return is yielded. The insider trading in the Company's securities must not be performed.

The Company established and communicated the Inside Information and Securities Trading Policy for the Company's directors, executives and employees for acknowledgement and strict compliance as follows:

(1) All directors, executives and employees must strictly comply with the prohibition of insider trading in securities prescribed in the Securities and Exchange Act B.E. 2535 (1992).

(2) The person specified by the Company is prohibited to trade the Company's securities within 30 days prior to the disclosure of quarterly and annual financial statements and other periods which will be occasionally specified by the Company unless in some necessary situations or complying with the law or being under the court's order, the Compliance Unit shall notify the prohibited securities trading period in advance.

Designated person(s) means the following person(s) with position or duty that knows the Company's inside information (including spouse and non-full age children of the said person) as follows:

- (a) Director
- (b) Executive
- (c) Executive and employee of the Company and its subsidiaries who knows the Company's inside information
- (d) Spouse and non-full age children of the person specified by the Company under Clause (a) – (c)

- (e) All executive and employees in following work units: Project Investment and Quality Assurance Department, Marketing 1 Department, Marketing 2 Department, Accounting and Finance Department, Investor Relations department, Compliance and Company Secretary Office, Internal Audit Department, Legal Department, and Chief Executive Officer Office.
- (f) All executives and employees who attend the meetings of the Board of Directors and/or the meetings of Sub-Committees.
- (g) Any other persons specified by the Company

(3) In reporting the securities holding, any designated person shall report their holding of the Company's securities (including securities possession of his/her spouse and non-full age children) as follows:

The initial securities holding report: The report must be submitted to the Company Secretary as following conditions:

- In case of directors and executives, they shall report within 7 working days from the position appointment date by filling in the form of the Conflict of Interest Report (Form 89/14)
- In case of any designated person other than directors and executives, he/she shall report within 7 working days from the date notified by the Company Secretary by filling the form of the Company's Securities Holding Report.

Reporting when having changes: The report must be submitted to the Company Secretary within 3 working days from the securities trading date as follows:

- In case of directors and executives, they shall use the form of the Conflict of Interest Report (Form 89/14)
- In case of any designated person other than directors and executives, he/she shall use the form of the Company's Securities Holding Change Report.

(4) All directors and executives are responsible in reporting their own holding of the Company's securities, including their spouse and non-full age children's holding of the Company securities and also reporting their change of securities holding to the Office of SEC in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992).

(5) The Company Secretary is required to prepare copies of Securities Holding Report as mentioned in Clause (3) and submit to the Chairman of the Board of Directors, the Chairmain of the Audit Committee and the Chairmain of the Board of Executive within 7 working days from the date of receiving reports, and then report to the Board of Directors for acknowledgement in the next meeting.

(6) Any director, executive or employee who violates this policy may be considered for disciplinary punishment up to dismissal, and may be liable both for criminal and civil cases in accordance with the Securities and Exchange Act, B.E. 2535 (1992).

6. Remuneration for the auditor

In 2018, the Company and its subsidiaries paid the audit fee as follows:

6.1 Audit Fees

The Company and its subsidiaries paid the audit fee to KPMG Phoomchai Audit Limited as follows:

| Company | Audit Fee (Baht) |
|---|------------------|
| Prima Marine Public Company Limited | 3,100,000.00 |
| Subsidiaries | 2,620,973.38 |
| Total Audit Fee | 5,720,973.38 |
| Out-of-pocket | 213,790.00 |
| Total amount of Audit Fee and Out-of-pocket | 5,934,763.38 |

6.2 Non-Audit Fees

The Company and its subsidiaries paid non-audit fees to KPMG Phoomchai Audit Limited in total amount of Baht 1,806,640.14, consisting of the audit fees for BOI Promotion Certificates, with a total amount of Baht 840,000 ; the verification fee for quarterly financial report of the subsidiaries and associated companies in total amount of Baht 966,640.14 ;

The persons or businesses related to the auditor and the audit firm are not the persons or businesses related to the Company, without relationships or transactions that may cause conflict of interests with the Company at all.

7. The Application of 2017 Corporate Governance Code for Listed Companies

In 2018, the Board of Directors' Meeting No. 11/2561 on 19 December, 2018 proposed by the Nomination, Remuneration and Good Corporate Governance Committee considered and reviewed the application of 2017 Corporate Governance Code for Listed Companies (CG Code 2017) issued by the Office of the Securities and Exchange Commission, The Company's Board of Directors carefully considered such practical principle and understood the benefits in applying the practical principle of CG Code 2017. Overall, the Company has a policy and guideline that are in line with the practical principle of CG Code 2017. In addition, the Company also reviewed and revised to improve and add policies on the Company's Corporate Governance Policy to be more consistent with the CG Code 2017. However, in 2018, following practical principles were not yet complied with the CG Code 2017:

| Practical Principles | The Company's Reason or Replacement Measure |
|--|---|
| The Nomination Committee established by the Board of Directors should consist of member majority and the Chairman who is an independent director. | The Nomination, Remuneration and Good Corporate Governance Committee established by the Board of Directors already consisted of member majority, who are independent directors, but the Chairman is not an independent director. The Board of Directors considered that the elements of this Nomination, Remuneration and Good Corporate Governance Committee are proper to the Company's business and structure. |
| The Compensation Committee established by the Board of Directors should consist of member majority and the Chairman who is an independent directors to perform duty in considering policies and criteria of compensation determination | |
| The Board of Directors should set the criteria for directors to hold positions in other companies for not more than 5 listed companies. | The Board of Directors considered and approved to further improve the Company's Corporate Governance Policy to be in line with this practical principle. |
| The Board of Directors should clearly establish policies and procedures for the Company's Managing Director and top executive to hold their directorship at other companies. | |

As the Stock Exchange of Thailand provided of "2012 Corporate Governance Code for Listed Companies" which later the Securities and Exchange Commission issued "2017 Corporate Governance Code for Listed Companies" (CG Code 2017) effective from March 2017, consisting of 8 practical principles. The Company continues to follow the Corporate Governance Code by dividing into 5 sections as follows:

Section 1

Rights of Shareholders

The Company recognizes and gives importance to the basic rights of shareholders both as a securities investor and the Company's owner, especially the basic rights of shareholders, including

- The right to buy, sell, transfer the Company's securities that they are holding.
- The right to receive the profit sharing from the Company
- The right to receive adequate information
- The right to attend the General Meeting of Shareholders to express their opinions and jointly make decisions on important matters of the Company, such as dividend allocation, appointment or termination of directors, appointment of auditors, approval of important transactions affecting the Company's business direction, amendment of the Company's Memorandum of Association and Articles of Association, etc.

General Meeting of Shareholders

In 2018, the Company held the 2018 Annual General Meeting of Shareholders on 26 April 2018. The Company implemented the Corporate Governance Code for the right of shareholders in attending the meeting as follows:

1. The period prior to the Meeting Day

- 1.1 The Company fully promotes and facilitates all groups of shareholders including institutional shareholders to exercise their rights on attending the shareholders' meeting and voting.
- 1.2 Minor shareholders are provided of opportunities in proposing subject(s) to be included in the meeting agenda and nominating person(s) to be elected as directors in the Annual General Meeting of Shareholders in advance, the Company notified all shareholders through the news system of the Stock Exchange of Thailand and the specified criteria and procedures for proposing the said agenda were announced on the Company's website at www.primamarine.co.th since 12 January, 2018. The subject and name of candidates can be submitted to the Company from 12 January 2018 to 13 February 2018.
- 1.3 The Company delivered the invitation letter of the 2018 General Meeting of Shareholders providing details of meeting date, time, venue and agenda, opinions with objectives, reasons and opinions of the Company's Board of Directors in each agenda as well as all information related to subjects to be decided in the meeting to all shareholders at least 14 days in advance prior to the Meeting of the Shareholders via mailing on 11 April 2018, all details and information submitted to shareholders are contained in both Thai and English.
- 1.4 The Company publicized the invitation letter of the 2018 General Meeting of Shareholders on the Company's website at www.primamarine.co.th , in both Thai and English, since 27 March 2018 so that shareholders can study the data and information in advance with adequate period for not less than 30 days prior to the meeting date.
- 1.5 The Company's shareholders are provided of opportunities to send inquiries in advance before the 2018 Annual General Meeting of Shareholders by sending to the Compliance and Company Secretary Office, No. 80, Soi Bangna-Trad 30, Bangna-Trad Road, Bang Na Tai Subdistrict, Bang Na District, Bangkok, or email: cp_cs@primamarine.co.th from 27 March 2018 to 19 April 2018.
- 1.6 The Proxy Form A, Form B and Form C were also attached to the invitation letter of the shareholders' meeting to allow any shareholders who are unable to attend the meeting in person authorize any other person or independent directors appointed by the Company to be the attorney in attending the meeting and voting on their behalf, by following process and conditions mentioned in the proxy forms.

- 1.7 The Company facilitates shareholders to fully exercise their rights to attend the meeting and vote. The meeting venue is at Grand Ballroom 1, 4th floor, InterContinental Hotel, Ploenchit Road, Lumpini Subdistrict, Pathum Wan District, Bangkok, the venue is spacious and convenient to travel.

2. Process on the Meeting Day

- 2.1 The Company has provided adequate personnel and technology for the shareholders' meeting including checking documents, meeting registration, counting votes and showing voting results for each agenda in order to quickly, accurately and correctly proceed the meeting as well as using ballots for voting in every agenda. The votings were also separated in each issue in case of many issues in that agenda, for example, the appointment of directors, for transparency and accountability. The Company used the system of meeting implementation served by OJ International Co., Ltd.
- 2.2 All directors attended the shareholders' meeting together with the Chairman of all Sub-committee, Chief Executive Officer, Executives and Auditor so that shareholders can inquire relevant subjects.
- 2.3 The Company provided external legal advisors from Weerawong Chinnawat & Peangpanor Ltd., to take responsibility in checking votes and counting votes in the meeting, then revealed to the meeting, and finally recorded in the minutes.
- 2.4 The Chairman of the meeting appropriately allocated time and encouraged all shareholders to express their opinions and ask questions at the meeting on subjects related to the Company; and then recorded their opinions and inquiries in the minutes.

3. The period after the Meeting Day

- 3.1 After completing the shareholders' meeting, the Company has published the resolution of the shareholders' meeting including the voting results of each agenda via the website of the Stock Exchange of Thailand and the Company's website within that day.
- 3.2 The Company has prepared the complete and accurate minutes of the shareholders meeting recording the clarification of the voting procedure and the method of showing the voting results to the meeting before proceeding the meeting, opportunities for shareholders to ask questions and answer questions, voting results of each agenda as well as the list of attending and absent directors, and publicized it on the Company's website within 14 days from the meeting date. The Company's shareholders and investors were also notified through the channel of the Stock Exchange of Thailand on 11 May 2018.

Section 2 **The Equality of Shareholders**

The Company has stipulated that all shareholders are equally treated, whether they be major shareholders or minor shareholders, shareholders who are executives or non-executive shareholders, holding Thai nationality or being foreigner as follows:

1. The Company has prepared and disseminated the invitation letter for the 2018 Annual General Meeting of Shareholders both in Thai and English versions to allow all Thai and foreign shareholders to equally access information.
2. Before starting the shareholders' meeting, the Chairman of the meeting explained all shareholders about rules and regulations applied in the meeting, voting procedures and vote counting as well as voting rights.

3. In the shareholders' meeting, the Chairman of the meeting will conduct the meeting according to the specified agenda and executives are not allowed to propose any additional agenda that is not notified to shareholders in advance without necessity, especially the important agenda that shareholders require time to study information before making a decision.
4. The Company's shareholders and institutional investors are provided of opportunities to exercise their rights in appointing directors on an individual basis and the ballots will be used for individual voting for transparency and verifiability.
5. The prevention on conflict of interests
 - 5.1 The Company has established a policy to prevent the conflict of interests based on the principle that any decisions in conducting business activities must focus on the utmost benefit for the Company and shareholders, any actions causing the conflict of interests should be avoided with following guidelines:
 - The Board of Directors ensures that the procedures are followed with due diligence within the principles of reason and interdependence. The transparent process for approving transactions is in place.
 - Directors and executives must notify the Company to know the relationship or any connected transactions in businesses that may cause the conflict of interests and all stakeholders will not participate in consideration and decision on those transactions.
 - The Board of Directors supervises the Company and the management to correctly and fully disclose information of transactions that may have the conflict of interests in the Annual Report and Form 56-1.
 - The Company's directors, executives and employees must comply with the Code of Conduct without seeking personal interests that conflict with the Company's interests.
 - The Company has a policy to establish the organization structure by separating departments and employees who have duties or responsibilities that may cause the conflict of interests.
 - The Company has a policy that the access of information or the acknowledgement of information by the departments and employees must be based on the principle of necessity to perform their duties and must not cause any conflict of interests.
 - 5.2 The Company has established a policy for the Company's connected transactions under following criteria:
 - In the connected transactions between the Company & its subsidiaries and persons who may have the conflict of interests, benefits or may have conflict of interests with the Company in the future, such as major shareholders, directors, executives, regulators or connected persons, the Company will comply with the Securities and Exchange Law, regulations, notifications and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand. The stakeholders are unable to engage in the consideration and approval of such transactions.
 - In the event that the law requires the connected transactions to be approved by the Board of Directors' meeting, the Company will assign the Audit Committee to attend the meeting to consider and comment on the necessity of the transactions and the reasonableness of those transactions. Any transactions related to the trade agreement with and without general trading conditions will comply with following principles:

Transactions related to the trade agreement with general trading conditions

The Board of Directors approved the principle for the management to approve the connected transactions which are trade agreements with general trading conditions between the Company & its subsidiaries, and directors, executives or related persons. If the said transactions have a trade agreement in the same manner as the person of ordinary prudence should do with general agreement parties in the same situation with the bargaining trade power without the influence of having a status as a director, executive or related person (as the case may be).

Transactions related to the trade agreement without general trading conditions

The transactions related to the trade agreement without general trading conditions must be considered and commented by the Audit Committee before proposing to the Board of Directors or the shareholders' meeting. (as the case may be) for further consideration and approval, and complied with the Securities and Exchange Law, regulations, notifications and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as requirements regarding the disclosure of connected transactions.

- In case of any connected transactions that may occur in the future, the Board of Directors shall comply with the Securities and Exchange Law, regulations, notifications and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as requirements regarding the disclosure of connected transactions of the Company or its subsidiaries in accordance with the accounting standards set by the Institute of Certified Accountants and Auditors of Thailand.
- The Company will disclose connect transactions in the Annual Registration Statement and notes to financial statements that have been audited by the Company's auditor.

5.3 The Company requires all directors and executives to report the interests of their own selves and their relative persons by submitting the form specified by the Company.

6. Prevention for the use of inside information

6.1 The Company has established guidelines for maintaining and preventing the use of the Company's inside information by prohibiting individuals or agencies that know the inside information to disclose such information to other unrelated agencies or individuals. Any person discloses such information or uses that information for his/her own or others' benefit or makes any transaction that may cause the conflict of interests will be considered a serious offense and will be disciplinary punished.

6.2 The Company has established the policy on the use of inside information and the securities trading of the Company's directors, executives and employees to be a policy prohibiting the Company's directors, executives and employees to disclose the Company's secret or inside information that has not been disclosed to the public or seek benefits for themselves or others, whether it be direct or indirect and whether they will receive a return or not. They are also not allowed to trade the Company's securities by using the inside information. The Company has communicated guidelines and policies to everyone in the organization for acknowledgement and strict compliance.

Section 3

Roles of Stakeholders

The Company places importance on the rights of all stakeholders, whether they are internal stakeholders such as the Company's shareholders and employees, or external stakeholders, i.e. business partners, customers, etc., the Company realizes that the supports and comments from all stakeholders will be beneficial to the Company's operation and business development. Therefore, the Company will comply with relevant laws and regulations to ensure that the rights of those stakeholders are well treated. In addition, for the business operation, the Company also takes into account the rights of all stakeholders as follows:

1. Responsibilities to Shareholders

The Company will operate its business with transparency and efficiency by aiming to create good performance and stable growth to maximize benefits for shareholders in long term, to disclose information with transparency and reliability to shareholders, to present business performance, financial status, accounting and other reports on a regular basis with completeness and fact.

2. Responsibilities to Employees

The Company will equally and fairly treat all employees and provide them the appropriate compensation. In addition, the Company also gives importance to regularly develop employees' skills, knowledge, capability and potentials by providing opportunities in training, seminars and coaching to all employees, and tries to motivate employees who have high knowledge and ability to stay with the Company for further organizational development. Also, the Company sets guidelines for anti-corruption and educate all employees to comply with relevant laws and regulations, such as strictly prohibiting the use of inside information, etc.

Wage and Compensation Management

The Company fairly manages wages and compensations of employees by concerning on many factors such as capability, experience, duty and responsibility in comparison with the rate of labor wage in domestic market, situation of the Company's necessity and the appropriateness of the business.

Welfare and Benefits Provision

The Company provides various benefits such as medical treatment, health check-up, life & accident insurance, assistance to employees who suffer danger or illness due to working for the Company, provident fund, funeral allowance, allowance for patient gift, allowance for the employee's first child, etc.

Safety, Occupational Health and Working Environment

The Company places importance on quality, stability, safety, occupational health and environment (QSHE) in the business operation by aiming to create the corporate culture in QSHE so that all employees are aware and strictly participate in QSHE risk management in their departments. The Company has established the policy on safety, occupational health and work environment by notifying the enforcement throughout the organization as follows:

- (1) Work safety is the duty of all employees at all levels to cooperate and comply for their own safety and others' safety.
- (2) The Company will promote and support the improvement of the environment and safe operation methods as well as the use of appropriate protective equipment and maintaining good hygiene of all employees
- (3) The Company has established a policy to have the Safety, Occupational Health and Working Environment Committee ("Safety Committee") to comply with the law on safety, occupational health and working environment.
- (4) All supervisors must be responsible for overseeing the work safety of subordinates to comply with the rules of safety laws.
- (5) The Company promotes and supports the activities of safety, occupational health and working environment.
- (6) All employees must give cooperations in safety, occupational health and working environment to the Safety Committee.
- (7) The Company will monitor and evaluate the performance according to the safety, occupational health and working environment policy.

3. Responsibilities to Business Partners

The Company has a process to select business partners by allowing them to compete based on equal information, and select business partners with justice under the criteria for evaluating and selecting the Company's business partners. In addition, the Company has prepared a suitable and fair contract form for all parties and provided a tracking system to ensure that the conditions of the contract are fully fulfilled and it prevents fraud and misconduct in every step of the procurement process. The Company purchases products from business partners in accordance with commercial conditions and strictly complies with the contract by not requesting / receiving / paying any dishonest benefits in trading with business partners.

The Company prepared the work manual for the Procurement Department to set clear procedures for procurement including the business partner selection. In addition, the Company also set the criteria for recruiting vendors and service providers by defining 13 items in selection based on quality, price, reputation and service as follows: (1) Test Sample; (2) Test Results; (3) Past Performance; (4) Performance of Past Employment; (5) Certification of Quality System; (6) Certificates; (7) Performance Warranty; (8) Price Consistency; (9) Payment Terms; (10) Security;

(11) Reputation Acceptance; (12) Bid Period (13) Clarity and Accuracy in Product Details. The vendors or service providers are required to pass the selection by obtaining score of 70 points or more.

4. Responsibilities to Customers

The Company is responsible for customers by maintaining the quality and product & service standards as well as completely and comprehensively responding to customers' needs as most as possible in order to focus on long-term customer satisfactions. Additionally, the Company also takes into account the health and hygiene of customers in consuming the Company's products, providing accurate and complete information about products to customers, and providing channels for customers to report problems of improper products or services to the Company so that the Company will quickly prevent and solve problems related to its products and services

5. Responsibilities to Creditors

The Company will strictly comply with various conditions in accordance with the agreement with the creditors, including the repayment of principal, interest and maintenance of various collaterals under related agreements.

6. Responsibilities to Competitors

The Company behaves the good competition with ethics and within the legal framework as well as supports and promotes the free and fair competition policies.

7. Responsibilities to Society and Public

The Company concerns and gives importance to the safety of society, environment and quality of life of people involved in the Company's operation and encourages all employees to be conscious and responsible to the environment and society, strictly comply with relevant laws and regulations. In addition, the Company tries to participate in various activities that create and maintain the environment and society.

8. Anti-corruption

The Company realizes that the corruption has adverse effect and obstructs the important social and economic development, it is an improper act of business, creates business injustice. The corruption also causes the negative effect to the Company's reputation in business ethics and business competitiveness, minimizes the confidence of shareholders and investors towards the Company and causes the Company to be rejected by domestic and international organizations. So, the Company deems the anti-corruption as the signification principle in operating the Company's business, the Company will not support any business, group of persons or person who engages in the exploitation which is supposed to receive either directly or indirectly from abuse of power. The Company, therefore, formulates the Anti-Corruption Policy as the practical principle for all directors, executives and employees:

The Company's directors, executives and employees shall not directly or indirectly claim, take action or accept all forms of corruption for the interests of organization, themselves, their family, friend and acquaintance or for interests of business covering all businesses in all countries and all agencies related to the Company. The compliance with this Anti-Corruption Policy shall be regularly verified and the practical guideline and requirements of execution shall be reviewed in line with the change of business, rules, regulations and requirements of law. If any act is violated as support, assistance, or collaboration to the corruption, the punishment shall be considered in accordance with the Company's rules and regulations.

The practical guideline of anti-corruption

(1) All directors, executives and employees in all levels shall carefully execute against all forms of corruption as follows:

- Giving and receiving bribery
It is prohibited to give or receive bribery in any form to reciprocate the business benefit offering and it is prohibited to entrust other person to receive or give bribery in lieu of him/herself.

- Gift, entertainment, and other benefits
Giving or receiving gift, property, entertainment or any benefit from customer, business partner or party related to the Company shall be complied with the Company's Code of Conduct Handbook or rules & regulations.
- Political assistance
The Company formulates the policy of non-assistance and non-support on any political party, political group or politician either directly or indirectly.
- Acceptance of donation, donation for charity, public benefit, and subsidy provision or acceptance
The Company requires that the acceptance of donation, donation for charity, public benefit, and subsidy provision or acceptance must comply with following requirements:
 1. It must be transparent, legal and not conflict to morality as well as not be any act that will cause the consequential damage to collective society.
 2. It must not be related or used as an excuse of bribery.
 3. It must comply with the procedure of review and approval of donation for charity, public benefit or subsidy in accordance with the Company's rule.
 4. In case of doubt that may legally affect, the counsel shall be requested from Law Department in written form or in case of any other important issue, it shall be the discretion of the Management.
- (2) The Company aims to build and maintain the corporate culture in insisting that the corruption is unacceptable for all transactions with both public sector and private sector.
- (3) The Company's directors, executives and employees in all levels shall not neglect or ignore when detecting the act within the scope of corruption related to the Company, must notify the superior or responsible person for acknowledgement and collaboration in fact verification, and The Company also arranges the channels to receive complaints from the third party in accordance with the policy of complaint receiving and whistleblowing of offence and corruption or rules prescribed by the Company.
- (4) The Company shall uphold justice and protect the employee who denies the corruption or notifies the corruption related to the Company. The Company shall not demote, punish or yield negative impact on the employee who denies the corruption even though that act causes the Company losing the business opportunity.
- (5) The Company's directors and executives in all levels shall demonstrate their honesty and be the good model in compliance with the anti-corruption policy. The Compliance and Company Secretary Office, and Human Resource Department shall be assigned to take responsibility in providing knowledge, creating the understanding and encouraging all employees in all levels to seriously and continuously comply with the anti-corruption policy, and reinforce it as a part of the corporate culture.
- (6) This anti-corruption policy shall cover the process of personnel management from nomination or selection of personnel, promotion, training, appraisal of employee's performance by requiring all levels of superiors to communicate and make understanding to employees in order to use in business activities under their responsibilities and control the effective compliance with the policy.
- (7) Any actions under Anti-Corruption Policy shall apply the practical guideline prescribed in the Company's "Corporate Governance Policy", "Code of Conduct Handbook", as well as relevant rules and work Handbooks, and any other practical guideline which will be further prescribed by the Company.
- (8) The Company requires to notify and publicize the Anti-Corruption Policy via both internal and external medias such as announcement, the Company's website, and the Annual Report. Such policy shall be complied with the Anti-corruption Law of Thailand.

Participation in Collective Action Coalition of the Private Sector Against Corruption ("CAC")

To express the standpoint in focusing on the anti-corruption and supporting and promoting the Company's employees in all levels to have consciousness against the corruption in all forms, the Board of Directors in the Meeting No. 5/2017 on 10 August 2017 resolved to approve the declaration of intent and application to participate in the Collective Action Coalition of the Private Sector Against Corruption ("CAC") Project. CAC accepted the Company's participation on 1 September 2017, the Company has implemented in accordance with the given work plan and targeted to be certified by the CAC Council within 2019.

The Implementation of the Anti-Corruption Policy

In addition, in 2018, the Company conducted many actions to comply with the anti-corruption policy as follows.

- The Company has prepared “the Corporate Governance and the Code of Conduct Handbook” to communicate the Company’s policies including the anti-corruption policy to allow directors, executives and employees to study and understand the anti-corruption policy and correctly comply with.
- The Company announced to not accept gifts in the 2019 New Year Festival to request for the cooperation from executives and employees in refraining from accepting gifts or presents from any external individuals or agencies and also communicated to external individuals or agencies to request for the cooperation in refraining from giving all types of gifts to the Company’s executives and employees.

9. Receiving the complaints and whistleblowing the offence and corruption (Whistle-blowing Policy)

The Company gives precedence to the Corporate Governance by adhering to operate the business under the honesty and ethics as well as strictly complying with the relevant laws and rules. The Company expects all directors, executives and employees to adhere and comply with the said principles. The Board of Directors, therefore, formulates the Whistle-blowing Policy as the channel that the executives, employees and stakeholders can complain and perform whistleblowing the offence and corruption to the Company and its subsidiaries as follows:

Notifying the complaints and whistle-blowing the offence and corruption

1. The complainant can notify the complaint or blow the whistle of the offence and corruption via any of following channels as deemed appropriate:

- (1) Directly notify the responsible superior (from the level of manager and higher).
- (2) Notify via the Whistle Blowing Hotline on the Company’s website.
- (3) Send email to the Head of Compliance Unit at compliance@primamarine.co.th
- (4) Send the letter to the Chairman of the Audit Committee (Independent Director) or the Company’s director as following address: Prima Marine Company Limited, No. 80 Soi Bangna-Trad 30, Bangna-Trad Road, Bangna Tai Sub-district, Bangna District, Bangkok, 10260, or send email to AuditCommittee@primamarine.co.th or compliance@primamarine.co.th

2. The complainant who is working in any company under the vessel business should firstly deliver complaint or blow the whistle of the offence and corruption via channel determined by his/her company. However, if the situation is improper or uncomfortable to notify his/her own company, he/she can notify via the Company’s channel mentioned in Clause 1(3) to 1(4).

3. In case the superior receives complaint and whistleblowing of the offence and corruption and in the event that any offence or corruption occurrence is detected, he/she shall notify the Compliance and Company Secretary Office within 7 days for execution in accordance with the investigation procedure as prescribed.

4. The complainant should fill the adequate information in Complaint/Offence and Corruption Whistle-blowing Form as much as possible so that the said information is taken for investigation to find the fact such as the related person, nature and detail of event, date and information. In addition, the complainant should disclose his/her name, address or other contact channels for the inquiries of additional information from the Company. However, the complainant can choose to disclose or not disclose his/her name.

5. The Company shall not execute any punishment with the executive and employee who complain and blow the whistle of offence or corruption by honest intent even though the Company carries out the investigation and detects later that no offence is committed in accordance with what is complained or whistle blow.

Nevertheless, if the investigation result is found that the act is performed with the reason of defaming or willful intent to result in danger or misinformation, the Company shall consider executing disciplinary punishment with the executive and employee in accordance with work regulation. The penalty code includes verbal or written warning up to dismissal and consideration on legal proceeding.

The Company's Procedure:

1. The Company shall independently and impartially verify the information of complaint and whistle of offence and corruption to acquire evidences that can be used for confirmation or argument against the acquired information, and execute the disciplinary punishment and/or the legal proceeding with the offender in accordance with the investigation policy for complaint and whistle of offence and corruption.

2. The Company shall notify the progress and consideration results on complaining the offence and corruption to the complainant who discloses name, address, telephone number, e-mail or other contact channels. However, sometimes, the Company is unable to provide the detailed information about investigation or disciplinary punishment due to necessary reason in the matter of personal information and confidentiality.

Employee Protection

1. The Company will protect and not allow the employee who made complaints or whistleblowing of offence and corruption and any persons who give cooperation or assistance in investigation with honest intent, to be threatened and frightened.

2. Any employee who is threatened and frightened must promptly notify the Head of Compliance in order to provide the appropriate protection, depending on the degree of seriousness and importance of the complaint.

3. The Company's executives or employees are not allowed to terminate the employment, suspended of job, conduct disciplinary punishment or threaten to take any actions to employees who have complained or conducted whistleblowing of offence or corruption. Any executives or employees conduct such above-mentioned acts will be take of disciplinary punishment.

Confidentiality

Those involved in receiving complaints and whistleblowing of offence or corruption must treat the information received as confidentiality and will not disclose to any person unless it is disclosed as necessary for the operation only or as required by law.

In 2018, None of any complaints or whistle-blowing was notified to the Company.

Section 4

Information Disclosure and Transparency

The Company gives the important to the disclosure of accurate, complete, adequate and transparent information in a timely manner for financial information, general information and other information affecting or possibly affecting the Company's securities price, resulting in the decision process of the Company's investors and stakeholders. The Company will disclose such information in accordance with the criteria prescribed by the Office of Securities and Exchange Commission, the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand.

1. The Company gives importance to the Company's financial statements and financial information appeared in the Annual Report, the Audit Committee will review the quality of financial reports and internal control system as well as the adequate disclosure of important information in the notes to the financial statements, and then report to the Board of Directors. The Audit Committee will provide a report on the responsibility of the Board of Directors for the financial report presented in conjunction with the auditor's report in the Annual Report. In addition, the Board of Directors also encourages the preparation of the Management Discussion and Analysis as reference for the disclosure of financial statements in every quarter.

2. The Company has continuously disclosed the information related to each director, roles and duties of the Board of Directors and the Sub-committees, number of meetings and attendance in previous year and comments from performing duties, training and professional knowledge development in the Annual Report and the Annual Registration Statement, as well as compensation payment policy, form and details of compensation for directors and top executives of directors and top executives (if any).

3. The Company discloses the audit fee and other service fees for auditor in the Annual Registration Statement (Form 56-1) and the Annual Report.

4. The Company requires the directors and executives to disclose the securities trading report / securities holding of the Company to the Board of Directors every time as well as report the Company to acknowledge their own interests and their relative persons.

5. The Company gives importance to seriously and consistently keeping the customer's confidential information without using such information for the benefit of itself and those involved unless it is the information that is required to be disclosed to the third parties under related laws. In the event that a third party participates in a special work involving the information that has not been disclosed to the public and is in the process of negotiation of that work, this is considered as the confidentiality of inside information that may affect the movement of the Company's securities price, that third party is required to enter into the Confidentiality Agreement with the Company until the information is disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission

6. The Company has provided a report on corporate governance policy, code of conduct, risk management policy and corporate social responsibility policy that have been concluded in summary and the performance of such policies, as well as the cases that failed to comply with such policies along with reasons, and reported through many channels such as the Annual Reports and the Company's website etc.

7. Apart from publicizing information according to the prescribed criteria through the channel of the Stock Exchange of Thailand, the Company also discloses following important information in both Thai and English version via the Company's website and regularly update information:

- Vision and Mission
- Nature of Business
- List of the Board of Directors and Executives of the Company
- Financial statements and reports on the Company's financial status and business performance, Management Discussion and Analysis (MD&A) and connected transactions, both current and previous years.
- The Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) which can be downloaded.
- Shareholding Structure, Organizational Structure and the Structure of Company Group
- List of major shareholders
- Invitation Letter to the General Meeting of Shareholders and other related documents as well as the Minutes of the shareholders' meetings.
- The Company's Articles of Association and Registration Certificate.
- The Company's Corporate Governance Policy, Code of Conduct, Anti-corruption Policy, Risk Management Policy and other policies.

- The Charters of the Board of Directors and Sub-committees
- Information and contact channels for Investor Relations and Company Secretary
- Any other Information or documents presented by the Company to analysts, fund managers or media

Investor Relations

The Company will assign the staff of the Investor Relations to communicate with investors or shareholders, the Company will regularly hold the meetings to analyze the performance and will publicize the Company's financial information and general information to shareholders, securities analysts, credit rating agencies and relevant government agencies to acknowledge via many channels, which is the reporting to the Securities and Exchange Commission and the Stock Exchange of Thailand and the Company's website.

Contact Investor Relations

Prima Marine Public Co., Ltd., No. 80, Soi Bangna-Trad 30, Bangna-Trad Road, Bang Na Tai Subdistrict, Bang Na District, Bangkok, 10260, Tel: 02-016-0190, Fax: 02-016-0199, Email: prima-ir@primamarine.co.th

In 2018, the Investor Relations Unit held the events to meet shareholders and analysts as follows:

| Events to meet shareholders and analysts | Times / Year |
|--|--------------|
| Analyst Meeting | 5 |
| Opportunity Day | 3 |
| Meet the Press | 1 |

Section 5

Responsibilities of the Board of Directors

1. The Structure of the Board of Directors and Sub-Committees

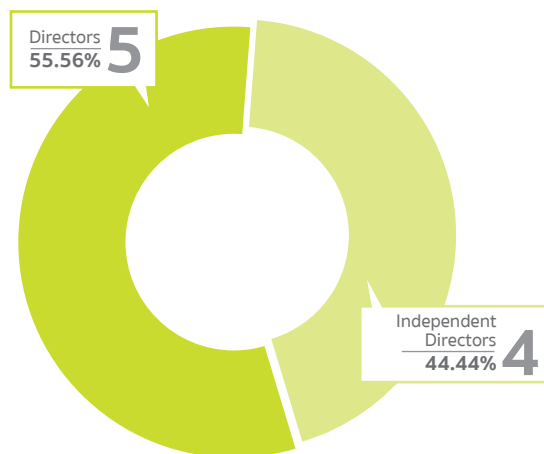
The Board of Directors

The Board of Directors consists of directors with knowledge, competencies and experiences that are useful for the Company, playing important role in establishing the Company's policies and overview, governing, inspecting and evaluating the Company's performance to meet the given plan.

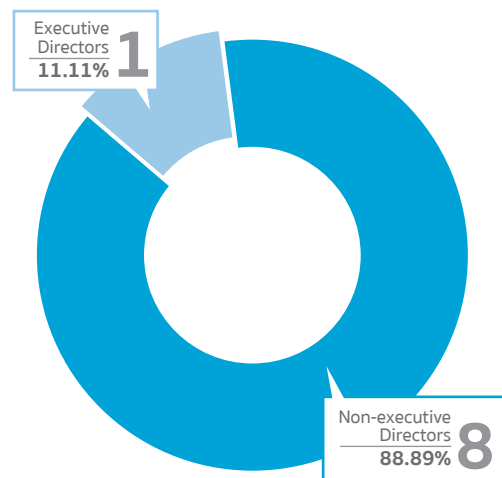
At present, the Board of Directors consists of 1 Executive Director and 8 Non-executive Directors, totally 9 directors, 4 of them are independent directors, accounting for not less than 1/3 portion of total directors in the Board and not less than 3 directors, this will properly balance the consideration and voting in many subjects.

The office term of the Board of Directors is not more than 3 years, the independent directors shall have the office term for not less than 9 years in consecutive manner, unless that person is deemed by the Board of Directors that he/she should continue his/her officer term for the Company's utmost benefits.

Ratio of Independent Directors



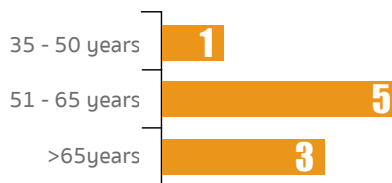
Ratio of Non-executive Directors



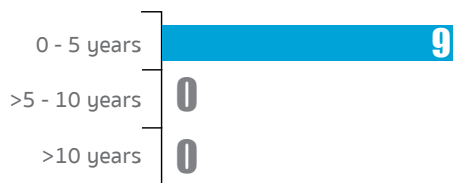
Female / Male



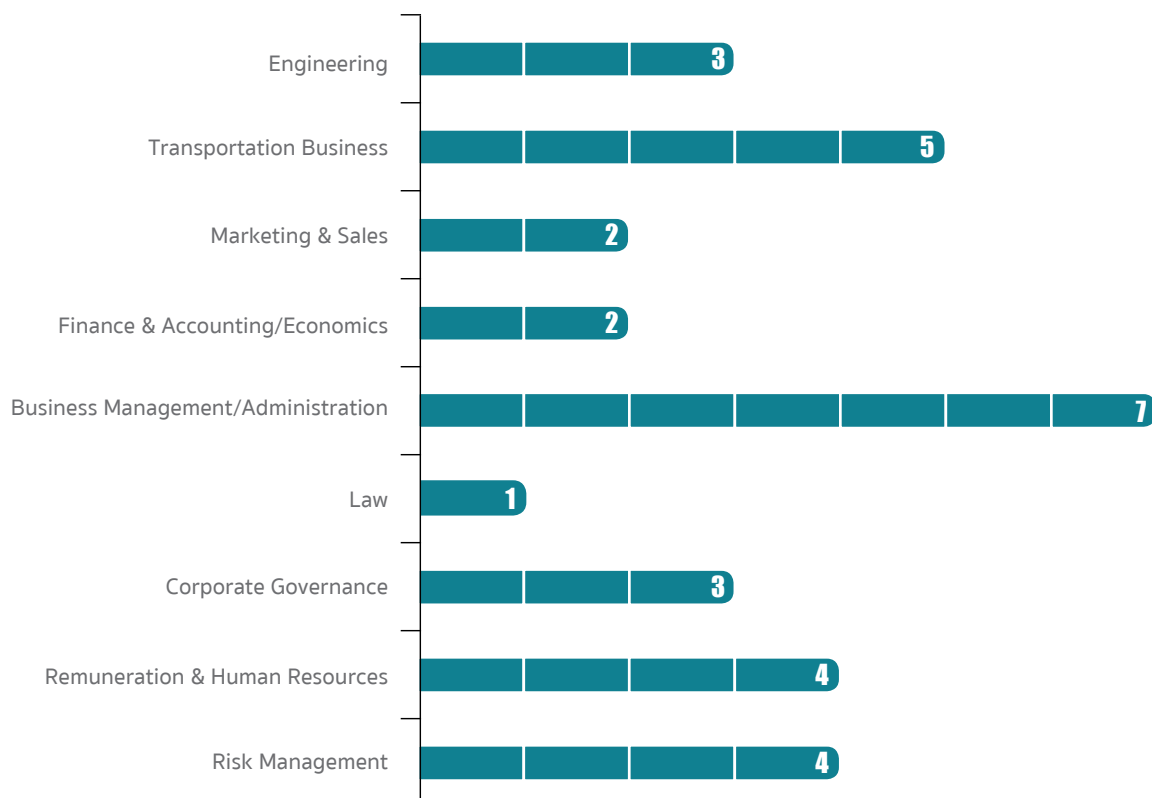
Age Range of Directors



Office Term Period



Directors' Skills & Experience



Sub-committees

The Board of Directors appoints the Sub Committees to support the Company's corporate governance as follows:

(1) Board of Executive consists of at least 3 executive directors to help and support the Board of Directors in managing the Company's business to achieve policies, plans, rules and any orders as well as the targets determined under the framework assigned by the Board of Directors.

(2) Audit Committee consists of 3 members to help and support the Board of Directors in governing and inspecting the administration, internal control and compliance with the related laws as well as the preparation of financial reports to allow the Company's operation and information disclosure being transparent and reliable.

(3) Nomination, Remuneration and Good Corporate Governance Committee consists of at least 3 members to nominate the proper qualified persons to hold the office of the Company's directors and executives and to consider form and criteria of remuneration payment for the directors and executives and the development of the Company's executives.

(4) Risk Management Committee consists of 3 members to help and support the Board of Directors in determining the risk management policy for overall organization and governing to have risk management system or process to properly minimize the impact on the Company's business.

2. The Board of Directors' Role, Duty and Responsibilities

The Board of Directors has responsibility to shareholders regarding the Company's business operations and has a duty to set policies and directions for the Company's operation while taking into account the benefits of all stakeholders with details as specified in the Board of Directors Charter and as disclosed in the topic "Management Structure" > "Authority, Duties and Responsibilities of the Board of Directors"

(1) Corporate Governance Policy: The Company has documented the corporate governance policy and proposed to the Board of Directors for approval, the preparation of the Corporate Governance Handbook is aimed to be used as a guideline for directors, executives and employees to comply with such policies. The Company will annually review such policies.

(2) Code of Conduct: The Company intends to operate its business with transparency, morality, responsibility to all stakeholders as well as society and environment, the Company has set out the written code of conduct for the Board of Directors, executives and employees to comply with.

(3) Conflict of Interests: The Company has a policy to carefully eliminate the conflicts of interests with honesty, reasons and independence under the framework of good ethics for the Company's benefits, it requires those involved or connected to any considering transactions to disclose their information regarding the interests of their own and their relative persons to the Company for acknowledgement and must not participate in the consideration as well as have no authority to approve such transactions.

The Company has a policy on connected transactions and transactions with conflict of interests that is consistent with the law and regulations of the Office of Securities and Exchange Commission, the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand, and will disclose such transactions in the Annual Report and the Annual Registration Statement (Form 56-1)

(4) Internal Control: The Company has established the effective internal control system for governance and internal control in both the management level and the operational level that is effective The Company has

established the Internal Audit Department which is an independent agency to assess the adequacy of the internal control system and to directly report to the Audit Committee in accordance with the given audit plan.

(5) Risk Management: The Company has established the Risk Management Committee to help and support the Board of Directors in determining risk management policies for entire organization and to supervise to establish a risk management system or process to appropriately reduce the impact on the Company's business.

(6) Report of the Board of Directors: The Audit Committee is responsible for reviewing financial reports with the meeting attendance of the Accounting Department and the auditor, and present financial reports to the Board of Directors every quarter. The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries as well as financial information appeared in the Annual Report.

3. The Performance Assessment of the Board of Directors and Sub-committees

The Company requires the performance assessment of all directors at least once a year to improve and modify the operation, the evaluation topics will be clearly determined before conducting the assessment to gather opinions and propose to the meeting with following assessment criteria and procedures:

3.1 The Board of Directors assigned the Compliance and Company Secretary Department to submit a Self-Assessment form to the Board of Directors and Sub-committees for their own assessment. This Self-Assessment form is complied with the guidelines of the Stock Exchange of Thailand and can be divided into 3 forms, namely:

- a. The Entire Performance Assessment of the Board of Directors
- b. The Entire Performance Assessment of Sub-Committee
- c. Individual Performance Assessment of the Board of Directors and Sub-Committees

3.2 The Company Secretary will collect all performance assessment forms, then summarize the scores and propose the results to the Nomination, Remuneration and Good Corporate Governance Committee together with the assessment procedures and criteria for consideration.

3.3 The Nomination, Remuneration and Good Corporate Governance Committee will present all evaluation results to the Board of Directors for consideration and use it as a guideline to develop the operations of the Board of Directors to be more effective and further develop the potential of individual directors.

In 2018, the Compliance and Company Secretary Department submitted all 3 performance assessment forms mentioned above to the Board of Directors and all Sub-committees to assess their own performance for the year 2018 with following criteria and results of performance assessment:

| Category of Directors and Assessment Criteria | Assessment Results |
|---|--------------------|
| The Board of Directors | |
| Entire Board Assessment The assessment criteria is divided into 6 main areas as follows: (1) Structure and Qualifications of the Board of Directors; (2) Roles, duties and responsibilities of the Board of Directors; (3) The Board of Directors' meetings; (4) Duties of directors; (5) Relationship with the management; (6) Self-development of directors and development of executives. | 3.83 / 4.00 |
| Individual Assessment The assessment criteria is divided into 3 main areas as follows: (1) Structure and Qualifications of the Board of Directors; (2) The Board of Directors' meetings; (3) Roles, duties and responsibilities of the Board of Directors. | 3.81 / 4.00 |
| Audit Committee | |
| Entire Committee Assessment The assessment criteria is divided into 3 main areas as follows: (1) Structure and Qualifications of the Nomination, Remuneration and Good Corporate Governance Committee; (2) The Nomination, Remuneration and Good Corporate Governance Committee's meetings; (3) Roles, duties and responsibilities of the Nomination, Remuneration and Good Corporate Governance Committee. | 3.92 / 4.00 |
| Individual Assessment The assessment criteria is divided into 3 main areas as follows: (1) Structure and Qualifications of the Nomination, Remuneration and Good Corporate Governance Committee; (2) The Nomination, Remuneration and Good Corporate Governance Committee's meetings; (3) Roles, duties and responsibilities of the Nomination, Remuneration and Good Corporate Governance Committee. | 3.94 / 4.00 |
| Nomination, Remuneration and Good Corporate Governance Committee | |
| Entire Committee Assessment The assessment criteria is divided into 3 main areas as follows: (1) Structure and Qualifications of the Risk Management Committee; (2) The Risk Management Committee's meetings; (3) Roles, duties and responsibilities of the Risk Management Committee. | 3.80 / 4.00 |
| Individual Assessment The assessment criteria is divided into 3 main areas as follows: (1) Structure and Qualifications of the Nomination, Remuneration and Good Corporate Governance Committee; (2) the Nomination, Remuneration and Good Corporate Governance Committee's meetings; (3) Roles, duties and responsibilities of the Nomination, Remuneration and Good Corporate Governance Committee. | 3.88 / 4.00 |
| Risk Management Committee | |
| Entire Committee Assessment The assessment criteria is divided into 3 main areas as follows: (1) Structure and Qualifications of the Risk Management Committee; (2) The Risk Management Committee's meetings; (3) Roles, duties and responsibilities of the Risk Management Committee. | 3.77 / 4.00 |
| Individual Assessment The assessment criteria is divided into 3 main areas as follows: (1) Structure and Qualifications of the Risk Management Committee; (2) The Risk Management Committee's meetings; (3) Roles, duties and responsibilities of the Risk Management Committee. | 3.87 / 4.00 |

4. Remuneration for directors

The remuneration for directors must be in the appropriate criteria when comparing to similar companies in the same industry by taking into account the adequacy to the duties and responsibilities of the Company's Board of Directors. The remuneration for executives and annual bonus for directors will be considered from the Company's performance, however, the total amount of annual remunerations for directors and executives must not abnormally high when comparing to similar companies in the same industry by taking into account the utmost benefits of shareholders.

Details of the remunerations of each director and executive are disclosed in "Management Structure" > "The Remuneration for Directors and Executives".

5. Orientation for new directors

In the event that any directors are changed or new directors are appointed, the management will provide documents and information that are useful to the performance of new directors and introduce the name of the Company's business and business operation to new directors

6. Development of directors and executives

The Board of Directors has a policy to promote and facilitate the training and education for those involved in the Company's corporate governance system, such as directors, audit committee, executives and company secretary, etc., in order to continuously improve the operation, the training and education are possible to be organized within the Company or use the services of external institutions.

The Board of Directors will conduct the rotation of assigned work based on the aptitude of executives and employees by considering the appropriateness of work and time. The Chief Executive Officer will set the period and consider the said performance to be the Company's development and succession plan and to develop executives and employees to have more working knowledge and ability and can replace each other.

In 2018, the Company's directors and executives attended training program and seminars to improve their knowledge as follows:

| Director / Executive | Training Program or Seminar |
|-------------------------------|---|
| 1. Mr. Bowon Vongsinudom | <ul style="list-style-type: none">Advance Audit Committee Program (AACP), Class 28/2018, organized by Thai Institute of Directors Association |
| 2. Admiral Nibhon Chagsudulya | <ul style="list-style-type: none">Corporate Governance for Executive (CGE), Class 12/2018, organized by Thai Institute of Directors Association |
| 3. Mr. Kosit Fuangswasdi | <ul style="list-style-type: none">Board Matters and Trends (BMT) Program, Class 5/2018, organized by Thai Institute of Directors AssociationStrategic Board Master Class (SBM) Program, Class 3/2018, organized by Thai Institute of Directors Association |
| 4. Mr. Surasak Chaiyen | <ul style="list-style-type: none">Corporate Governance for Executive (CGE) Program, Class 12/2018, organized by Thai Institute of Directors Association |
| 5. Mr. Nuthkorn Samran | <ul style="list-style-type: none">Top Management Program, organized by Capital Market Academy (CMA), Class 26/2018 |
| 6. Miss Suthasinee Muenlamay | <ul style="list-style-type: none">Fundamentals of Petroleum Economics by Petroleum Institute of Thailand, February 2018 |

7. Directorship in other companies

The Company's directors can hold the position of director or executive in the companies under the Company group or other companies, but they are required to meet the requirements of the Office of SEC, the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as related agencies and notify to the meeting of the Board of Directors for acknowledgement.

8. CEO Performance Evaluation

The Board of Directors has assigned the Nomination Committee to consider the criteria of performance assessment for Chief Executive Officer and proposed it to the Board of Directors for approval. In 2018, the Nomination Committee determined the performance assessment indicators for the Chief Executive Officer by dividing into 3 areas as follows:

- (1) Financial Indicator (GL KPI)
- (2) Operation and Internal Process Indicator (STD KPI)
- (3) Development Indicator (EQ KPI)

In addition, the Company also requires the Chief Executive Officer to assess his/her self performance once a year and present the result to the Nomination Committee. and the Board of Directors

9. Succession Plan

The Company's Board of Directors recognizes the importance of the human resource management, in order to ensure the continuity in the management of the Company, the Nomination, Remuneration and Good Corporate Governance Committee, therefore, set the succession plan for important positions as follows:

- In 2017, the successor of the Chief Executive Officer was considered and selected.
- In 2018, the plan to develop the successor of the Chief Executive Officer was established and the successors of top executives were considered and selected.
- In 2019, the plan to develop the successors of top executives will be established and the plan to develop the successor of the Chief Executive Officer will be continuously followed up.

8. Compliance with the Corporate Governance Code in other aspects

(1) The Company has provided a report on the performance of all Sub-committees. (only the director level) and disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report.

(2) The Company's Board of Directors has established the Nomination Committee to help and support the Board of Directors in determining various operating rules to be in line with the Company's policy on the Corporate Governance Code.

The Company highly realizes that sustainable business growth development is derived from laying the secure foundation to the community and society, and thoroughly pays attention to all stakeholders and adheres to the concept of business operation. It is to say that “the business and community must simultaneously grow for true sustainability creation”. For this reason, the Company therefore intends to aim for creation of public benefit activities as part of good life quality building of people in society as the basis of building the strong community and paving toward sustainable community and social development. Thus, in 2018, the Company has established the responsibility policy for all stakeholders in consistency with Corporate Governance Code to create sustainable business value that consists of 8 key sections as follows.

Section 1: Fair business operation

The Company focuses on business operation under loyalty, fairness and ethics and persists in trade competition under morals in trading, laws, and principle of equal trade completion, and deny of any behavior that obstructs fair competition such as acquisition of secret information of the trade competitor, demand, receiving, and not giving any benefit which is commercially dishonest in purchase of asset, etc. In addition, the Company also respects to the intellectual property rights of other persons under the Company’s policy that the personnel shall comply with laws or requirements related to the intellectual property rights such as the application of legal copyrighted computer program, etc. The Company also initiates the project of campaign the encouragement and cultivation of subconscious to the Company’s personnel in all levels for social responsibility.

Section 2: Anti-corruption

The Company administers the business on the basis of transparency and ethics, adheres to Corporate Governance Code, and complies with laws related to prevention and anti-corruption, giving or receiving bribery with the public or private officers. The Company properly structures the organization to have clear duty and responsibility delegation, work process, and chain of command in each work unit for checks and balances and conciseness in cross checks. Furthermore, the Company determines to establish the anti-corruption policy using principle and guideline of “Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) Project” for observance as practice. All directors, executives and staffs shall strictly comply with the said policy.

Section 3: Human right respect

The Company formulates the policy for support and respect to the human right protection. The treatment to the related parties whether being staffs, surrounding community and society with respect in the value of human beings shall concern on equality and equal freedom, non-violation of basic rights, and non-discrimination whether in the matter of race, nationality, religion, language, skin color, gender, age, education, physical condition or social status, and supervise in the way that the Company’s business is not involved in violation of human rights such as use of child labor, sexual harassment, etc. In addition, the Company encourages the monitoring on compliance with requirement of human rights by arranging the participation in opinion expression and complaining channel for the victim from violation of right due to the business operation of the Company and executing remedy as appropriate.

For effective human right respect, the Company shall build body of human right knowledge and cultivate conscience to the personnel of the Company to comply with the principle of human rights.

Section 4: Fair labor treatment

The Company realizes on the importance of human resource development and fair labor treatment as factor that contributes to addition of the business value and reinforces competitiveness and sustainable growth of the Company in the future, and then determines the policy and practical guideline as follows.

- (1) Respect the right of staff in accordance with the principle of human rights and comply with labor law.
- (2) Arrange the fair employment process, employment condition, and determination of remuneration, and consideration on meritorious achievement under fair performance appraisal process.
- (3) Promote personnel development by organizing seminar training, training, and delivering the personnel to participate in technical seminar and training in related fields for development of knowledge, competency and potential of the personnel, and cultivate good attitudes, morals, ethics, and teamwork to the personnel.
- (4) Arrange the welfare for staffs as prescribed by law such as social security, and other than what is prescribed by law such as health insurance and accident insurance, provident fund, as well as different types of financial aids such as scholarship for children, and funeral grant-in-aid, etc.
- (5) Arrange annual physical checkup service for all levels of the personnel of the Company by considering from risk factors based on level, age, gender, working environment of each person.
- (6) Execute work safety and good hygiene at work place for staffs by establishing preventive measure of accident occurrence, reinforcing staffs to be conscious in safety, as well as organize training and reinforce staffs to have good hygiene and supervise work place to be always hygienic and safe.
- (7) Give the staff the opportunity to enable to express opinion or complain about unfair treatment or improper act in the Company, and protect staffs who report such issue.

Section 5: Customer responsibility

The Company aims for developing the services of the Company and subsidiaries for maximum customer satisfaction and benefit and adhering to customer treatment with responsibility, loyalty and care on customers as if they are the families of the Company as follows.

- (1) The Company mainly concerns on quality and standard of the Company under focus on quality and standard service so that customers can use quality and hygienic services in maximum satisfaction. Moreover, the Company is farseeing the importance of service-related cognizance provision. The staffs of the Company shall perform providing proper and complete service information.
- (2) The Company initiates the project for continuous development and invention of new services to fulfill customer demand so that customers can use variety of quality and standard services to meet the demand.
- (3) The Company adheres to fair marketing under the policy for the customer acquisition of the Company's proper service-related information without distortion, ambiguity or hype so that the customers can have proper and sufficient information for decision making.
- (4) The Company concerns on customer safety and aims for use of quality and safe services by the customers in accordance with international safety standard and rule and regulation and pursuant to the requirement of law; and always designs, creates, and develops services so that customers are confident on quality, standard and safety of the Company's services.

(5) The Company systemizes customer relations used in effective customer communication, and receiving complaints on service quality via the Company's website to enable to rapidly fulfill customer demand.

(6) The Company keeps the customer information as secret without unlawful use of such information.

(7) The Company organizes the activities for reinforcement of sustainable relations between customers, and between customers and the Company.

Section 6: Environmental care

The Company gives precedence to social responsibility on environmental care by executing and controlling of the services of the Company and subsidiaries to strictly comply with the laws related to environmental care. The Company also operates the business under concept of environmental attention and care by aiming at supervision and development of service process and selecting the consumption of materials and goods which are friendly to nature and environment. Moreover, the Company also gives precedence to minimization of production process wastes focusing on the principle of low consumption or consumption as much as necessary. The purpose is to circulate resource sharing to maximize efficiency for environmental care and avoidance of environmental destruction starting from environmentally friendly design, use of non-consumables, and ability of several recycles, supply of environmental care system both being determination as practical guideline and equipment of business operation.

Section 7: Mutual development of community or society

The Company realizes on community and social responsibility for reinforcement of true strength to the community and society in return to the society. The purpose is to create body of knowledge, create job and produce people. Therefore, the Company formulates the policy of social assistance and development by aiming at donation and educational support, activity collaboration with the surrounding communities in the areas where the Company enters to reasonably operate the business as the case may be, and rapid and effective response to event that have community, social and environmental impact as the result of the Company's operation. Moreover, the Company also promotes the Company's staffs to be conscious and responsible for environment and society.

Section 8: Availability of Innovation and diffusion of innovation derived from operation with responsibility on society, environment and stakeholders

The Company gives precedence to creative activities and services with motivation at appropriate responsibilities on society, environment and stakeholders under expectation to primarily create innovation of the Company's operation. The availability of innovation as process and social service is on "rethinking" basis to fulfill the social propositions in various viewpoints. In addition, the Company also gives the staffs the opportunity to enable to participate and propose the opinions on development of creative work process.

However, the Company applies the aforesaid 8 sections of the policy for responsibility on all stakeholders in initiation and creation of community and social projects and activities. In 2018, the Company supported and collaborated on creation of the projects and activities which are useful for all stakeholders as follows.

Projects for Environment Conservation

Project of animal water breed release in return to the nature



The company highly realizes that it is unavoidable for human living from natural resources and environment.

Thus, well natural resource conservation and environmental restoration are the building of sustainable secure foundation to the community.

For this reason, the Company aims for support and collaboration with public, private and local agencies in regular yearly organizing the projects or activities as good conscious mind cultivation in environmental conservation and natural resource preservation for people in the community.

In 2018, the Company was cooperative with The Electricity Generating Authority of Thailand and Southern Power Plant, Krabi Province, in supporting the project of breed release of animal water which is sea bass yearling. The said project is organized by Talingchun Commune Municipality at Hat Yao, Talingchun Sub-district, Nuea Khlong District, Krabi Province. The purpose is to recall the royal grace of the King Maha Vajiralongkorn Bodindradebayavarangkun.



The project of animal water breed release in return to the nature can induce people in the community to foresee the importance of water animal breed and natural environment conservation and it is the rehabilitation of richness to the coastal communities, and also stimulation of tourism economy in sea community of Hat Yao.

Mental Health Promoting and Spiritual Health Conquering Project



On Friday 13 July 2018, the Group of the Companies cooperated with PTT Public Company Limited, Surat Thani Petroleum Terminal, to organize the community participative development activity in Mental Health Promoting and Spiritual Health Conquering Project (visiting the homes of the chronic patients and of the group of home and bed-ridden elderly) at Khlong Chanak Sub-district Health Promoting Hospital, Mueang District, Surat Thani Province. The objective of the activity is



to provide service of knowledge in caring, promoting and preventing the occurrence of mental health problems to people in the community to be strong, and to always develop their healthcare under wisdom and culture, and inherit good wisdom, culture and local tradition to be existent on and on.



Social Activity Project in Ko Sichang Commune Municipality Zone



The Group of the Companies gives precedence to social and environmental responsibilities. The organization therefore implemented the activities under the principle of ethics and good management by taking both internal and external social and environmental responsibilities,

leading to sustainable development for the will of development on way of life of the community with sincerity and value, together with business growth of the Company's business with creation of smile and good activities to the community through sustainability creation activities in development of six social and environmental projects in total at Ko Sichang Commune Municipality in 2018 as per the following detail.

1) On 11 January 2018, the Group of Companies participated in doing the activity and supported the budget of Smart City Project at Ko Sichang Commune Municipality. The objective of the Project is to promote quality of life of the community on Ko Sichang by emphasizing on the matters of safety, and health and sanitation of people.

2) On 5 March 2018, the Group of the Companies participate in doing the activity and supported the budget of Marine Police Division Development Project. The objective of the Project is to develop and improve landscape inside and in the area of the Division to promote the function of the officer and to facilitate the people who are the service users.

3) On 16 August 2018, the Group of the Companies participated in doing the activity and supported budget for promoting the function of provincial polices of Ko Sichang District by overhauling hull and engine of boats of Ko Si Chang Sub-district Police Station, so that the existing boats can be operated for using in preventing and suppressing mission on crimes and narcotics, and for creating comfortable feeling of people on the area.

4) On 30 November 2018, the Group of the Companies supported donation activity for the set of tables and chairs to Ko Sichang School, and supported teaching aids consisting of tables-chairs for students of Ko Sichang School to develop the instruction, reinforce personality and characteristic of the students to have studying standard.



1. Summary of opinions from the Board of Directors on the Company's internal control

Internal Control

The Company realizes and gives precedence to continuously assess the internal control system emphasizing on the internal control system that adequately covers all activities to increase the efficiency in operation, resource consumption, asset maintenance, protection and reduction of working errors, proper and reliable financial reporting, compliance with business operation-related laws, rules and regulations. The Company assesses the adequacy of internal control by using the assessment form issued by the Securities and Exchange Commission (SEC), which is in accordance with the international standard of the Committee of Sponsoring Organizations of the Tread Way Commission (COSO), the elements of internal control can be summarized into 5 areas as follows:

1.1 Control Environment

Control Environment

The Company has the good internal control by emphasizing the Board of Directors, executives and employees in all levels to focus on the control environment with the written requirements for code of conduct for all executives and employees, the roles and duties of the Board of Directors are clearly separated from the Management, top management engages in the determination of organizational structure that support the achievement of the Company's objectives as per chain of commands, additionally, the authorities and duties, nomination, development and training are properly determined in accordance with job description. The key performance indicators and the succession plan are also established. Moreover, the Board of Directors and executives have the process to communicate all employees to take responsibility in the internal control and the working process is improved and amended to be regularly and continuously effective every year.

1.2 Risk Assessment

Risk Assessment

The Company establishes the policy of risk management approved by the Company's Board of Directors and communicate such policy to all executives and employees for acknowledgement and compliance. The Company follows the general certified accounting standard which is proper to the business and the Company's financial report also truly reflects the Company's operational activities. The Company established the Corporate Risk Management Team that has duties in collecting and identifying all types of risks which may affect the business operation, caused by internal and external factors. The Company has measures and operational plans to manage risks that may affect operations, to assess the potential for corruption in the company which the Audit Committee has given importance to such risk by considering following factors: external factors, internal factors, internal controls financial reports, business model and the change of organizational leaders as well as determines the measures to respond to such changes which may cause risks for the Company.

Control Activities

The Company formulates and documents the activity control measures to cover work process proper to the risks, policies and work procedures related to financial, purchasing and general administration transactions and clearly defines scope of authorities and approval power of the executives in each level to enable to prevent corruption. The policy is carefully formulated to monitor and collect data of major shareholders, directors, executives to review the connected transactions in accordance with the Company's policy and the requirements of the Stock Exchange of Thailand, requiring the internal control for all departments and the definite separation of important duties and responsibilities, for example, the approval of transactions, the recording of accounting particulars and the maintenance of properties. The Company requires the good management of information system to cover all steps of operations on infrastructure, safety, development and maintenance, to respond the needs of users, as well, the long-term transactions are also monitored whether or not the practice is followed in accordance with the conditions agreed in the contract all the time of binding with the Company.

Information & Communication

The Company realizes on the importance of information system and both internal and external data communication by concerning on costs and benefits to be gained by the Company. Such data is adequate for executives to use for considering business operations, determining management guidelines, the Company's strategies with accuracy and reliability. The relevant persons shall submit the invitation letter or supporting documents of the Board of Directors which adequately show the important information for considering and approving transactions within deadline prescribed by the law. The Company thoroughly prepares the minutes of meeting, such as recording the questions of directors, comments, observations and recommendations of directors on matters presented to the Board of Directors for consideration, and keeping the important meeting documents in a closed place and not disseminating such important information to irrelevant people. In addition, after receiving information from the Company's auditor or internal auditor that some incompliances were found in the internal control process, the Company will completely solve such incompliances according to the schedule by considering from executives and the Board of Directors based on approval authority. The Company has effective internal and external communication process and have special or secret communication channels to enable the Company's employees to notify or whistle blow on internal corruption to the Chairman of the Audit Committee in accordance with the Company's policy. Additionally, the Company also effectively and properly communicates with external stakeholders to provide them the accurate and correct information.

Monitoring Activities

The Company establishes the assessment and monitoring system on the compliance with ethics and organization requirements to prevent the conflict of interest of the Company's executives and employees, also, the Company has the monitoring plan in accordance with the internal control system as planned for assessing themselves and/or being independently assessed by the internal auditors, to monitor and assess the result of internal control system and report the result of internal audit which is regularly reviewed by the Audit Committee. In addition, the Company encourages the internal auditors to have knowledge of International Standard for the Professional Practice of Internal Auditing (IIA). The Company recognizes the importance of reporting information or fraud events that may significantly affect the stability of the Company to the Board of Directors and the progress of improving significant deficiencies is also reported to the Board of Directors / Audit Committee.

Risk Management

The Company highly emphasizes on risk management, therefore, in 2018, the Company hired a consultant with knowledge, ability and expertise in risk management to provide knowledge about the risk assessment and management to employees. The company also set a risk management policy to be in line with the COSO-ERM 2017 principles in order to be a risk management tool that will make the organization achieve its objectives and targets as set by assessing and managing all aspects of risks, such as good governance, business strategy and business plan, operational and infrastructure systems and financial reports in order to find adequate and appropriate risk management measures. The progress of risk management is also reported to the Board of Directors and risk factors that may affect the Company are also reviewed to effectively evaluate and find measures to prevent potential risks.

2. Opinions from the Internal Audit Office and the Company's Auditor on the internal control

Based on the internal audit conducted by the internal audit unit and the audit of financial statements by KPMG Phoomchai Audit Co., Ltd. for the year 2018, it was found that the Company has given the importance on the internal control system and has adequately, properly and effectively provided an internal control system for every steps of work process in each department, giving the confident to stakeholders on the control of the Company's resources for the utmost benefit. From the internal audit report and financial statement review report, there were no significant audit issues related to internal control systems were found.

3. Head of Internal Audit Unit and Head of Compliance Unit

(1) The Audit Committee has considered to select the Head of internal audit unit to perform duties as the leader. At present, Ms. Sirimapan Phaichalerm is the Internal Audit Manager, who has been appointed to perform this duty since November 1, 2016. The Audit Committee gives the opinion that Ms. Sirimapan Phaichalerm is qualified to this position as the Head of internal audit unit with education, working experience, and internal audit professional qualifications, the Audit Committee has assigned Well Planning Solution Co., Ltd. to act as an advisor to provide additional suggestion about internal audit to the Company's internal auditors as well.

The Head of the Company's Compliance Unit is Miss Udornrat Sitthikorn, who is currently the Company Secretary.

(2) According to the Charter of the Audit Committee, it requires the Audit Committee to approve the appointment, transfer and termination of the Head and employees of the internal audit unit or any other unit responsible for the internal audit of that company.

Information of Directors, Executives and Company Secretary



1

Mr. Bowon Vongsinudom

Chairman of the Board of Directors and Independent Director

Age: 64

Date of the first appointment as director : 22 January 2016

Proportion of shareholding in the Company: Own share: None

Relationship Persons*:

Spouse holds 1,500,000 shares (0.060% of total issued shares)

Family relationship between director and executive: None

Educations

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Master of Engineering (Chemical Engineering), Chulalongkorn University
- Bachelor of Engineering (Chemical Engineering), Chulalongkorn University

Training Programs by the Thai Institute of Directors Association (IOD)

- Advance Audit Committee Program (AACP), Class 28/2018
- Director Certification Program (DCP), Class 209/2015
- Director Accreditation Program (DAP), Class 76/2008

Other Training / Seminars

- The Joint State - Private Sector Course (NDJC), Class 17/2004, National Defence College

Working experiences

| Position in other listed companies | | Position in other non-listed companies or organizations | |
|------------------------------------|--|---|---|
| 2016 – Present | Chairman of the Board of Directors and Independent Director Prima Marine Public Company Limited | 2018 – Present | Vice Chairman – The Institute of Industrial Energy The Federation of Thai Industries |
| 2018 – Present | Vice Chairman, Chief Executives Officer and President Thai Vegetable Oil Public Company Limited | 2016 – Present | Director Bangkok Industrial Gas Company Limited |
| 2015 – Present | Chairman of the Board of Directors and Independent Director Thai British Security Printing Public Company Limited | 2015 – Present | Chairman of the Board of Directors UAC Advance Polymer & Chemicals Company Limited |
| 2015 – Present | Director and Member of Executive Committee WP Energy Public Company Limited | 2015 – Present | Director Asean Potash Chaiyaphum Public Company Limited |
| | | 2015 – Present | Member of PTIT Council Petroleum Institute of Thailand |
| | | 2012 – Present | Chairman of the Board of Directors PTT Phenol Company Limited |

2011 – Present Director and Chairman of Audit Committee
Plastics Institute of Thailand,
Ministry of Industry

Working Experiences in the Last 5 Years

2017 – 2018 Director
State Railway of Thailand

2014 – 2018 Director
Metropolitan Waterworks Authority

2016 – 2017 Independent Director and Member
of Audit Committee Member
Suthakan Public Company Limited

2014 – 2016 Chairman of the Board of Directors
Water Institute for Sustainability,
The Federation of Thai Industries

2014 – 2016 Chairman
Petrochemical Cluster,
The Federation of Thai Industries

2013 – 2014 Chief Executive Officer and President
PTT Global Chemical Public
Company Limited

2013 – 2014 Director
Vinythai Public Company Limited

2012 – 2014 Director
Thai Tank Terminal Limited

2012 – 2014 Chairman of the Board of Director
NCP Safety and Environmental Service
Company Limited

2012 – 2014 Chairman of the Board of Director
PTT Maintenance and Engineering
Company Limited

2012 – 2014 Director
Global Power Synergy Public Company Limited

2011 – 2014 Director
PTT Global Chemical Public Company Limited

2009 – 2014 Vice President under the Business Group of
Downstream Petroleum
PTT Public Company Limited



Admiral Nibhon Chagsudulya

Vice Chairman of the Board of Director and
Chairman of the Nomination, Remuneration and Good Corporate

Age : 67

Date of the first appointment as director : 22 January 2016

Proportion of shareholding

in the Company : Owned share: 500,000 shares (0.020% of total
issued shares)

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Bachelor of Sciences (Royal Thai Navy), Royal Thai Naval Academy

Training Programs by the Thai Institute of Directors Association (IOD)

- Corporate Governance for Executive (CGE), Class 12/2018
- Director Certification Program (DCP), Class 104/2008

Other Training / Seminars

- Naval War College Course, Institute of Advanced Naval Studies
- The National Defence Course, National Defence Studies Institute
- Senior Executive Course (CMA 3), Capital Market Academy

Working experiences

2016 – Present Vice Chairman of the Board of Director and Chairman of the Nomination,
Remuneration and Good Corporate
Prima Marine Public Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

2006 – Present Chairman of the Board of Director
TMN Company Limited

Working Experiences in the Last 5 Years

2013 – 2016 Chairman of the Board of Director
Nathalin Welstar Energy Company Limited



3

Mr. Chainoi Puankosoom

Independent Director,
Chairman of the Audit Committee and
Member of Nomination, Remuneration and Good Corporate
Governance Committee

Age : 68

Date of the first appointment as director : 22 January 2016

Proportion of shareholding

in the Company : Owned share: 1,500,000 shares (0.060% of total
issued shares)

Relationship Persons*: None

Family relationship between director and executive : None

Education

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor Degree in Higher Accounting California College of Commerce, U.S.A.

Training Programs by the Thai Institute of Directors Association (IOD)

- The Role of Chairman in Leading Strategic Risk Oversight 2560
- The Role of the Chairman Program (RCP), Class 33/2014
- Financial Institutions Governance Program (FGP), Class 3/2011
- Directors Accreditation Program (DAP), Class 63/2007

Other Training / Seminars

-None-

Working Experiences

| | | |
|--|---|--|
| 2016 – Present | Independent Director, Chairman of the Audit Committee and Member of Nomination, Remuneration and Good Corporate Governance Committee | Nomination Committee, and Chairman of the Corporate Governance Committee |
| | Prima Marine Public Company Limited | Golden Land Property Development Public Company Limited |
| Position in other listed companies | | |
| 2017 – Present | Chairman of the Board of Directors, Independent Director, Member of the Audit Committee, Member of the Compensation Committee, and Chairman of the Corporate Governance Committee | |
| | Fraser's Property (Thailand) Public Company Limited | |
| 2016 – Present | Independent Director, Member of Audit Committee, and Member of Human Resource and Remuneration Committee | |
| | Demeter Corporation Public Company Limited | |
| 2016 – Present | Independent Director and Vice Chairman of the Board of Director | |
| | Tipco Asphalts Public Company Limited | |
| 2012 – Present | Independent Director, Chairman of the Audit Committee, Member of the Compensation and | |
| Position in other non-listed companies or organizations | | |
| 2017 – Present | Director and Chairman of the Audit Committee | |
| | Sapthip Company Limited | |
| 2010 – Present | Director | |
| | National Power Supply Public Company Limited | |
| Working Experiences in the Last 5 Years | | |
| 2016 – 2018 | Director - Circulation Fund | |
| | The Comptroller General's Department, Ministry of Finance | |
| 2011 – 2018 | Director | |
| | The Energy Fund Administration Institute (Public Organization), Ministry of Energy | |
| 2009 – 2018 | Director | |
| | Petroleum Institute of Thailand | |
| 2010 – 2016 | Director | |
| | Committee on State Enterprises Evaluation, Ministry of Finance | |
| 2013 – 2014 | Chairman of the Board of Director | |
| | IRPC Public Company Limited | |



4

Mr. Somchai Kuvijitsuwan

Independent Director,
Member of the Audit Committee, and
Member of Nomination, Remuneration and Good Corporate
Governance Committee

Age : 68

Date of the first appointment as director : 22 January 2016

Proportion of shareholding

in the Company : Owned share: None

Relationship Persons*: Spouse holds

800,000 shares (0.032% of total issued shares)

Family relationship between director and executive: None

Educations

- Master of Public Administration Program in Public Administration, National Institute of Development Administration (NIDA)
- Thai Barrister-at-law, Institute of Legal Education of The Thai Bar
- Bachelor of Laws in Laws Program, Ramkhamhaeng University

Training Programs by the Thai Institute of Directors Association (IOD)

- Role of the Chairman Program (RCP), Class 28/2012
- Director Certification Program (DCP), Class 76/2006
- Director Accreditation Program (DAP), Class 56/2006
- Understanding the Fundamental of Financial Statement (UFS), Class 3/2006

Other Training / Seminars

- Senior Executive Course (CMA 9), The Capital Market Academy
- Senior Executive in Energy Science Program (TEA 2), Thailand Energy Academy
- Provincial Chief Public Prosecutor Course, Class 9/1987

Working Experiences

| | | | |
|--|--|-------------|--|
| 2016 – Present | Independent Director, Member of the Audit Committee, and Member of Nomination, Remuneration and Good Corporate Governance Committee Prima Marine Public Company Limited | 2015 – 2018 | Independent Director and Chairman of the Audit Committee Thonburi Healthcare Group Public Company Limited |
| | | 2011 – 2018 | Director and Chairman of the Audit Committee PTT Global Chemical Public Company Limited |
| | | 2016 – 2016 | Director and Chairman of the Audit Committee International Engineering Public Company Limited |
| | | 2013 – 2015 | Attorney Director-General Department of Economic Crime Litigation, The Office of the Attorney General |
| | | 2010 – 2015 | Qualified Director in the Appeal Committee The Thai Custom Department |
| | | 2008 – 2015 | Expert Director and Chairman of the Audit Committee The Office of Securities and Exchange Commission |
| | | 2011 – 2014 | Director, Chairman of the Corporate Governance and Social Responsibility Committee, and Chairman of the Risk Management and Internal Control Provincial Electricity Authority |
| Position in other listed companies | | | |
| 2016 – Present | Independent Director and Member of the Risk Management Committee WP Energy Public Company Limited | | |
| Position in other non-listed companies or organizations | | | |
| 2017 – Present | Director and Chairman of the Audit Committee Apple Wealth Holdings Public Company Limited | | |
| 2016 – Present | Independent Director and Chairman of the Audit Committee Eastern Power Group Public Company Limited | | |
| Working Experiences in the Last 5 Years | | | |
| 2016 – 2018 | Chairman of the Board of Director AQ Real Estate Public Company Limited | | |



5

Mr. Kosit Fuangswasdi

Independent Director,
Member of the Audit Committee, and
Chairman of the Risk Management Committee

Age : 59

Date of the first appointment as director : 22 January 2016

Proportion of shareholding

in the Company : Owned share: 1,500,000 shares (0.060% of total
issued shares)

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Master of Business Administration in Business Administration and Management Program, Sasin Graduate Institute of Business Administration
- Bachelor of Science in Geology Program, Chulalongkorn University

Training Programs by the Thai Institute of Directors Association (IOD)

- Board Matters and Trends (BMT), Class 5/2018
- Strategic Board Master Class (SBM), Class 3/2018
- Boards that Make a Difference (BMD), Class 5/2017
- Director Certification Program, Class 247/2017
- Director Accreditation Program, Class 139/2017

Other Training / Seminars

-None-

Working Experiences

2016 – Present Independent Director, Member of the Audit Committee,
and Chairman of the Risk Management Committee
Prima Marine Public Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

2018 – Present Chartered Director
The Thai Institute of Directors Association (IOD)

2010 – Present Managing Director
K M A N Consulting Company Limited

Working Experiences in the Last 5 Years

-None-



6

Mr. Suraphon Meesathien

Director (Authorized Director), and
Member of the Risk Management Committee

Age : 65

Date of the first appointment as director : 22 January 2016

Proportion of shareholding

in the Company : Owned share: 500,000 shares (0.020% of total
issued shares)

Relationship Persons*: Spouse holds 100,000
hares (0.004% of total issued shares)

Family relationship between director and executive : None

Educations

- Master of Public Administration, National Institute of Development Administration
- Bachelor of Science, Royal Thai Naval Academy

Training Programs by the Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP), Class 155/2012
- Director Accreditation Program (DAP), Class 92/2011

Other Training / Seminars

- Enterprise Risk Management Course, Class 10, Chulalongkorn University

Working Experiences

2016 – Present Director and Member of the Risk Management Committee
Prima Marine Public Company Limited

Position in other listed companies

2011 – Present Director
Sea Oil Public Company Limited

Position in other non-listed companies or organizations

2018 – Present Director
Big Sea Company Limited

2011 – Present Director and Chief Executive Officer
Nathalin Company Limited

2011 – Present Director
Khunnathee Company Limited

2009 – Present Vice Chairman of the Board of Director
Thai Shipowners' Association

Working Experiences in the Last 5 Years

2014 – 2018 Director
Nathalin Shipping Pte. Ltd.

2014 – 2016 Director
N.T.L. Marine Company Limited

2011 – 2016 Director
TMN Company Limited



7 Mr. Prompong Chaisrisawatsuk

Director (Authorized Director),
Executive Director and
Member of the Risk Management Committee

Age : 52

Date of the first appointment as director : 22 January 2016

Proportion of shareholding

in the Company : Owned share: 100 shares (0.000% of total
issued shares)

Relationship Persons*: None

Family relationship between director and executive: None

Educations

- Master of Business Administration in Business Administration Program (Finance),
Thammasat University
- Bachelor of Engineering in Chemical Engineering Program, Chulalongkorn University

Training Programs by the Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP), Class 97/2012

Other Training / Seminars

-None-

Working Experiences

2016 – Present Director, Executive Director, and Member of the Risk Management Committee
Prima Marine Public Company Limited

Position in other listed companies

2005 – Present Director and Executive Director
Sea Oil Public Company Limited

Position in other non-listed companies or organizations

2013 – Present Director and Chief Investment Officer
Nathalin Company Limited

2011 – Present Director
Nathalin Shipping Pte. Ltd.

2000 – Present Director
Nathalin Company Limited

Working Experiences in the Last 5 Years

2012 – 2016 Director
TOP-NTL Pte. Ltd.

2005 – 2014 Director
Khunnathee Company Limited



8

Mr. Surasak Chaigen

Director (Authorized Director) and
Executive Director

Age : 48

Date of the first appointment as director : 22 January 2016

Proportion of shareholding

in the Company : Owned share: 200,000 shares (0.008% of total
issued shares)

Relationship Persons*: Spouse holds 200,000 shares
(0.008% of total issued shares)

Family relationship between director and executive : None

Educations

- Master of Arts, Rangsit University
- Bachelor of Arts in Political Science, Chulalongkorn University

Training Programs by the Thai Institute of Directors Association (IOD)

- Corporate Governance for Executive (CGE), Class 12/2018
- Director Certification Program (DCP), Class 246/2017
- Financial Statement for Director (FSD), Class 28/2015
- Director Accreditation Program (DAP), Class 20/2012

Other Training / Seminars

- Assessment Center Certificate/ 7 Habits/ Global Organization Leadership Development (GOLD)

Working Experiences

2016 – Present Director and Executive Director
Prima Marine Public Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

2014 – Present Director and Chief Corporate Planning Officer
Nathalin Company Limited

Present Director
Dolphin Group

Working Experiences in the Last 5 Years

2009 – 2014 Vice President of Human Resource and Management
Nissan Motor (Thailand) Company Limited



9

Acting Sub Lt. Chanwit Anakkul

Director (Authorized Director),
Chairman of the Board of Executive, and
Chief Executive Officer

Age : 61

Date of the first appointment as director : 22 January 2016

Date of appointment as executive: 27 January 2016

Proportion of shareholding

in the Company : Owned share: 100 shares (0.000% of total
issued shares)

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Bachelor of Electrical Engineering in Electrical Power Program, Royal Thai Naval Academy

Training Programs by the Thai Institute of Directors Association (IOD)

- Risk management for Corporate leader (RCL), Class 8/2017
- Director Certification Program (DCP), Class 248/2017
- Director Accreditation Program (DAP), 120/2015
- Successful formulation & Execution of Strategy (SFE), Class 124/2015

Other Training / Seminars

- Senior Executive Course (CMA 23), Capital Market Academy, Class 9/2017
- Team Bridge Simulator Thaioil Training Center Southampton, UK
- Team Bridge Man Modern Training Center Singapore
- Solving, Decision Making Training Center Singapore
- Loss Control, Advance LPG Tanker Training Center Singapore

Working Experiences

2016 – Present Director, Chairman of the Board of
Executive, and Chief Executive
Officer

Prima Marine Public
Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

2017 – Present Director and Chief Executive Officer
TOP-NTL Pte. Ltd.

2016 – Present Director
Bongkot Marine Services
Company Limited

2016 – Present Director
Orchard Navee Company Limited

2014 – Present Director

N.T.L. Marine Company Limited

2014 – Present Director

Singha Tanker Company Limited

2011 – Present Director

Nathalin Shipping Pte. Ltd.

Working Experiences in the Last 5 Years

2012 – 2014 Chief Business and Marketing Officer
Nathalin Company Limited



10

Mr. Nutthakorn Samran

Vice President of Ship Management Business and Executive Director

Age : 52

Date of appointment as executive : 22 February 2018

Proportion of shareholding

in the Company : Owned share: None

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Master of Business Administration, Chiang Mai University
- Bachelor of Engineer, Royal Thai Naval Academy

Training Programs by the Thai Institute of Directors Association (IOD)

-None-

Other Training / Seminars

- Senior Executive Course, Capital Market Academy, Class 26/2018
- Risk Management and Incident Investigation Lloyd's Register
- Accelerated Finance and Accounting for Non-Finance Manager Boston Network
- Subsea Field Development Concept Optimization Universal Network Intelligence
- Regional Workshop on the IMO London Protocol in Thailand International Maritime Organization
- Navigation Risk "Assessment and Management" Workshop C.&P.
- SEA Survival & Offshore Safety Procedures SMTC/Sribima Maritime Training Centre
- How to develop a risk management plan-HRP
- Advance Commercial Negotiation (Best Practice)
- The leadership grid Thailand 4.0

Working Experiences

| | | | |
|--|---|--|---|
| 2018 – Present | Vice President of Ship Management Business Prima Marine Public Company Limited | 2016 – Present | Director Nathalin Management Company Limited |
| 2017 – Present | Executive Director Prima Marine Public Company Limited | 2016 – Present | Director BSC Management Seafarer Recruitment Company Limited |
| 2015 – Present | Director of Technic Prima Marine Public Company Limited | 2016 – Present | Director Srithai Capital Company Limited |
| Position in other listed companies | | 2014 – Present | Director N.T.L. Marine Company Limited |
| -None- | | Present | Director T.I.M. Ship Management Company Limited |
| Position in other non-listed companies or organizations | | Working Experiences in the Last 5 Years | |
| 2016 – Present | Director Thaimarine Tanker Company Limited | 2016 – 2018 | Managing Director (Acting) Nathalin Management Company Limited |
| 2016 – Present | Director Bongkot Marine Services Company Limited | | |



11

Mr. Sompot Khongsamran

Director of Marketing (Commercial 2) and Executive Director

Age : 55

Date of appointment as executive : 16 September 2015

Proportion of shareholding

in the Company : Owned share: None

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Master of Marketing Program, Webster University
- Bachelor of Arts (Psychology), Thammasat University

Training Programs by the Thai Institute of Directors Association (IOD)

-None-

Other Training / Seminars

- Marketing Knowledge for ship business unit
- Advanced commercial negotiation: Best practices & real cases
- IPO Focus: Accounting knowledge before IPO
- IPO Focus: Intensive Internal Control for Success IPO

Working Experiences

2015 – Present Director of Marketing (Commercial 2) and Executive Director
Prima Marine Public Company Limited

Present

Director

Top Nautical Star Company Limited

Position in other listed companies

-None-

Working Experiences in the Last 5 Years

2014 - 2016

Managing Director

Nathalin Offshore Company Limited
(Currently name is Prima Marine

Public Company Limited)

2012 – 2014

Managing Director

Khunnathee Company Limited

2016 – Present Director
Thaimarine Tanker Company Limited

2016 – Present Director
Orchard Navee Company Limited

2016 – Present Director
Bongkot Marine Services Company
Limited

2016 – Present Director
Nathalin Management
Company Limited

2014 – Present Director
Nathalin Shipping Pte. Ltd.

2014 – Present Director
Singha Tanker Company Limited



12

Ms. Nipat Eamsiriwat

Director of Marketing (Commercial 1)

Age : 42

Date of appointment as executive: 1 September 2015

Proportion of shareholding

in the Company : Owned share: None

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Master of Science in Logistics and Supply Chain Management, Burapha University
- Bachelor of Business Administration (Human Resource Management), Rajabhat Rajanagarindra University

Training Programs by the Thai Institute of Directors Association (IOD)

-None-

Other Training / Seminars

- Marketing Knowledge for Ship Business Unit

Working Experiences

2015 – Present Director of Marketing (Commercial 1)
Prima Marine Public Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

2018 – Present Director
Big Sea Company Limited

2018 – Present Director
BSC Management Seafarer Recruitment Company Limited

2016 – Present Director
N.T.L. Marine Company Limited

2016 – Present Director
Nathalin Management Company Limited

Present Director
Thaimarine Tanker Company Limited

Working Experiences in the Last 5 Years

2013 – 2015 Managing Director
Kanjana Marine Company Limited



Ms. Suthasinee Muenlamay

Director of Project Investment and Quality Assurance

Age : 35

Date of appointment as executive : 14 June 2018

Proportion of shareholding

in the Company : Owned share: None

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Master of Business Management (Merit), Oxford Brookes University, Oxford, UK
- Bachelor of Product Development of Agro-industry (1st Class Honor), Kasetsart University

Training Programs by the Thai Institute of Directors Association (IOD)

-None-

Other Training / Seminars

- Fundamentals of Petroleum Economics by Petroleum Institute of Thailand, February 2018
- Financial Management and Tax Planning by The Faculty of Economics, Chulalongkorn University Thailand, April-May 2016
- LNG/Gas Contracts - Negotiation, Drafting and Administration by IBC Asia Singapore, May 2015
- LNG Cargo Operations, Transportation and claims by IBC Asia Singapore, March 2015
- Tanker Chartering, Laytime and Demurrage by IBC Asia Singapore, June 2014
- Fundamental of Technical and Commercial of Tankers by NYK Line, Japan, May 2014
- Fundamental of Laytime and Demurrage by IBC Asia Singapore, March 2014
- Business Strategy, Law and Tax for Merger and Acquisition

Working Experiences

2018 – Present Director of Project Investment and Quality Management Department
Prima Marine Public Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

2018 – Present Director
Thaimarine Tanker Company Limited

2018 – Present Director
Singha Tanker Company Limited

2018 – Present Director
Top Nautical Star Company Limited

Working Experiences in the Last 5 Years

2013 – 2018 Manager of Commercial Department
TOP-NTL Pte. Ltd.



14

Mr. Viritpol Churaisin

Chief Financial Officer and
Executive Director

Age : 57

Date of appointment as executive: 1 January 2017

Proportion of shareholding

in the Company : Owned share: None

Relationship Persons*: None

Family relationship between director and executive : None

Educations

- Master of Public Administration, National Institute of Development Administration
- Bachelor of Business Administration, University of Thai Chamber of Commerce

Training Programs by the Thai Institute of Directors Association (IOD)

-None-

Other Training / Seminars

- Strategic CFO In Capital Markets Program, Class 5/2017
- Orientation Course CFO (Focus on Financial Reporting)

Working Experiences

2560 – Present Chief Financial Officer, and Executive Director
Prima Marine Public Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

2017 – Present Director
N.T.L. Marine Company Limited

2017 – Present Director
Thaimarine Tanker Company Limited

2017 – Present Director
Orchard Navee Company Limited

2017 – Present Director
Nathalin Management Company Limited

Working Experiences in the Last 5 Years

1992 – 2016 Director of Financial Department
Nathalin Company Limited

Ms. Udornrat Sitthikorn

Company Secretary

Age : 43

Date of appointment as executive : 2 July 2018

Proportion of shareholding

in the Company : Owned share: None

Relationship Persons*: None

Educations

- Master of Business Systems, Monash University
- Bachelor of Accountancy, Chulalongkorn University

Training Programs by the Thai Institute of Directors Association (IOD)

- Anti-Corruption the Practical Guide (ACPG), Class 47/2018
- Company Reporting Program (CRP), Class 22/2018
- Effective Minutes Taking EMT, Class 13/2009
- Company Secretary Program (CSP), Class 30/2009

Other Training / Seminars

- Advances for Corporate Secretaries, Class 1/2017, Thai Company Secretary Club

Working Experiences

2018 – Present Company Secretary

Prima Marine Public Company Limited

Position in other listed companies

-None-

Position in other non-listed companies or organizations

-None-

Working Experiences in the Last 5 Years

2017 – 2018 Senior Manager Investor Relations and Company Secretary

Origin Property Public Company Limited

2014 – 2015 Senior Company Secretary

Kiatnakin Bank Public Company Limited

2004 – 2014 Senior Manager Executive Office

Eastern Water Resources Development
and Management Public Company Limited

Remarks:

Relationship Persons means

(1) spouse or cohabiting couple;

(2) minor child;

(3) juristic person wherein directors, executives and the persons in (1) and (2) hold shares at an aggregate amount exceeding thirty percent of the total voting shares of such juristic person and such aggregate shareholding is the largest proportion thereof.

Information of Securities Holding of the Directors and Executives

According to the Notification of the Securities and Exchange Commission, all of directors and executives of the Company shall have the duty to prepare and submit a report on changes of their securities holding to the SEC Office within 3 working days from the date of purchase, sale, transfer or acceptance of transfer of securities. In this Regards, directors and executives shall report such changes of those of their spouses or cohabiting couple, children not yet of age, juristic person that those persons hold shares at an aggregate amount exceeding 30% of the total voting shares.

In addition, directors and executives must report their holding of the Company's securities to the Company Secretary within 7 days from the date of appointment and report any changes in their holding of the Company's securities to the Company Secretary within 3 working days from date of purchase or sell of securities.

As of 31 December 2018, the securities holding of the directors and executives are as follows:

| Name of Directors and Executives | | Common Share (Share) | | |
|----------------------------------|------------------------------|----------------------|----------------------|------------------------|
| | | As of 31 Dec 2017 | As of 31 Dec 2018 | Increase / Decrease |
| 1. | Mr. Bowon Vongsinudom | - | - | - |
| | Relationship Persons | 1,500,000 | 1,500,000 | - |
| 2. | Admiral Nibhon Chagsudulya | 500,000 | 500,000 | - |
| | Relationship Persons | - | - | - |
| 3. | Mr. Chainoi Puankosoom | 1,500,000 | 1,500,000 | - |
| | Relationship Persons | - | - | - |
| 4. | Mr. Somchai Kuvijitsuwan | - | - | - |
| | Relationship Persons | 800,000 | 800,000 | - |
| 5. | Mr. Kosit Fuangswasdi | 1,500,000 | 1,500,000 | - |
| | Relationship Persons | - | - | - |
| 6. | Mr. Suraphon Meesathien | 500,000 | 500,000 | - |
| | Relationship Persons | 100,000 | 100,000 | - |
| 7. | Mr. Prompong Chaisrisawatsuk | 100 | 100 | - |
| | Relationship Persons | - | - | - |
| 8. | Mr. Surasak Chaiyen | 200,000 | 200,000 | - |
| | Relationship Persons | 200,000 | 200,000 | - |
| 9. | Mr. Chanwit Anakkul | 100 | 100 | - |
| | Relationship Persons | - | - | - |
| 10. | Mr. Nuthkorn Samran | - | - | - |
| | Relationship Persons | - | - | - |

| Name of Directors and Executives | | Common Share (Share) | | |
|----------------------------------|--------------------------|----------------------|----------------------|------------------------|
| | | As of 31 Dec 2017 | As of 31 Dec 2018 | Increase / Decrease |
| 11. | Mr.Sompat Khongsamran | - | - | - |
| | Relationship Persons | - | - | - |
| 12. | Mr. Viritphol Churaisin | - | - | - |
| | Relationship Persons | - | - | - |
| 13. | Ms. Nipat Eamsirawat | - | - | - |
| | Relationship Persons | - | - | - |
| 14. | Ms. Suthasinee Muenlamay | - | - | - |
| | Relationship Persons | - | - | - |

Remarks:

Relationship Persons means

- (1) spouse or cohabiting couple;
- (2) minor child;
- (3) juristic person wherein directors, executives and the persons in (1) and (2) hold shares at an aggregate amount exceeding thirty percent of the total voting shares of such juristic person and such aggregate shareholding is the largest proportion thereof.

Position in Subsidiaries and Associates of Directors and Executives

(Information as of 31 December 2018)

| รายชื่อกรรมการ และผู้บริหาร | Parent Company | The Company | Subsidiaries and Associates | | | | | | | | | | | | | |
|---------------------------------|-------------------|----------------|-----------------------------|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|------|-----|
| | Nathalin | PRM | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | | | BIGS | BMS | BSC | NMC | NSSG | NTL | OCN | SHT | STC | TIM | TMT | TNS | TNTL | TST |
| 1. Mr. Bowon Vongsinudom | | C | | | | | | | | | | | | | | |
| 2. Admiral Nibhon Chagsudulya | | / | | | | | | | | | | | | | | |
| 3. Mr. Chainoi Puankosoom | | / | | | | | | | | | | | | | | |
| 4. Mr. Somchai Kuvijitsuan | | / | | | | | | | | | | | | | | |
| 5. Mr. Kosit Fuangwasdi | | / | | | | | | | | | | | | | | |
| 6. Mr. Suraphon Meesathien | /, E | / | / | | | | | | | | | | | | | |
| 7. Mr. Prompong Chaisrisawatsuk | /, E | / | | | | | / | | | | | | | | | |
| 8. Mr. Surasak Chaiyen | /, E | / | | | | | | | | | | | | | | |
| 9. Mr. Chanwit Anakkul | | /, E | | / | | | / | / | / | / | | | | | /, E | |
| 10. Mr. Nuthkorn Samran | | E | | / | / | / | | / | | | / | / | / | | | |
| 11. Mr. Sompat Khongsamran | | E | | / | | / | / | | / | / | | | / | / | | |
| 12. Mr. Viritphol Churaisin | | E | | | | / | | / | / | | | | / | | | |
| 13. Ms. Nipat Eamsirawat | | E | / | | / | / | | / | | | | | / | | | |
| 14. Ms. Suthasinee Muenlamay | | E | | | | | | | | / | | | / | / | | |

C = Chairman / = Director E = Executive

Company's Name

| | | | | | |
|-----------------|---|------------|--|-------------|-----------------------------------|
| BIGS | Big Sea Company Limited | NTL | N.T.L. Marine Company Limited | TMT | Thaimarine Tanker Company Limited |
| BMS | Bongkot Marine Services Company Limited | OCN | Orchard Navee Company Limited ⁽¹⁾ | TNS | TOP Nautical Star Company Limited |
| BSC | BSC Management Seafarer Recruitment Company Limited | PRM | Prima Marine Public Company Limited | TNTL | TOP-NTL Pte. Ltd. |
| Nathalin | Nathalin Company Limited | SHT | Singha Tankers Company Limited | TST | TOP-NTL Shipping Trust |
| NMC | Nathalin Management Company Limited | STC | Srithai Capital Company Limited ⁽²⁾ | | |
| NSSG | Nathalin Shipping Pte. Ltd. | TIM | T.I.M. Ship Management Company Limited | | |

Remarks:

- (1) Orchard Navee Company Limited has registered to dissolved with the Department of Business Development, Ministry of Commerce on 30 January 2019.
- (2) Srithai Capital Company Limited has registered to dissolved with the Department of Business Development, Ministry of Commerce on 30 January 2019.

Information of the Company's Shareholders

1. List of Major Shareholders

(a) The Company's shareholder structure as at the latest book closing date on 27 November 2018 are as follows:

| Nationality of shareholder | No. of shareholders (persons) | Total shares (shares) | % |
|----------------------------|-------------------------------|-----------------------|-------------|
| Thai | 9,066 | 2,004,219,467 | 80.17 |
| Foreigner | 36 | 495,780,533 | 19.83 |
| Total | 9,102 | 2,500,000,000 | 100% |

List of top 10 major shareholders of the Company is as appeared below.

| Shareholders | | Number of Shares | % |
|--------------|---------------------------------|------------------|-------|
| 1. | Nathalin Company Limited | 1,354,999,800 | 54.20 |
| 2. | AUSTIN ASSET LIMITED | 483,300,000 | 19.33 |
| 3. | Registered K Master Pooled Fund | 25,723,300 | 1.03 |
| 4. | Bualuang Infrastructure RMF | 18,287,800 | 0.73 |
| 5. | Mr. Eiam Achavakulthep | 13,910,000 | 0.56 |
| 6. | Thai NVDR Company Limited | 11,301,305 | 0.45 |
| 7. | Mrs. Jarunee Chinwongworakul | 10,997,600 | 0.44 |
| 8. | Mr. Chansak Fuangfu | 9,200,000 | 0.37 |
| 9. | Mr. Boonchai Kasemvilas | 8,861,600 | 0.35 |
| 10. | Bualuang Infrastructure Fund | 8,832,000 | 0.35 |

Source: Thailand Securities Depository Company Limited

(b) The major shareholders whose behaviours have had a significant influence on the operational policies or management of the company.

- The Company's shares held by Nathalin Company Limited in the amount of 1,354,999,800 shares, or 54.20% of total issued and paid-up shares (as of 27 November 2018). Nathalin Company Limited, an operator of petroleum and chemicals tanker in Thailand. Major shareholder of Nathalin Company Limited as of 20 September 2018 are as follows:

| Name of Shareholders | | Number of Shares | % of Shareholding |
|----------------------|--------------------------|------------------|-------------------|
| 1. | Mrs. Vilaisri Panboonhom | 1,196,367 | 30.12 |
| 2. | Mr. Churdchoo Panboonhom | 1,012,722 | 25.50 |

- AUSTIN ASSET LIMITED ("AUSTIN") registered in Hong Kong. Major shareholders of AUSTIN is Nathalin Company Limited, owned shares in the amount of 10,000 shares or 100% of total issued and paid-up shares of AUSTIN. AUSTIN holds 483,300,000 shares or 19.33% of total issued and paid-up shares of the Company (as of 27 November 2018)

2. Agreement among major shareholders

-None-

Dividend Payment Policy

1. Policy of dividend payment of the Company

The Company formulates the policy of dividend payment to the shareholders in the ratio of not below 30% of net profit from separate statements after deduction of tax and all types of reserves prescribed by laws and Articles of Association of the Company. Such dividend payment may be changed subject to necessity and other appropriateness as deemed appropriate by the Board of Directors. Annual dividend payment shall be approved by the Meeting of the Shareholders unless it is interim dividend payment. The Board of Directors may occasionally approve interim dividend payment when the Company deems that it is profitable to do so, and shall report the said interim dividend payment to the Meeting of the Shareholders for acknowledgement in next meeting.

Summary of dividend payment

| Dividend Payment from Annual Operating Results | 2018 | 2017 |
|--|-------|------|
| Net profit margin per share (Baht) | 0.15 | 0.50 |
| Dividend paid per share (Baht) | 0.14 | 0.37 |
| Dividend paid per net profit (%) | 91.56 | 85 |

Remark:

(1)The Board of Directors' Meeting No. 1/2019 held on 22 February 2019 has passed the resolution to propose the 2019 Annual General Shareholders Meeting for approval the allocation of net profit and dividend payment for the year 2018.

2. Policy of dividend payment of the subsidiaries

The dividend payment of the subsidiaries shall be subject to power of approval consideration of the Meeting of the Board of Directors of each Subsidiary or the Meeting of the Shareholders of each Subsidiary (as the case may be) under requirement of concern on overall operations, liquidity, cash flow, financial position, investment plan of each subsidiary, as well as other factors as deemed appropriate by the Board of Directors of the Subsidiary or the Meeting of the Shareholders of each Subsidiary as deemed appropriate. However, in paying dividend of the subsidiary (whether being located inside the country or abroad), dividend payment shall be considered from net profit of separate statements after deduction with tax and legal reserves of that country. The appropriateness of the business conditions such as consideration from investment plan and business expansion plan of that subsidiary, etc. shall be taken into account in dividend payment. Furthermore, for dividend payment of the subsidiary in accordance with corporate governance code, transparency and accountability, the director who is appointed by the Company to hold the director office in that subsidiary has duty to report the Meeting of the Board of Directors when the subsidiary pays dividend.

General Information and Other Information

1) General Information

1.1) General Information of the Company

| | |
|-------------------------------|--|
| Company's Name | : Prima Marine Public Company Limited |
| Symbol | : PRM |
| Industry | : Services |
| Sector | : Transportation & Logistics |
| Type of Business | : The Company Group provides of shipment and floating storage unit of crude oil, refined oil products, semi-refined oil products, and liquefied petrochemicals to the customers upon customer demands. The core businesses are consisted of 4 businesses as follows: <ol style="list-style-type: none">1. Oil and Petrochemical Tanker (Trading Business)2. Floating Storage Unit (FSU) Business3. Offshore Support Vessels Business4. Ship Management Business |
| Company's Registration Number | : 0107560000141 |
| Registered Office | : 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 |
| Registered Capital | : 2,500,000,000 Baht, divided into 2,500,000,000 ordinary shares (as of 31 December 2018) |
| Paid-Up Capital | : 2,500,000,000 Baht, divided into 2,500,000,000 ordinary shares (as of 31 December 2018) |
| Par Value | : 1 Baht per share |
| Telephone Number | : (66) 2016 0190-4 |
| Fax | : (66) 2016 0199 |
| Company's Website | : www.primamarine.co.th |

1.2) Information of juristic persons in which the Company held more than 10% of fully paid-up capital ⁽¹⁾

| Name and Details of Company | Type of business | Registered Capital | Number of shares issued | Par Value | Paid-up Capital | % of Shareholding by the Company |
|--|--|------------------------------|-------------------------|---------------------|------------------------------|----------------------------------|
| Subsidiaries | | | | | | |
| N.T.L. Marine Company Limited (NTL) 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 Fax: (66) 2016 0199 | Marine transportation of petroleum products. | 953,000,000 Baht | 9,530,000 shares | 100 Baht | 953,000,000 Baht | 99.99 |
| Thaimarine Tanker Company Limited (TMT) 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 Fax: (66) 2016 0199 | Marine transportation of petroleum products. | 180,000,000 Baht | 1,800,000 shares | 100 Baht | 180,000,000 Baht | 99.99 |
| Nathalin Management Company Limited (NMC) 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 Fax: (66) 2016 0199 | Ship management services. | 8,500,000 Baht | 85,000 shares | 100 Baht | 8,500,000 Baht | 99.99 |
| BSC Management Seafarer Recruitment Company Limited (BSC) 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2746 9981-2 Fax: (66) 2746 9983 | Manning agency and ticket agency. | 5,500,000 Baht | 55,000 shares | 100 Baht | 5,500,000 Baht | 99.99 |
| Nathalin Shipping Pte. Ltd. (NSSG) 6 Temasek Boulevard, #32-03 Suntec Tower Four, Singapore (038986) Tel: (65) 6361 0382 Fax: (65) 6361 0377 | Ship management services. | 16,200,000 Singapore Dollars | 16,200,000 shares | 1 Singapore Dollars | 16,200,000 Singapore Dollars | 87.50 |
| Big Sea Company Limited (Big Sea) 454 Rama III Road, Bang Kloi Sub-District, Bang Kho Laem District, Bangkok 10120 Tel: (66) 2292 2761 Fax: (66) 2292 0365 | Marine transportation of petroleum products. | 360,000,000 Baht | 360,000 shares | 1,000 Baht | 360,000,000 Baht | 70.00 |
| Singha Tankers Company Limited (SHT) 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 Fax: (66) 2016 0199 | Marine transportation of petroleum products. | 622,000,000 Baht | 6,220,000 shares | 100 Baht | 622,000,000 Baht | 51.00 ⁽²⁾ |
| Orchard Navee Company Limited (OCN) ⁽³⁾ 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 | Marine transportation of petroleum products. | 1,000,000 Baht | 10,000 shares | 100 Baht | 1,000,000 Baht | 51.00 ⁽⁴⁾ |

| Name and Details of Company | Type of business | Registered Capital | Number of shares issued | Par Value | Paid-up Capital | % of Shareholding by the Company |
|---|--|-----------------------------|-------------------------|---------------------|--------------------------|----------------------------------|
| Joint ventures | | | | | | |
| Bongkot Marine Services Company Limited (BMS) 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 Fax: (66) 2016 0199 | Marine transportation of petroleum products. | 240,000,000 Baht | 2,400,000 shares | 100 Baht | 144,400,000 Baht | 70.00 |
| Srithai Capital Company Limited (STC) ⁽⁵⁾ 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 Fax: (66) 2016 0199 | Marine transportation of petroleum products. | 100,000,000 Baht | 100,000 shares | 1,000 Baht | 100,000,000 Baht | 51.00 |
| TOP-NTL Pte. Ltd. (TNTL) 6 Temasek Boulevard, #32-03 Suntec Tower Four, Singapore (038986) | Ship management services. | 20,000 Singapore Dollars | 20,000 shares | 1 Singapore Dollars | 20,000 Singapore Dollars | 50.00 |
| TOP-NTL Shipping Trust (TST) Singapore | Funds for domestic and international transportation. | 1,894,000 Singapore Dollars | - | - | - | 50.00 |
| TOP Nautical Star Company Limited (TNS) 80 Soi Bangna-Trad 30, Bang-Trad Road, Bangna Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2016 0190-4 Fax: (66) 2016 0199 | Marine transportation of petroleum products. | 150,000,000 Baht | 1,500,000 shares | 100 Baht | 150,000,000 Baht | 35.00 ⁽⁶⁾ |
| Associate | | | | | | |
| T.I.M. Ship Management Company Limited (TIM) 223/18-20 Country Complex Tower, Sanphawut Road, Bangna-Tai Sub-District, Bangna District, Bangkok 10260 Tel: (66) 2745 7711-2 Fax: (66) 2745 7713 | Ship management services. | 3,000,000 Baht | 30,000 shares | 100 Baht | 3,000,000 Baht | 33.33 |

Remarks:

- (1) Information as of 31 December 2018
- (2) The Company direct holding 51% in SHT and indirect holding 49% in SHT through NSSG, resulting in the Company's effective shareholding proportion in SHT for 93.9%.
- (3) OCN has registered to dissolved with the Department of Business Development, Ministry of Commerce on 30 January 2019.
- (4) The Company direct holding 51% in OCN and indirect holding 49% in OCN through NSSG, resulting in the Company's effective shareholding proportion in OCN for 93.9%.
- (5) STC has registered to dissolved with the Department of Business Development, Ministry of Commerce on 30 January 2019.
- (6) The Company direct holding 35% in TNS and indirect holding 49% in TNS through TST, resulting in the Company's effective shareholding proportion in TNS for 50.0%.

1.3) Information of Other Reference Persons

Security Registrar : Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
93 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400
Tel.: (66) 2009 9000
Fax: (66) 2009 9991
www.set.or.th/tsd

Auditor : Mr. Thanit Osathalert
Certified Public Accountant Registration Number 5155
KPMG Phoomchai Audit Limited
48th – 51th Floor, Empire Tower
1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Tel: (66) 2677 2000
Fax: (66) 2677 2222
www.kpmg.co.th

2) Other Information

- None -

Related Party Transactions

Name list of parties with conflicts

| Party that may have conflict of interests | Nature of business | Nature of relationship |
|---|---|--|
| 1. Nathalin Co., Ltd. ("Nathalin") | The company engages in the business of alternative energy business and holding company business | <p>1.1 It is the major shareholder of the Company that holds the shares in the proportion of 54.20% of the Company.</p> <p>1.2 There are three joint directors as follows: 1) Mr. Prompong Chairsrisawatsuk, 2) Mr. Suraphon Meesathien, and 3) Mr. Surasak Chaiyen</p> |
| 2. N.A.T. Mart Co., Ltd. | Physical fitness center and food supply business Note: N.A.T. Mart Co., Ltd. transferred physical fitness center and food supply to Nathalin on 15 March 2017, resulting in the occurrence of physical fitness center and food supply service charge of the group of the Company with Nathalin instead of N.A.T. Mart Co., Ltd. after 15 March 2017. | 2.1 It is the subsidiary of Nathalin that holds shares in N.A.T. Mart Co., Ltd. for 100.0% whereas Nathalin is the major shareholder of the Company. |
| 3. Sea Oil Petroleum Co., Ltd. | Marine oil trading business | <p>3.1 It is the related company of Nathalin whereas Nathalin indirectly holds shares in Sea Oil Petroleum Co., Ltd. for 45.04% through Sea Oil Pcl. and Nathalin is the major shareholder of the Company.</p> <p>3.2 Miss Neeracha Panboonhom, the daughter of Mr. Cherdchu Panboonhom and Mrs. Vilaisri Panboonhom, is the major shareholder in Nathalin and director in Sea Oil Petroleum Co., Ltd.</p> |
| 4. Sea Oil Offshore Ltd. | Marine oil trading business | <p>4.1 It is the related company of Nathalin whereas Nathalin indirectly holds shares in Sea Oil Offshore Ltd. for 45.04% through Sea Oil Pcl. whereas Nathalin is the major shareholder of the Company.</p> <p>4.2 Miss Neeracha Panboonhom, the daughter of Mr. Cherdchu Panboonhom and Mrs. Vilaisri Panboonhom who are the major shareholders in Nathalin, is the director of Sea Oil Offshore Co., Ltd.</p> |
| 5. Sea Oil Pcl. | Marine oil trading business | <p>5.1 It is the related company of Nathalin whereas Nathalin holds shares in Sea Oil Pcl. for 45.04% and Nathalin is the major shareholder of the Company.</p> <p>5.2 Mr. Cherdchu Panboonhom, the regulator of the Company, holds shares in Sea Oil Pcl. for 10.60%.</p> <p>5.3 Miss Neeracha Panboonhom, the daughter of Mr. Cherdchu Panboonhom and Mrs. Vilaisri Panboonhom who are the major shareholders in Nathalin, is the director in Sea Oil Pcl.</p> <p>5.4 There are two joint directors who are 1) Mr. Suraphon Meesathien and 2) Mr. Prompong Chairsrisawatsuk.</p> |
| 6. Speed Production Co., Ltd. | Advertising and public relations service, and advertising and public relations media production business | <p>6.1 It is the company which is related by Mrs. Vilaisri Panboonhom who is the major shareholder in Nathalin and holds shares for 20.0%, Miss Paleerat Panboonhom, the daughter of Mr. Cherdchu Panboonhom and Mrs. Vilaisri Panboonhom who are the major shareholders in Nathalin for 40.0%.</p> <p>6.2 Mrs. Vilaisri Panboonhom who is the major shareholder in Nathalin and Miss Paleerat Panboonhom, the daughter of Mr. Cherdchu Panboonhom and Mrs. Vilaisri Panboonhom who are the major shareholders in Nathalin, are the directors of Speed Production Co., Ltd.</p> |

| Party that may have conflict of interests | Nature of business | Nature of relationship |
|---|--------------------|--|
| 7. Thai Shipowners' Association | - | 7.1 The joint director is Mr. Suraphon Meesathien and he has been the committee member in Thai Shipowners' Association. |
| 8. Mr. Thinnakorn Therdwikan | - | 8.1 During 2018, company acquired 70% of total shares of Big Sea, which operates the oil shipping and maritime business in Thailand. 8.2 Big Sea is Company's Subsidiary 8.3 As Big Sea's Executive Director |

Related party transactions between the Company and subsidiaries, and the parties that may have conflict of the interests in the accounting year ended 31 December 2017 and ended 31 December 2018

Transactions of lending money to the party that may have conflict

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|---|-----------------------------------|---|---|
| | | Accounting year ended 31 Dec 2017 | Accounting year ended 31 Dec 2018 | | |
| 1. Nathalin Co., Ltd. ("Nathalin") | 1.1 NMC lending to Nathalin - Loan • Beginning balance • Additional lending during the period • Repayment receiving during the period • Ending balance - Interest received - Accrued interest received | - 10,000,000.0 (10,000,000.0) - 11,704.1 - | - - - - - | - NMC lent money to Nathalin for use as working capital. - Nathalin repaid total of loan and interest to the Company on 28 February 2017. - NMC charged interest rate at 7.12% per annum which is the rate comparable with fixed interest rate charged with the commercial bank in applying Overdraft Loan. | - The charged inter-interest rate was appropriate. - The Audit Committee commented that it was improper for the Company to perform borrowing or lending transaction with the party that may have conflict in the future. |
| | 1.2 NTL lending to Nathalin - Loan • Beginning balance • Additional lending during the period • Repayment receiving during the period • Ending balance - Interest received - Accrued interest received | - 20,000,000.0 (20,000,000.0) - 23,408.2 - | - - - - - | - NTL lent money to Nathalin for use as working capital. - Nathalin repaid total of loan and to the Company on 28 February 2017. - NTL charged interest rate at 7.12% per annum which is the rate comparable with the commercial bank in applying Overdraft Loan. | - The charged inter-interest rate was appropriate. - The Audit Committee commented that it was improper for the Company to perform borrowing or lending transaction with the party that may have conflict in the future. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|---|------------------------------------|---|---|
| | | Accounting year ended 31 Dec 2017 | Accounting year ended 31 Dec 2018 | | |
| | 1.3 SHT lending to Nathalin - Loan • Beginning balance • Additional lending during the period • Repayment receiving during the period • Ending balance - Interest received - Accrued interest received | 40,000,000.0 (40,000,000.0) 46,816.4 - | - - - - - - | - SHT lent money to Nathalin for use as working capital. - Nathalin repaid total of loan and interest to the Company on 28 February 2017. - SHT charged interest rate at 7.12% per annum which is the rate comparable with interest rate charged with commercial bank in applying Overdraft Loan. | - The charged inter-interest rate was appropriate. - The Audit Committee commented that it was improper for the Company to perform borrowing or lending transaction with the party that may have conflict in the future. |

Borrowing transactions from the parties that may have conflicts

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|--|-----------------------------------|---|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| 1. Nathalin Co., Ltd. ("Nathalin") | 1.1 The Company's lending from Nathalin - Loan • Beginning balance • Additional lending during the period • Repayment receiving during the period • Ending balance - Interest received - Accrued interest received | 57,000,000.0 - (57,000,000.0) - 585,799.9 - | | - The Company borrowed money from Nathalin for use as working capital. - Nathalin charged the rate of 7.375% per annum which is the rate comparable with the rate charged with the Company by the commercial bank in applying Overdraft Loan - The Company repaid loan on 21 February 2017. | - The loan interest rate was appropriate. - It was improper to perform borrowing or lending transaction with the party that may have conflict in the future. |

Normal business transactions with the parties that may have conflicts

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|--|-----------------------------------|-----------------------------------|---|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| 1. Nathalin Co., Ltd. ("Nathalin") | 1.1 Nathalin's employment of vessel of NTL for customer service and Nathalin's performing as agent in customer contact - Revenue from freight - Account receivable | 119,736,807.4 9,832,991.9 | 138,321,289.6 51,801,944.7 | - Nathalin is the agent in customer contact. - Nathalin hired vessel of NTL for customer service in accordance the Contract entered by Nathalin with the customer. - The agreed freight rate was the freight rate gained by Nathalin from the end user deducted with agent service charge which was comparable with the rate of industrial general specified agent service charge. - The commercial term was comparable with commercial transaction in the similar nature. | It has been the normal business transaction of the Group of the Company under reasonable price and commercial term. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|--|-----------------------------------|-----------------------------------|--|--|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| 2. Sea Oil Pcl. ("Sea Oil") | 2.1 The Company's purchase of navigation oil from Sea Oil - Purchase cost of oil - Account payable | 9,685,100.0 - | 13,604,956.5 2,423,412.6 | The Company purchases fuel oil and lubricating oil from Sea Oil for vessels of the Company. The price is based on market price under general commercial term. | It has been the normal business transaction of the Company under reasonable service charge rate and commercial term. |
| | 2.2 NTL's purchase of navigation oil from Sea Oil - Purchase cost of oil - Account payable | 186,243,412.3 30,954,434.4 | 199,285,430.3 27,371,614.4 | NTL purchases fuel oil and lubricating oil from Sea Oil for vessels of NTL. The price is based on market price under general commercial term. | It has been the normal business transaction of the Company under reasonable service charge rate and commercial term. |
| | 2.3 TMT's purchase of navigation oil from Sea Oil - Purchase cost of oil - Account payable | 5,390,291.0 1,559,508.9 | 2,994,250.0 - | TMT purchases fuel oil and lubricating oil from Sea Oil for vessels of TMT. The price is based on market price under general commercial term. | It has been the normal business transaction of the Company under reasonable service charge rate and commercial term. |
| 3. Sea Oil Petroleum Co., Ltd. ("Sea Oil Petroleum") | 3.1 The Company's purchase of navigation oil from Sea Oil Petroleum - Purchase cost of oil - Account payable | 4,582,624.05 976,830.7 | 8,043,786.4 - | The Company purchases oil form Sea Oil Petroleum as fuel and lubricating oil for carriers of the Company. The price is based on market price and general commercial term. | It has been the normal business transaction of the Company under reasonable price and commercial term. |
| | 3.2 NTL's purchase of navigation oil from Sea Oil Petroleum - Purchase cost of oil | - | -2,009,236.5 | NTL purchases oil form Sea Oil Petroleum as fuel and lubricating oil for carriers of NTL. The price is based on market price and general commercial term. | It has been the normal business transaction of the Company under reasonable price and commercial term. |
| | 3.3 NSSG's purchase of navigation oil from Sea Oil Petroleum - Purchase cost of oil | 18,287,466.1 | - | - NSSG purchases fuel oil and lubricating oil from Sea Oil Petroleum as fuel and lubricating oil for FSU Vessel provided for service by NSSG. - Price is based on market price and general commercial term. | It has been the normal business transaction of the Company under reasonable price and commercial term. |
| 4. Sea Oil Offshore Ltd. ("Sea Oil Offshore") | 4.1 The Company's purchase of navigation oil from Sea Oil Offshore - Purchase cost of oil - Account payable | 5,263,444.8 781,434.9 | 274,448.5 - | The Company purchases fuel oil and lubricating oil from Sea Oil Offshore as fuel and lubricating oil for carriers. The price is based on market price under general commercial term. | It has been the normal business transaction of the Company under reasonable service charge rate and commercial term. |
| | 4.2 NTL's purchase of navigation oil from Sea Oil Offshore - Purchase cost of oil - Account payable | 7,608,096.9 410,829.4 | 28,851,719.7 3,163,472.5 | NTL purchases fuel oil and lubricating oil from Sea Oil Offshore as fuel and lubricating oil for carriers of NTL. The price is based on market price under general commercial term. | It has been the normal business transaction of the Company under reasonable service charge rate and commercial term. |
| | 4.3 TMT's purchase of navigation oil from Sea Oil Offshore - Purchase cost of oil - Account payable | 1,950,650.6 - | 13,937,570.9 1,059,981.0 | TMT purchases fuel oil and lubricating oil from Sea Oil Offshore as fuel and lubricating oil for carriers of TMT. The price is based on market price under general commercial term. | It has been the normal business transaction of the Company under reasonable service charge rate and commercial term. |

Normal business supporting transactions

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|--|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| 1. Nathalin Co., Ltd. ("Nathalin") | 1.1 The Company's renting of office building - Rent and service charge of office building - Other payable | 648,598.0 -- | 180,357.0 17,172.4 | <ul style="list-style-type: none"> - Nathalin is the owner of Varin Building which is 7-storey office building. - The Company has rented the space of Varin Building for use as office of the Company for 3 years term of the rental contract which is effective from 1 January 2016 to 31 December 2018. The monthly rent of 200 Baht per sq.m. and service charge of 200 Baht per sq.m. or 610,320 Baht per month, is paid. The rate of rent of office space is the market price which is similar to the price of office rent in the zone of nearby area. - The Company purchased Varin Building from Nathalin on 10 August 2016, resulting in no such transaction in the future. - However, in 2017, property tax for renting of Varin Building Company incurred with the Company in 2015 and 2016 for 549,525.0 Baht which was charged by District Office with Nathalin in the same amount. - After the company purchased Varin building Therefore there is no additional cost for the signboard tax that must be paid to Nathalin. - Car rental, to support administrative tasks for executives and employees who have to travel by car. Nathalin therefore provides car rental services with drivers. With a daily fee of 1,800 baht per day. - The Company has rented one 2.4 x 6.0 x 2.6 meter sized container from Nathalin Group for storage of the Company's documents. The rent and service is paid for 3,500 Baht per month which is similar to the rate of rent of the container with the third party. - Meeting room rental for holding a training or seminar, with a daily fee of 2,000 baht per day. The service fee is comparable to the service provided by external service providers. | It was the asset renting transaction in supporting the business of the Company under reasonable rate of rent and commercial term. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|--|-----------------------------------|-----------------------------------|--|--|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.2 The Company's payment of management fee to Nathalin - Other service charge - Other payable | 12,893,696.7 1,919,203.0 | 13,498,762.0 1,506,173.7 | <p>The Company has paid management fee for the following main services.</p> <ul style="list-style-type: none"> - Management Information System with a service fee of 3,566 baht per person per month which is determined by the actual cost plus. The service rate can be compared with the use of external services. - Service fees for ERP software (Microsoft Dynamic AX) with a service fee of 4,740 baht per person per month Which is determined by the actual cost of Nathalin Plus the difference that covers the service of Nathalin, which can be compared with the service provided by external service providers - Information system service fee, E-mail system and license, which covers the measures to protect the security of E-mail with a service fee of 5,696 baht per month which is determined by the actual cost of Nathalin plus the difference that covers the service of Nathalin. The said service rate can be compared with the use of services with external service providers. - Human Resource Management service fee at the rate of 3,513 baht per person per month which is determined by the actual cost of Nathalin plus the difference which covers the service of Nathalin. The said service rate can be compared with the use of services with external service providers. - Legal service fee from Nathalin Legal Department, which specializes in maritime law, provides services in contract documents. With a service charge of 3,500 baht per hour which is determined by the actual cost of Nathalin Plus the difference that covers the service of Nathalin. The said service rate is comparable to the use of external law firms. | It has been the normal business supporting transaction which has been useful for the Company, and the rate of service fee has been reasonable. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|---|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.3 The Company's use of physical fitness center service and payment of lunch service charge to Nathalin - Service charge - Other payable | 1,544,854.5 - | 2,067,199.0 118,596.6 | <ul style="list-style-type: none"> - The Company formulates the policy of staff exercise encouragement for staff healthiness. The Company therefore has entered into the Agreement for Use of Physical Fitness Service. This is regarded as welfare provided to staffs. - The Company has paid service charge for use of physical fitness center to Nathalin for the Company's staffs in the rate of service charge of 1,085 Baht per person per month. - The rate of service charge is the market rate of the physical fitness center located in nearby area. - Due to few number of restaurants in the area adjacent to the Company's office building, the Company therefore has hired Nathalin to supply lunch for the Company's staffs in the rate of 35 Baht/person/day. - The Company has hired Nathalin to provide additional fruit in the daytime for employees by serving 3 days a week also charged at a rate of 13 Baht per person per day which is the market rate of restaurants located nearby. - The rate of service charge is the market rate of the restaurants located in the nearby area. Organizing activities fee which to strengthen employee relations and being a welfare of the Nathalin Group such as Sportday activities, New Year's activities etc. which is determined by the actual cost of Nathalin Plus the difference that covers the service of Nathalin. The said service rate is comparable to the use of external service providers. | Such transaction has caused benefit to the Company's business under reasonable price of service charge. |
| | 1.4 The Company's payment of office building maintenance and repair service charge to Nathalin - Other service charge - Other payable | 1,726,560.0 184,741.9 | 2,071,872.0 184,741.9 | <ul style="list-style-type: none"> - The Company has paid office building maintenance and repair service charge to Nathalin for 172,656.0 Baht per month which is set by actual cost plus of Nathalin that covers service of Nathalin. - Such rate of service charge has been comparable with use of service of the third party. - In 2018, Nathalin provides office management services. The period contract is 1 year ending 31 December 2018. The monthly service fee is 172,656 baht which is determined by the actual cost of Nathalin plus the service fee, which the service rate is comparable to the use of services from third parties. | It has been normal business supporting transaction under reasonable rate of service charge. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|--|--|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.5 The Company's payment of loan guarantee fee to Nathalin - Other service fee - Other payable | 141,666.7 14,166.7 | - - | - It has been necessary for the Company to acquire Nathalin's credit line guarantee for requesting loan from financial institution. Nathalin has charged fee under Loan Guarantee Agreement at the rate of 0.2% of Outstanding Balance of Loan as documentary operating expense. - NTL will request to cancel the guarantee of Nathalin after the Company be listed in the Stock Exchange. | Loan guarantee of the Company has been based on the business necessity under reasonable rate of credit line guarantee. |
| | 1.6 NTL's payment of loan guarantee contract-based fee to Nathalin - Other service charge - Other payable | 2,869,083.3 292,579.3 | - - | - It has been necessary for NTL to acquire Nathalin's credit line guarantee for requesting loan from financial institution. - Nathalin has guaranteed loan with the financial institution for NTL. - Nathalin has charged fee under Loan Guarantee Agreement at the rate of 0.2% of Outstanding Balance of Loan as documentary operating expense. - The transaction will not occur in the future due to the request of NTL to cancel the guarantee of Nathalin after entry of the Group of the Company be listed in the Stock Exchange. This transaction is no longer in 2018 | Loan guarantee of NTL has been based on the business necessity under reasonable rate of credit line guarantee. |
| | 1.7 NTL's payment of management fee to Nathalin - Other service charge | 15,725.0 | 6,300.0 | - Car rental, to support administrative tasks for executives and employees who have to travel by car. Nathalin therefore provides car rental services with drivers. With a daily fee of 1,800 baht per day - Legal service fee from Nathalin Legal Department, which specializes in maritime law, provides services in contract documents. With a service charge of 3,500 baht per hour which is determined by the actual cost of Nathalin Plus the difference that covers the service of Nathalin. The said service rate is comparable to the use of external law firms. | It has been the normal business supporting transaction at reasonable rate of service fee. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|--|--|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.8 TMT's payment of loan guarantee contract-based fee to Nathalin - Other service charge (Guarantee Fee) - Other payable | 45,000.0 - | | <ul style="list-style-type: none"> - It has been necessary for TMT to acquire Nathalin's credit line guarantee for requesting loan from financial institution. - Nathalin has guaranteed loan with the financial institution for TMT. - Nathalin has charged fee under Loan Guarantee Agreement at the rate of 0.2% of Outstanding Balance of Loan as documentary operating expense. - The transaction will not occur in the future due to the request of TMT to cancel the guarantee of Nathalin after entry of the Group of the Company to be listed in the Stock Exchange. | Loan guarantee of TMT has been based on the business necessity under reasonable rate of credit line guarantee. |
| | 1.9 BSC's use of physical fitness center service and payment of lunch service charge to Nathalin - Service charge | 165,091.5 | 219,151.0 | <ul style="list-style-type: none"> - BSC formulates the policy of staff exercise encouragement for staff healthiness. The company therefore has entered into the Agreement for Use of Physical Fitness Service. This is regarded as welfare provided to staffs. - BSC has paid service charge for use of physical fitness center to Nathalin for 9 staffs in the rate of service charge of 1,085 Baht per person per month. - The rate of service charge is the market rate of the physical fitness center located in nearby area. - Due to few number of restaurants in the area adjacent to BSC's office building, BSC therefore has hired Nathalin to supply lunch for in the rate of 35 Baht/person/day. - BSC has hired Nathalin to provide additional fruit in the daytime for employees by serving 3 days a week also charged at a rate of 13 Baht per person per day. - The rate of service charge is the market rate of the restaurants located in the nearby area. | |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|--|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.10 BSC's payment of service fee for Information Technology System and Human Resource Management - Other service fee - Other payable | 1,037,595.0 50,180.7 | 1,078,125.0 109,316.6 | BSC has paid management fee for the following main services. - Management Information System with a service fee of 3,566 baht per person per month which is determined by the actual cost plus. The service rate can be compared with the use of external services. - Service fees for ERP software (Microsoft Dynamic AX) with a service fee of 4,740 baht per person per month Which is determined by the actual cost of Nathalin Plus the difference that covers the service of Nathalin, which can be compared with the service provided by external service providers - Information system service fee, E-mail system and license, which covers the measures to protect the security of E-mail with a service fee of 5,696 baht per month which is determined by the actual cost of Nathalin plus the difference that covers the service of Nathalin. The said service rate can be compared with the use of services with external service providers. - Human Resource Management service fee at the rate of 3,513 baht per person per month which is determined by the actual cost of Nathalin plus the difference which covers the service of Nathalin. The said service rate can be compared with the use of services with external service providers. - Meeting room rental for holding a training or seminar, with a daily fee of 2,000 baht per day. The service fee is comparable to the service provided by external service providers. - Car rental, to support administrative tasks for executives and employees who have to travel by car. Nathalin therefore provides car rental services with drivers. With a daily fee of 1,800 baht per day. - Legal service fee from Nathalin Legal Department, which specializes in maritime law, provides services in contract documents. With a service charge of 3,500 baht per hour which is determined by the actual cost of Nathalin Plus the difference that covers the service of Nathalin. The said service rate is comparable to the use of external law firms. | It has been normal business supporting transaction under reasonable rate of service charge. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|--|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | | | | <ul style="list-style-type: none"> - Organizing activities fee which to strengthen employee relations and being a welfare of the Nathalin Group such as Sportday activities, New Year's activities etc. which is determined by the actual cost of Nathalin Plus the difference that covers the service of Nathalin. The said service rate is comparable to the use of external service providers. | |
| | 1.11 BSC's payment of loan guarantee fee to Nathalin - Other service charge - Other payable | 7,500.0 - | - | <ul style="list-style-type: none"> - It has been necessary for BSC to acquire Nathalin's credit line guarantee for requesting loan from financial institution. Nathalin has charged fee under Loan Guarantee Agreement at the rate of 0.2% of Outstanding Balance of Loan as documentary operating expense. - BSC will request to cancel the guarantee of Nathalin after the Company to be listed in the Stock Exchange. | Loan guarantee of the Company has been based on the business necessity under reasonable rate of credit line guarantee. |
| | 1.12 BSC's payment of office rent and service charge - Rent and service charge of office building - Other payable | 37,800.0 - | - | <ul style="list-style-type: none"> - BSC has rented the space of Varin Building in 1st Floor in total area of 105 square meter for use as office of the Company for 3 years term of the rental contract which is effective from 1 January 2016 to 31 December 2019. The monthly rent of 200 Baht per sq.m. and service charge of 200 Baht per sq.m., respectively, or 42,000 Baht per month, is paid. The rate of rent of office space is the market price which is similar to the rate of office rent in the zone of the nearby area. - The Company purchased Varin Building from Nathalin on 10 August 2016, resulting in no such transaction in the future. - However, in 2017, property tax for renting of Varin Building Company incurred with BSC in 2015 and 2016 for 37,800.0 Baht which was charged by District Office with Nathalin in the same amount. | It was the asset renting transaction in supporting the business of the Company under reasonable rate of rent and commercial term. |
| | 1.13 NSSG's use of service from Nathalin - Other service fee - Other payable | 1,753,941.7 155,587.5 | 2,473,706.5 96,779.3 | <ul style="list-style-type: none"> - NSSG has paid Service fee for Management Information System and service fee for database system (VRM Management) for 2,670 USD per month. The said rate of service fee is set by actual cost plus of Nathalin that covers the service of Nathalin, and has been comparable with use of service of the external service provider. - In 2018, Management Information System and service fee for database system (VRM Management) also ERP software (Microsoft Dynamic AX) updated service fee to 2,966 USD per month and 3,386. USD per month which is determined by the actual cost plus. The service rate can be compared with the use of external services. | it has been the business supporting transaction for the Company under the reasonable rate of service charge. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|---|--|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.14 NMC's renting out warehouse and providing documentary service - Other income - Other receivable | 37,000.0 - | 3,000 - | <ul style="list-style-type: none"> - NMC has provided rental service of warehouse building for use as document and asset storage premise of the Company. The warehouse building is located at No. 641 Bang Chalong Sub-district, Bang Phli District, Samut Prakan Province, in the area of 199.00 square meter. The rate of monthly is charged for 200 Baht per square meter in total amount of 39,800 Baht per month. The term of the contract is from 1 December 2015 to 30 November 2016. - The rate of rent is the market rate of warehouse renting in the nearby zone. - NMC did not renew the rental contract. Therefore, this transaction will not occur in the future. - In addition, NMC has provided agent service of documentary contact with the relevant government agencies such as vessel mortgage registration or new vessel registration. The rate of service charge is set for 1,000 – 3,000 Baht per type of work. Cost plus method is applied in pricing. - In 2018, Nathalin has hired NMC to provided agent service of documentary contact with Marine Department for Tsuruzaki vessel. The rate of service charge is set for 1,000 - 3,000 Baht per type of work. Cost plus method is applied in pricing. | It has been the asset renting transaction in supporting the Company's business at the reasonable rate of rent and it has been beneficial for the Group of the Company. |
| | 1.15 NMC's renting the office building and common service from Nathalin - Rent of office building and other service charges - Other payable | 101,100.0 - | - - | <ul style="list-style-type: none"> - Nathalin is the owner of Varin Building which is 7-storey office building. - NMC has rented the space of Varin Building in 4th Floor in total area of 280.8 square meter for use as office of the company for 3 years term of the rental contract which is effective from 1 January 2016 to 31 December 2018. The monthly rent of 200 Baht per sq.m. and service charge of 200 Baht per sq.m., respectively or 112,320 Baht per month, is paid. The rate of rent of office space is the market price which is similar to the rate of office rent in the zone of the nearby area. - Nathalin has charged electricity bill with the Company for 78,912.00 Baht by estimating from electricity unit actually used by the company being multiplied with electricity tariff rate which is comparable with electricity tariff rate of the buildings in nearby area and charged with customers. | It was the asset renting transaction in supporting the business of the Company under reasonable rate of rent and commercial term. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|---|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | | | | <ul style="list-style-type: none"> - The Company purchased Varin Building from Nathalin on 10 August 2016, resulting in no such transaction in the future. - However, in 2017, property tax for renting of Varin Building Company incurred with NMC in 2015 and 2016 for 101,100 Baht which was charged by District Office with Nathalin in the same amount. | |
| | 1.16 NMC's payment of other service charge for service of Nathalin - Other service charge - Other payable | 3,167,436.0 330,389.2 | 3,495,363.0 433,289.0 | <p>NMC has paid management fee for the following main services.</p> <ul style="list-style-type: none"> - Service charge of Management Information System for 170,880 Baht per month is set by actual cost plus of Nathalin that covers the service of Nathalin. Such rate of service charge has been comparable with the use of service of the external service provider. - In 2018, Management Information System fee has change to 3,566 baht per person per month which is determined by the actual cost plus. The service rate can be compared with the use of external services. - Service charge of database system (VRM Management) for 46,500 Baht per month is set by actual cost plus of Nathalin that covers the service of Nathalin. Such rate of service charge has been comparable with the use of service of the external service provider. - Information system service fee, E-mail system and license, which covers the measures to protect the security of E-mail with a service fee of 5,696 baht per month which is determined by the actual cost of Nathalin plus the difference that covers the service of Nathalin. The said service rate can be compared with the use of services with external service providers. - Service fee of Human Resource Management for 79,728 Baht per month is set by actual cost plus of Nathalin that covers the service of Nathalin. Such rate of service fee has been comparable with the use of service of the external service provider. - In 2018, Human Resource Management service fee has change to 3,513 baht per person per month <p>The company has hired Legal Department of Nathalin which is expert in maritime law to provide service of contractual documents at the rate of service fee of 3,500 Baht per hour. The said rate of service fee is set by actual cost plus of Nathalin that covers the service of Nathalin, and has been comparable with the use of service of the external law firm.</p> | It has been normal business supporting transaction under reasonable rate of service charge. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|--|-----------------------------------|-----------------------------------|--|--|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.17 NMC's use of physical fitness center service and payment of lunch service charge to Nathalin - Other service charge - Other payable | 424,037.0 - | 531,054.0 - | <ul style="list-style-type: none"> - NMC formulates the policy of staff exercise encouragement for staff healthiness. The company therefore has entered into the Agreement for Use of Physical Fitness Service. This is regarded as welfare provided to staffs. - NMC has paid service charge for use of physical fitness center to Nathalin for 22 staffs in the rate of service charge of 1,085 Baht per person per month. - The rate of service charge is the market rate of the physical fitness center located in nearby area. - NMC has hired Nathalin to supply lunch for 22 staffs in the rate of 35 Baht/person/day. - The Company has hired Nathalin to provide additional fruit in the daytime for employees by serving 3 days a week also charged at a rate of 13 Baht per person per day which is the market rate of restaurants located nearby. | Such transaction has caused benefit to the company's staffs under reasonable price of service charge. |
| | 1.18 NMC's payment of loan guarantee fee to Nathalin - Other service charge - Other payable | 15,000.0 - | - - | <ul style="list-style-type: none"> - It has been necessary for NMC to acquire Nathalin's credit line guarantee for requesting loan from financial institution. - Nathalin has charged fee under Loan Guarantee Agreement at the rate of 0.2% of Outstanding Balance of Loan as documentary operating expense. - NMC will request to cancel the guarantee of Nathalin after entry of the Group of the Company to be listed in the Stock Exchange. | Loan guarantee of NMC has been based on the business necessity under reasonable rate of credit line guarantee. |
| 2. Sea Oil Pcl. ("Sea Oil") | 2.1 BSC provided shipman management services for Sea Oil - Service Revenue | - | 341,000.0 | <ul style="list-style-type: none"> - Sea Oil has provided catering, cleaning and laundry service for Navathanee vessels which company owns. - Sea Oil has hired BSC for shipman management service. The cost of service charge was cost plus. | It was the normal business supporting transaction of the Company under reasonable price and commercial condition. |
| | 2.2 The Company's employment of Catering service from Sea Oil - Catering service charge | 24,617,048.5 | 36,284,081.8 | The Company has hired Sea Oil for catering, cleaning and laundry service for oil drilling rig staffs on accommodation work barge. Which the rate of service charge is estimated to be per person per day in the agreed rate and has been comparable with the price which can be hired by the Company from other service providers. | The Audit Committee remarked the opinion that such transaction performing has been the supporting transaction of the Company's normal business under reasonable price and commercial term. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|--|-----------------------------------|-----------------------------------|---|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| 3. N.A.T. Mart Co., Ltd. ("N.A.T. Mart") | 3.1 The Company's use of physical fitness center service of N.A.T. Mart - Other service charge | 235,987.5 | - | <ul style="list-style-type: none"> - The Company formulates the policy of staff exercise encouragement for staff healthiness. The Company therefore has entered into the Agreement for Use of Physical Fitness Service. This is regarded as welfare provided to staffs. - The Company has paid service charge for use of physical fitness center to N.A.T. Mart for 77 staffs in the rate of service charge of 1,085 Baht per person per month. The Contract for Use of Service is effective from 1 July 2016 to 31 December 2016 and renewed in 2017. - The rate of service charge is the market rate of the physical fitness center located in nearby area. | Such transaction has caused benefit to the Company's staffs under reasonable price of service charge. |
| | 3.2 The Company's payment of lunch service charge to N.A.T. Mart - Other service charge | 152,250.0 | - | <ul style="list-style-type: none"> - Due to few number of restaurants in the area adjacent to the Company's office building, the Company therefore has hired N.A.T. Mart to supply lunch for 68 staffs in the rate of 35 Baht/person/day. - The rate of service charge is the market rate of the restaurants located in the nearby area. | The transaction has been beneficial for the Company's staffs at reasonable price. |
| | 3.3 BSC's use of physical fitness center service of N.A.T. Mart and payment of lunch service charge to N.A.T. Mart - Other service charge | 49,087.5 | - | <ul style="list-style-type: none"> - BSC formulates the policy of staff exercise encouragement for staff healthiness. The company therefore has entered into the Agreement for Use of Physical Fitness Service. This is regarded as welfare provided to staffs. - BSC has paid service charge for use of physical fitness center to N.A.T. Mart for 9 staffs in the rate of service charge of 1,085 Baht per person per month. - The rate of service charge is the market rate of the physical fitness center located in nearby area. - BSC has hired N.A.T. Mart to supply lunch for 11 staffs in the rate of 35 Baht/person/day. - The rate of service charge is the market rate of the restaurants located in the nearby area. | Such transaction has caused benefit to the company's staffs under reasonable price of service charge. |
| | 3.4 NMC's use of physical fitness center service and payment of lunch service charge to N.A.T. Mart - Other service charge | 98,175.0 | - | <ul style="list-style-type: none"> - NMC formulates the policy of staff exercise encouragement for staff healthiness. The company therefore has entered into the Agreement for Use of Physical Fitness Service. This is regarded as welfare provided to staffs. - NMC has paid service charge for use of physical fitness center to N.A.T. Mart for 22 staffs in the rate of service charge of 1,085 Baht per person per month. - The rate of service charge is the market rate of the physical fitness center located in nearby area. - NMC has hired N.A.T. Mart to supply lunch for 22 staffs in the rate of 35 Baht/person/day. - The rate of service charge is the market rate of the restaurants located in the nearby area. | Such transaction has caused benefit to the company's staffs under reasonable price of service charge. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|---|-----------------------------------|-----------------------------------|---|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| 4. Mr. Thinnakorn Therdwikanant | 4.1 Big Sea's rent office building. - Rent of office building. | - | 600,000.0 | Mr. Thinnakorn who be the Board of Excutive of Big Sea NMC has provided office building for Big Sea for use as office of the Company for 3 years term of the rental contract which ended to 1 July 2021 in the rate of service charge of 100,000 Baht per month. The rate of rent of office building is the market price which is similar to the price of office rent in the zone of nearby area. | Such transaction has caused benefit to the company's staffs under reasonable price of service charge. |

Other transactions

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|--|-----------------------------------|-----------------------------------|--|---|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| 1. Nathalin Co., Ltd. ("Nathalin") | 1.1The company is the lessor of the area on the roof of the building which is located on the land of the landlord - Building roofs Rental Revenue | - | 36,000.0 | PRM for renting the area of the office building roof for Nathalin, which is located on the land of PRM and Nathalin is used to set up projects for use in the construction of power plants, developing and executing solar power projects installed on the roof from 1 January 2018 with a contract for a period of 3 years. The monthly rental rate is 3,000 baht which is determined by the cost of maintenance plus the services fee. The service rate is comparable to the use of services from third parties. | It was the transaction of space rental in supporting normal business of the Group of the Company at reasonable rate of lease fee. |
| | 1.2 BSC's providing the air ticket reservation service to Nathalin - Revenue from service charge - Other receivable | 594,903.0 - | 82,771.1 80,105.6 | BSC provided air ticket reservation service to the executive of Nathalin for field visit in abroad whereas the cost of service charge was cost plus. | It was the normal business supporting transaction of the Company under the reasonable price and commercial term. |
| | 1.3 NMC's selling the vessel log book to Nathalin - Other income | 1,600.0 | - | NMC sold vessel log book for use by seaman in operation whereas the cost of service charge is cost plus. | It was the normal business supporting transaction which was useful for the Company. |
| | 1.4 NSSG's ship management service provided to Nathalin - Other Revenue | - | 1,163,174.4 | - NSSG provided ship management service - NSSG as a consultant on Technical consultancy services for the vessels of Nathalin Company, which the agreed service rate is the rate that is comparable to the general service fees in the industry | It was the normal business transaction which was reasonable. |

| Person/juristic person that may have conflict of interests | Nature of related party transaction | Transaction value (Baht) | | Necessity / reasonability of transaction | Opinion of the Audit Committee |
|--|--|-----------------------------------|-----------------------------------|---|--|
| | | Accounting year ended 31 Dec 2016 | Accounting year ended 31 Dec 2017 | | |
| | 1.5 NSSG 's payment of Technical consultancy services fee | - | 89,755.1 | NSSG as a consultant on Technical consultancy services for the vessels of Nathalin Company, which the agreed service rate is the rate that is comparable to the general service fees in the industry. | It was the normal business supporting transaction which was useful for the Company and reasonable. |
| 2. Sea Oil Pcl. ("Sea Oil") | 2.1 BSC's providing the air ticket reservation service to Sea Oil executive, and providing other management service - Revenue from service charge - Other income | 47,650.0 32,100.0 | - - | - BSC provided air ticket reservation service to Sea Oil executive for field visit at upcountry. - Cost of service charge is cost plus. | It was the normal business supporting transaction whereas the price and commercial term were reasonable. |
| 3. Sea Oil Petroleum Co., Ltd. (SOP) | 3.1 BSC provides air ticket booking service for SOP executives - Service Revenue - Accounting Recievable | - - | 24,336.3 141,626.7 | BSC provides air ticket booking service for SOP executives to visit overseas. The service price is the cost plus price | It was the normal business transaction of the Company under reasonable service charge rate and commercial term |
| 4. Speed Production Co., Lt.d. ("Speed Production") | 4.1 The Company's payment of video production cost for AGM - Other expense | 415,000.0 | 203,037.4 | - The Company employed Speed Production to produce video for AGM. - The price of service charge for video production is comparable with the price which can be supplied by the Company from other service provider | It was the transaction which is useful for the Company and the price and commercial term were reasonable. |
| 5. Thai Shipowners' Association | 5.1 The Company's payment of membership fee to Thai Shipowners' Association - Other Expense | 80,000.0 | 80,000.0 | The Company paid membership fee of shipowner in the general normal rate for the members. | It was the transaction with membership fee in the collection rate for the general members. |
| | 5.2 NTL's payment of membership fee to Thai Shipowners' Association - Other expense | 45,000.0 | 45,000.0 | NTL paid annual membership fee to Thai Shipowners' Association in the normal rate specified by Thai Shipowners' Association. | It was the transaction with membership fee rate in the collection rate for the general members. |
| | 5.3 TMT's payment of membership fee to Thai Shipowners' Association - Other expense | 25,000.0 | 25,000.0 | TMT paid membership fee of Thai Shipowners' Association in the general rate for members. | It was the transaction with fee rate in the collection rate for the general members. |
| | 5.4 BSC's payment of membership fee to Thai Shipowners' Association - Other expense | - | 5,000.0 | BSC paid membership fee of Thai Shipowners' Association in the general rate for members. | It was the transaction with fee rate in the collection rate for the general members |

Necessity and reasonability of the related party transactions

The Meeting of the Audit Committee No. 2/2019 on 20 February 2019 considered the information of the related party transaction of the Company in the accounting year ended 31 December 2018 in accompany with the inquiry of information from the Executive of the Company and subsidiaries, and verified information as specified in notes to financial statements audited by the Company's auditor. The said meetings deemed that the related party transactions of the Company in the accounting year ended 31 December 2018 were the transactions for normal business operation of the Company and in accordance with normal commercial term in the same nature which should be performed by the reasonable man in the same situation by trade bargaining power without influence in the way that the other contractual parties have status of the parties that may have conflicts (Arm's length Basis), and without transfer of interests among the Company, subsidiaries and parties that may have conflicts.

Measure and procedure of the approval on the related party transaction

The Meeting of the Board of Directors No. 1/2017 on 30 March 2017 resolved to determine the policy for entry to perform the related party transactions of the Company and subsidiaries for transparency of related transactions between the person or juristic person that may have conflict of interests and for protection of the interest of the Company. The said policy and procedure can be summarized as follows:

In performing the related party transactions of the Company and its subsidiaries, and the persons that may have conflict of interests, gain and loss, or may have conflict of interests in the future with the Company, such as the major shareholder, director, executive, regulator or the connected person, the Company shall comply with Securities and Exchange Law, regulations, announcements and orders of the Capital Market Supervisory Board, and the Stock Exchange of Thailand. The stakeholders are unable to participate in consideration and approval of the said transactions.

In case where the laws prescribed that those related party transactions shall be approved by the Meeting of the Board of Directors, the Company shall assign the Audit Committee to attend the Meeting for consideration and comment on the necessity of the transaction performing and reasonability of the said transactions. In entry to perform the transaction which is the commercial agreement that is general commercial term, and the transactions which are the commercial agreement that is not general commercial term, the following principle shall be complied.

- (a) Performing the transaction which is the commercial agreement that is the general commercial term

The Board of Directors approved the principle for the Management to enable to approve performing the related party transaction which is the commercial agreement that is the general commercial term between the Company and its subsidiaries, and director, executive or related person. If commercial agreement is entered in such transaction in the same nature that the reasonable man should perform with the general agreement party in the same situation by the trade bargaining power without influence of his/her status as director, executive, or connected person (as the case may be).

However, the Company shall prepare report of such transaction performing summary for quarterly reporting in the Meeting of the Audit Committee, and Meeting of the Board of Directors.

(b) Performing the transaction which is the commercial agreement that is not the general commercial term

In performing the transaction which is the commercial agreement that is not the general commercial term, the Audit Committee shall consider and remark the opinion prior to proposing to the Board of Directors or the Meeting of the Shareholders (as the case may be) for further consideration and approval to ensure that the entry to perform such transaction is for the purpose of maximum benefit of the Company and in accordance with Securities and Exchange Law, regulations, announcements and orders of the Capital Market Supervisory Board, and Stock Exchange of Thailand, as well as compliance with the requirement for disclosure of the information of the connected transaction performing.

In case where the Audit Committee is not expert in considering the contingent related party transaction, the Company shall appoint the independent expert or auditor of the Company to remark the opinions on such related party transaction. The said opinions shall be used by the Audit Committee, the Board of Directors or shareholders (as the case may be) as supporting information for decision making in order to be confident that the entry to perform such transaction is necessary and reasonable under main concern on the interest of the Company. The Company shall disclose related party transaction in Annual Registration Statement and notes to financial statements audited by the auditor of the Company.

Policy of related party transaction performing in the future

According to the contingent related party transaction, the Board of Directors shall comply with Securities and Exchange Law as well as regulations, announcements and orders of the Capital Market Supervisory Board, and Stock Exchange of Thailand, and comply with the requirement for disclosure of the related party transaction performing information of the Company or subsidiaries in accordance with the accounting standards prescribed by the Institute of Certified Accountants and Auditor of Thailand.

Management Discussion and Analysis

The following analysis and explanation were created for consolidated financial statement of the years 2016, 2017 and 2018 and it should be considered together with note to financial statements. The financial statements of company group are in accordance with Thai Financial Reporting Standard (TFRS) and financial statement of accounting period of the years 2016, 2017 and 2018. The information provided herein are in form of consolidated basis.

In order to prepare the readiness to be listed in Stock Exchange of Thailand, and to create transparent shareholding and operation, and avoid conflict of interest, the Company has restructured the business as follows: 1) purchase ordinary shares of subsidiaries, joint venture and affiliates from Nathalin Co., Ltd. (“Nathalin”). The subsidiaries joint venture and affiliates are NTL NMC TMT BSC TIM TNS TNTL and TST; and 2) purchase assets from Nathalin Co., Ltd. and Khunnatee Co., Ltd. (“Khunnatee”) which are Sri Krabi, Energy Star and Sriracha Eagle Vessels and office building.

Furthermore, during 2016, the Group has purchased additional shares from third parties and invested in subsidiaries and additional joint-ventures. The details are as follows:

Subsidiaries

1. NSSG

As at 31 December 2015, the Company holds 50.0% of shares in NSSG and on 19 May 2016, the Company invested in additional ordinary shares of NSSG by 37.5%, resulted in that the Company holds 87.5% of NSSG paid-up shares in total.

2. BSC

On 20 July 2016, the Company invested additional ordinary shares of BSC by 25.0%. resulted in that the Company holds 99.9% of BSC paid-up shares in total.

3. OCN

On 16 September 2016, the Company invested additional ordinary shares of OCN, which is the new established company, by 51.0% of the paid-up shares and NSSG holds 49.0% of paid-up shares of OCN.

Joint Venture

1. STC

On 28 December 2016, the Company invested additional ordinary shares of STC's by 51.0% of the paid-up shares available to purchase.

2. BONGKOT

On 20 April 2016, the Company invested additional ordinary shares of BONGKOT, new established company, by holding of 70.0% of paid-up shares available to purchase.

During 2016, the Company invested in subsidiaries and joint ventures under Nathalin Co., Ltd. Therefore, the Company has prepared retrospective re-stated financial statements for 2015. It shall be deemed that such companies are subsidiaries, joint venture companies and associated company before 1 January 2015 in accordance with Accounting Guidance for Business Combination under Common Control.

The terms for presentation of “Explanation and Analysis of Financial Statement and Operational Result” shall be referred as follows:

For analyses of financial position and figures related to financial statement

Accounting year 2016: Accounting record as at 31 December 2016

Accounting year 2017: Accounting record as at 31 December 2017

Accounting year 2018: Accounting record as at 31 December 2018

For analyses of operational result and profit and loss statement

Accounting year 2016: 1-year Accounting period ended 31 December 2016

Accounting year 2017: 1-year Accounting period ended 31 December 2017

Accounting year 2018: 1-year Accounting period ended 31 December 2018

For analyses of current cash flow and figures related to current cash flow

Accounting year 2016: 1-year Accounting period ended 31 December 2016

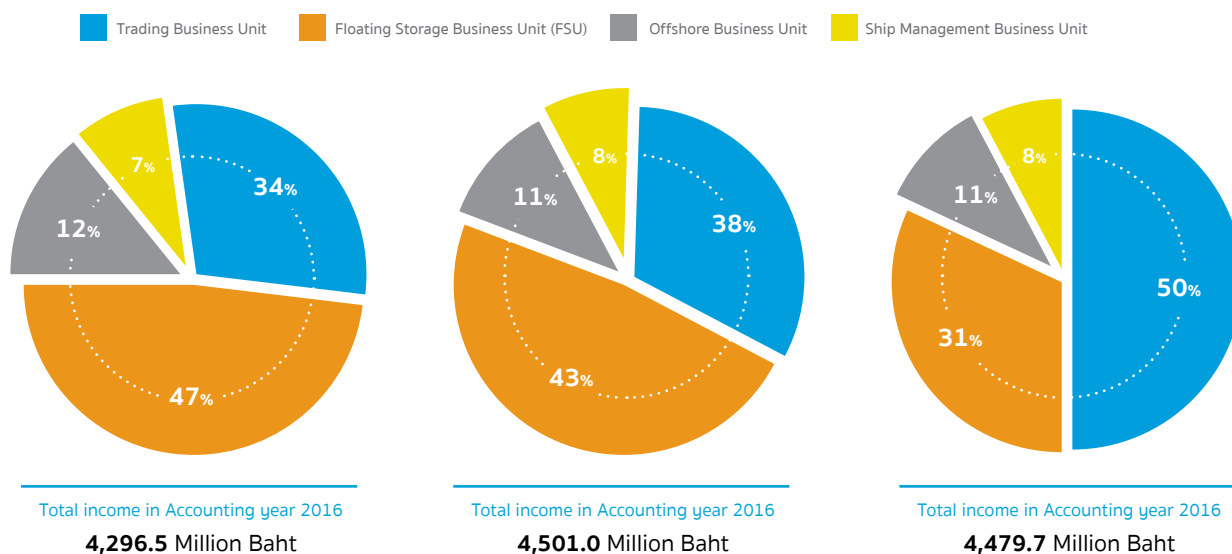
Accounting year 2017: 1-year Accounting period ended 31 December 2017

Accounting year 2018: 1-year Accounting period ended 31 December 2018

1. Overview of past operational result and financial position

Overview of operational result in 2016 – accounting year 2018s

The Group provides comprehensive transportation and storage service for crude oil, finished oil (petroleum product), semi-finished oil and liquid petrochemical products. Our business covers 4 main activities: 1) Trading Business Unit, 2) Floating Storage Business Unit (FSU), 3) Offshore Support Vessel Business Unit, and 4) Ship Management Business Unit. The share of income of each business in the years 2016 – 2018 are as follows:



From the mid of 2017 onwards, FSU was in decelerating state due to adjustment of Chinese Government on crude oil importing control policy, and permission for Teapot Refinery in the north of China to import of crude oil for refinery instead of fuel oil for refinery. According to the said circumstances, usage requirement of FSU Vessel declined. In addition, the fluctuation of world market oil price situation that has not yet facilitated the oil traders to store oil for future speculation throughout 2018, resulting in significant decrease in usage demand and rate of charter fee for FSU Vessel of the Company.

However, in 2018, the Group has improved management and adjusted business strategy for reduction of external factor impact toward FSU through decrease in number of FSU Vessels to be consistent with decreasing customer demand, and turned to accelerate expansion on Domestic Petroleum Product Tanker Business in leap forward manner to compensate decreasing revenue from FSU. Thus, the Group has expanded its business by takeover of Big Sea Co., Ltd. which is the company that operates the second major domestic petroleum product trading business from the Company until being successful. The Group could complete purchase of shares for 70% of Big Sea Co., Ltd. in the price of 1,540 million Baht (consisted fo cash payment amount of 1,400 million Baht and the obligation which is not yet due amount of 140 million Baht) since July 2018. Such takeover of Big Sea Co., Ltd. has caused increase in fleet of additional 13 Domestic Petroleum Product Tankers of the Company right away, resulting in the Company's ability to recognize increasing revenues from Q3/2018.

The significant transactions reflecting operational result of the Group in last three years could be summarized as follows.

| Transaction (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|--|----------------------|----------------------|----------------------|
| Revenue from service | 4,296.5 | 4,501.0 | 4,479.7 |
| Gross Profit | 1,643.7 | 1,131.2 | 1,111.2 |
| Gross Profit Margin (%) | 38.3 | 25.1 | 24.8 |
| Sales and Administrative Expense | 397.8 | 345.1 | 389.7 |
| Net Profit | 1,202.2 | 759.1 | 746.4 |
| Net Profit Margin (%) | 28.0 | 16.9 | 16.7 |
| Net Profit Attributable to onwers of the parent* | 963.0 | 717.9 | 711.8 |

*Remark: Such profit is calculated from net profit in owners' equity of the holding company, including net profit in other shareholders' equity from business combination under common control.

Revenue from services for the years 2016, 2017 and 2018 was 4,296.5 million Baht, 4,501.0 million Baht, and 4,479.7 million Baht, respectively, increasing for 4.76%, and decreasing for (0.48)% in 2017 and 2018. In 2017, revenue from services of the Group increased from 2016 due to main revenue of Trading Business Unit.

However, in 2017, gross profit decreased due to (1) decrease in average daily freight rate of Northern Pearl Vessel and Radiant Star Vessel which are vessels in International Tanker Business, in accordance with the freight rate of Aframax Vessel Market whereas such decrease was more than increasing gross profit of Domestic Tankers, and (2) decrease in gross profit from FSU due to decreasing usage requirement of FSU Vessels from the second period of 2017, resulting in decrease in usage demand and rate of charter fee of FSU Vessels of the Company.

While in 2018, revenue and gross profit from FSU has still been in decelerating state from the second half of 2017 due to decreasing usage demand of FSU Vessels as aforementioned. The Group has been farsighted on such problem, and taken corrective action by adjusting business plan to focus on the continuously growing Domestic Tanker Business in accordance with yearly increasing volume of petroleum product consumption in the South in accompany with entry to purchase of shares of Big Sea Co., Ltd. for expansion of Domestic Trading Business Unit, revenues and gross profit of the Group was therefore similar to 2017.

Selling and administrative expenses of the Group for the years 2016, 2017 and 2018, were 397.8 million Baht, 345.1 million Baht, and 389.7 million Baht, respectively. The main cause of high selling and administrative expenses in 2016 included recording of loss of general investment by 44.9 million Baht, which was non-recurring transaction. While in 2017, there was none of such expense. Selling and administrative expenses in 2017 significantly decreased

from 2016 while selling and administrative expenses in 2018 increased from 2017 due to increase in employee-related expense, including increase in rent and management fee based on larger size of the business. In addition, the Group had expense relating to financial and legal consulting fee from transaction of the entry to purchase shares of Big Sea Co., Ltd., resulting in increase in selling and administrative expenses from previous years.

In 2016, the Group recognized profit generated from purchase of ordinary shares of STC lower than fair value by 114.4 million Baht. This transaction is the transaction under One-time gain.

In 2017, the Group recognized gain on exchange rate by 97.7 million, while in 2018 the Group recognized gain on exchange rate by 8.2 million Baht, mostly due to recording of Mark-to market exchange rate relating to long-term loan in USD currency.

In 2018, the Group recognized revenue from sale of sea-going vessels by 44.4 million Baht and (reversing entry) of loss from impairment of general investment by 24.1 million Baht.

Net profit for the years 2016, 2017, and 2018 was 1,202.2 million Baht, 759.1 million Baht, and 746.4 million Baht, respectively, or net profit margin at 28.0%, 16.9% and 16.7%, respectively. Decrease in net profit margin in 2017 was due to loss of Northern Pearl Vessel and Radiant Star Vessel, and decrease in gross profit of FSU Vessel at time of slight decrease in net profit margin in 2018 from 2017 were due to increase in selling and administrative expenses as aforesaid.

2. Financial performance analysis

2.1 Financial performance analysis for Accounting Years 2016, 2017 and 2018

2.1.1 Revenue from Services

Revenue from services provided by the Group had continuous growth in the past 3 years for the fiscal year of 2016, 2017, and 2018, the Group's service income was 4,296.5, 4,501.0, and 4,479.7 million Baht, respectively. Increase by 204.5 million Baht or 4.8% in year 2017 and decreased by 21.3 million Baht or 0.5% in year 2018. Whereas the Group's most revenue came from Trading Business and Floating Storage Business Unit (FSU).

Revenues from services can be divided into 4 business units consisting of: 1) Trading Business Unit, 2) Floating Storage Business Unit (FSU), 3) Offshore Support Vessel Business Unit, and 4) Ship Management Business Unit as follows:

| Revenue from Services (million Baht) | Accounting Year 2016 | | Accounting Year 2017 | | Accounting Year 2018 | |
|--|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Value | % | Value | % | Value | % |
| Revenue from Trading Business Unit | 1,466.8 | 34.2 | 1,705.8 | 37.9 | 2,254.0 | 50.3 |
| Revenue from Floating Storage Business Unit (FSU) | 2,023.8 | 47.1 | 1,960.1 | 43.5 | 1,395.7 | 31.2 |
| Revenue from Offshore Support Vessel Business Unit | 525.3 | 12.2 | 480.1 | 10.7 | 471.8 | 10.5 |
| Revenue from Ship Management Business Unit | 280.5 | 6.5 | 355.0 | 7.9 | 358.2 | 8.0 |
| Total Revenue from Services | 4,296.5 | 100.0 | 4,501.0 | 100.0 | 4,479.7 | 100.0 |

1) Revenue from Trading Business Unit

The Revenue from Trading Business has continuous growth. For accounting years 2016, 2017, and 2018, the revenue from Trading Business Unit was 1,466.8, 1,705.8 and 2,254.0 million Baht, respectively, or in proportion of 34.2%, 37.9%, and 50.3% of total revenue from service. The revenue from Trading Business Unit varied as the shipment volume as follows.

| Trading Business Unit | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|----------------------------------|----------------------|----------------------|----------------------|
| Volume of Cargo (million liters) | 4,050.9 | 4,257.7 | 6,523.6 |

- For the year 2017 compared with accounting year 2016, the Group earned increasing revenue from Trading Business Unit by 239.0 million Baht or 16.3% due to increase of shipment volume and increase of two more vessels which are Sri Khiri Chad Vessel with 4,988 DWT Capacity and Sri Don Sak Vessel with 3,020 DWT Capacity, and have commenced their services in June and September 2017, respectively.
- For the year 2018 compared with accounting year 2017, the Group earned increasing revenue from Trading Business Unit by 548.20 million Baht or 32.1% due to: (1) increase of shipment volume, (2) increase of one more vessel which is Sri Kanchanadit Vessel, with 3,000 DWT Capacity in March 2018, (3) additional vessels in 2017 due to utilization in the whole year of 2018, (4) more utilization of petroleum product transportation in Back Haul, and (5) entry to purchase business of Big Sea Co., Ltd. in July 2018, resulting in increasing revenue by 328.1 million Baht.

2) Revenue from Floating Storage Business Unit (FSU)

For accounting years 2016, 2017, and 2018, revenue from Floating Storage Business Unit (FSU) was 2,023.8 million Baht, 1,960.1 million Baht, and 1,395.7 million Baht, respectively, or in the proportion at 47.1%, 43.5%, and 31.2% of total revenue from services, respectively. However, revenue from FSU changed in accordance with number of utilization rate days of FSU Vessels as follows.

| Floating Storage Business Unit (FSU) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|--------------------------------------|----------------------|----------------------|----------------------|
| Average Utilization Rate (%) | 100.00 | 88.25 | 86.25 |

- For accounting year 2017 compared with accounting year 2016, the Group earned decreasing revenue from FSU by 63.7 million Baht or 3.1% due to impact from utilization of non-full hull of Energy Star Vessel and Grace Star Vessel at average utilization rate of 50% and 75%, respectively. Its cause included adjustment of Chinese Government on crude oil importing control policy and permission of crude oil import by Teapot Refinery in the North of China for oil refinery instead of import of fuel oil since the second half of 2017, resulting in decrease in usage requirement of FSU Vessels.
- For accounting year 2018 compared with accounting year 2017, the Group earned decreasing revenue from FSU by 564.4 million Baht or 28.8% due to average utilization rate of non-full hull and more vessel supply than usage demand, resulting in necessity of the Group in reduction of service charge rate to customers in order to maintain the level of utilization rate. However, in the ending period of 2018, there has been more fuel oil storage requirement to support IMO2020 measure that reduces ceiling of the proportion of sulphur in fuel oil to be 0.5% from before 3.5%. This measure will be effective from 1 January 2020 onwards, resulting in the ability of the Group to expand new customer base, under purpose of admixture of Ultra-Low Sulfur Fuel Oil (ULSFO) with High Sulfur Fuel Oil (HSFO) to acquire Low Sulfur Fuel Oil (LSFO) in accordance with the criteria of IMO2020 from the end period of Q4/2018. Due to such increasing demand, the Group expected that revenue from FSU will be improved consecutively in 2019.

3) Revenue from Offshore Support Vessel Business Unit

Revenue from Offshore Support Vessel Business Unit consists of revenue from Floating Storage and Offloading Unit (FSO) Business, and revenue from Accommodation Work Barge (AWB) For accounting years 2016, 2017, and 2018, revenue from Offshore Support Vessel Service Business Unit by 525.3 million Baht, 480.1 million Baht, and 471.8 million Baht, respectively, or in the proportion of 12.2%, 10.7%, and 10.5% of total revenue from service, respectively. However, revenue from Offshore Support Vessel Business Unit changed in accordance with number of utilization days as per below detail.

| Offshore Support Vessel Business Unit Business | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|---|----------------------|----------------------|----------------------|
| Number of Utilization Days of Offshore Support Vessels (Days) | 953.6 | 889.3 | 936.1 |

- For accounting year 2017 compared with accounting year 2016, the Group earned decreasing revenue from Offshore Support Vessel Business Unit by 45.3 million Baht or 8.6% due to work load impact in monsoon period in accompany with continuous decelerating situation of Offshore Support Vessel Business in Thailand, resulting in decrease in usage volume of AWB Vessels.
- For accounting year 2018 compared with accounting year 2017, the Group earned decreasing revenue from Offshore Business Unit by 8.3 million Baht or 1.7% due to work load impact in monsoon period in accompany with continuous decelerating situation of Offshore Business in Thailand as in 2017, resulting in decrease in usage volume of AWB Vessels. However, in the end period of Q4/2018, usage demand of AWB Vessels increased in accordance with clearer market situation, survey direction, and manufacture of petroleum of Thailand, resulting in the return of AWB Vessels to provide service to PTT Exploration and Production Public Company Limited from the end of December 2018.

4) Revenue from Ship Management Business Unit

For accounting years 2016, 2017, and 2018, revenue from Ship Management Business Unit was 280.5 million Baht, 355.0 million Baht, and 358.2 million Baht, respectively, or in the proportion of 6.5%, 7.9%, and 8.0% of total revenue from services, respectively.

- For accounting year 2017 compared with accounting year 2016, the Group earned increasing revenue from Ship Management Business Unit by 74.5 million Baht or 26.6% as the result of NSSG's acceptance on ship management of additional two vessels which are Bongkot Star Vessel and Phoenix M Vessel.
- For accounting year 2018 compared with accounting year 2017, the Group earned indifferent significant revenue from Ship Management Business Unit.

2.1.2 Cost of Service

For accounting year 2016, 2017, and 2018, cost of service for the Group was 2,652.7 million Baht, 3,369.8 million Baht, and 3,368.6 million Baht, respectively, increasing by 717.1 million Baht or 27% in 2017, and decreasing by 1.2 million Baht in 2018. Cost of service for the Group has been classified into type of business as follows.

| Cost of Service (million Baht) | Accounting Year 2016 | | Accounting Year 2017 | | Accounting Year 2018 | |
|---|----------------------|-------|----------------------|---------|----------------------|-------|
| | Value | % | Value | % | Value | % |
| Cost of Trading Vessel Service | 1,189.9 | 44.9 | 1,620.0 | 48.1 | 1,847.8 | 54.9 |
| Cost of FSU Vessel Service | 809.4 | 30.5 | 1,094.4 | 32.6 | 925.8 | 27.5 |
| Cost of Offshore Support Vessel Service | 439.1 | 16.5 | 398.3 | 11.8 | 360.8 | 10.7 |
| Cost of Ship Management Service | 214.3 | 8.1 | 252.1 | 7.5 | 234.2 | 6.9 |
| Total Cost of Service | 2,652.7 | 100.0 | 3,369.8 | 3,368.6 | 3,368.6 | 100.0 |

Proportion of cost of service of the Group has been classified into type of expense in accounting years 2016, 2017, and 2018 as per the following summary.

| Cost of Service (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|---|----------------------|----------------------|----------------------|
| | % | % | % |
| Fuel Oil for Sailing | 14.6 | 18.7 | 22.2 |
| Depreciation and Amortization | 17.1 | 19.0 | 14.0 |
| Affreightment expense of Trading Vessels under Time Charter | 18.1 | 14.4 | 8.1 |
| Cost of Ship Management ¹ | 9.9 | 12.9 | 12.1 |
| Cost of Trading Business Unit ² | 40.2 | 34.8 | 43.4 |
| Other Expenses | 0.0 | 0.2 | 0.2 |
| Total Cost of Service | 100.0 | 100.0 | 100.0 |

Remark: ¹Cost of ship management such as seafarer expense, repair expense, etc.

²Cost of Trading Business Unit such as Port Due and Port Charge, operating agent expense, cost of insurance, and affreightment expense of other vessel under spot charter.

1) Cost of Trading Vessel Service

Cost of trading vessel service consists of main cost such as fuel oil expense, depreciation and amortization, affreightment expense of trading vessels under time charter, and cost of ship management. For accounting years 2016, 2017, and 2018, cost of trading vessel service was 1,189.9 million Baht, 1,620.0 million Baht, and 1,847.8 million Baht, respectively, or in the proportion of 44.9%, 48.1%, and 54.9% of total cost of service, respectively.

- For accounting year 2017 compared with accounting year 2016, cost of trading vessel service for the Group increased by 430.2 million Baht or 36.2% due to (1) increase in cost of shipping fuel oil for international trading vessels from change on type of contract from Contract of Affreightment to be Spot Charter Contract, resulting in the requirement of the Group to undertake fuel oil expense, in accompany with additional number of two vessels (Sri Don Sak and Sri Khiri Chad), (2) increase in depreciation and amortization, particularly increasing depreciation of new vessels.
- For accounting year 2018 compared with accounting year 2017, cost of trading vessel service for the Group increased by 227.7 million Baht or 14.1% due to (1) entry to purchase shares of Big Sea Co., Ltd. from 1 July 2018, resulting in requirement of the Group to recognize revenue and cost of Big Sea Co., Ltd. on Consolidated Basis in preparation of consolidated financial statements, and (2) increase in cost of Trading Business Unit due to increase in shipment demand at the time of non-completion of new vessel building, resulting in the necessity of the Group for affreightment of other vessel outside the Group for customer services in the period of full service capacity of vessels of the Group.

2) Cost of FSU Vessel Service

For accounting years 2016, 2017, and 2018, cost of service for Floating Storage Business Unit (FSU) was 809.4 million Baht, 1099.4 million Baht, and 925.8 million Baht, respectively, or 30.5%, 32.6%, and 27.5% of total cost of service, respectively.

- For accounting year 2017 compared with accounting year 2016, cost of FSU vessel service for the Group increased 289.9 million Baht or 35.8% mainly due to cost of new vessel service, such as Grace Star Vessel, and increase in depreciation and amortization for consistency with accounting policy of the Group in accordance with accounting standard using steel price as at 31 December 2016 for calculation of depreciation of vessel in 2017. In 2016, steel price decreased and resulted in calculation of increasing depreciation of vessel in 2017.

- For accounting year 2018 compared with accounting year 2017, cost of FSU vessel service for the Group decreased by 173.5 million Baht or decreased by 15.8% mainly due to adjustment of policy for amortization of depreciation of sea-going vessel. The purpose of adjustment on calculation method of depreciation is to reduce fluctuation of depreciation in each accounting year. The detail of new calculation method of depreciation is as follows.

| Item | Old Forecasting Method | New Forecasting Method |
|-------------------|---------------------------------|-----------------------------------|
| 1) Forecasting | Project life of vessel | Economic life of vessel |
| 2) Life of vessel | 5 - 20 years | 20 - 27 years |
| 3) Steel price | Price in the previous year | Five - year average price |
| 4) Exchange Rate | Exchange Rate in previous years | Five - year average exchange rate |

3) Cost of Offshore Vessel Service

For accounting years 2016, 2017 and 2018, cost of Offshore Support Vessel service was 439.1 million Baht, 398.3 million Baht, and 360.8 million Baht, respectively, or in the proportion of 16.6%, 11.8%, and 10.7% of total cost of service, respectively. In 2017, overall cost of Offshore Support Vessel service decreased in consistency with decreasing revenue from Offshore Support Vessel, while decrease in Offshore Support Vessel service in 2018 from 2017 was due to improvement of the policy for amortizing depreciation of sea-going vessels to reduce fluctuation of depreciation in each accounting year period as aforesaid.

4) Cost of Ship Management Service

For accounting years 2016, 2017, and 2018, cost of ship management service was 214.2 million Baht, 252.1 million Baht, and 234.2 million Baht, respectively or in the proportion of 8.1%, 7.5%, and 6.9% of total service cost, respectively.

For accounting year 2017 compared with accounting year 2016, the Group's cost of ship management service increased by 37.8 million Baht or 17.6% due to two more vessels for services by the Group, resulting in increase in cost of ship management service.

For accounting year 2018 compared with accounting year 2017, the Group's cost of ship management service decreased by 17.9 million Baht or 7.1% as one FSU Vessel managed by the Group was sold as scrap in Q1/2018, resulting in decrease in cost.

2.1.3 Gross Profit and Gross Profit Margin

For accounting years 2016, 2017, and 2018, total gross profit was 1,643.9 million Baht, 1,131.2 million Baht, and 1,111.2 million Baht, respectively, or gross profit margin was 38.3%, 25.1%, and 24.8%, respectively. However, gross profit and gross profit margin are classified into the following businesses.

| Gross Profit (million Baht) | Accounting Year 2016 | | Accounting Year 2017 | | Accounting Year 2018 | |
|---|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| | Value | Gross Profit Margin | Value | Gross Profit Margin | Value | Gross Profit Margin |
| Gross Profit from Trading Business Unit | 276.9 | 18.9% | 85.8 | 5.0% | 406.2 | 18.2% |
| Gross Profit from Floating Storage Business Unit (FSU) | 1,214.4 | 60.0% | 860.8 | 43.9% | 469.9 | 33.7% |
| Gross Profit from Offshore Support Vessel Business Unit | 86.2 | 16.4% | 81.7 | 17.0% | 111.0 | 23.5% |
| Gross Profit from Ship Management Business Unit | 66.3 | 23.6% | 102.9 | 29.0% | 124.1 | 34.6% |
| Total Gross Profit | 1,643.8 | 38.3% | 1,131.2 | 25.1% | 1,111.2 | 24.8% |

For accounting years 2016, 2017, and 2018, total gross profit from Trading Business Unit was 276.9 million Baht, 85.8 million Baht, and 406.2 million Baht, respectively, or gross profit margin was 18.9%, 5.0%, and 18.2%, respectively. In 2017, the Group's gross profit margin decreased when compared with 2016 mainly due to: (1) decrease in rate of freight for Aframax Vessel in world market, resulting in revenue of Northern Pearl Vessel and Radiant Star Vessel which are vessels in International Trading Business, (2) increase in cost of shipping fuel oil from change on Contract of Affreightment into Contract of Spot Charter, resulting in the requirement of the Group to undertake burden on cost of fuel oil in accompany with additional number of two vessels (Sri Don Sak and Sri Khiri Chad), and (3) affreightment of external vessels to support customer demand at higher cost than service provided by the Company's vessels. While gross profit margin of 2018 increased from 2017 due to (1) re-adjustment of the Group on the form of contract for vessels in International Tanker Business formerly in Contract of Spot Charter into Contract of Affreightment, resulting in ability of the Group to transfer burden of cost of fuel oil to the service user, (2) ability of the Group to enhance efficiency of Domestic Tanker Vessels by more acquisition and service of Back Haul Shipment of Petroleum Product when compared with 2017, resulting in increase in revenue of the Group at the time of slight increase in cost of service when compared with bareboat navigation in return trip. and (3) the acquisition of Big Sea Co., Ltd. in July 2018 which contributed gross profit amount of 98.5 million Baht

For accounting years 2016, 2017, and 2018, total gross profit from FSU was 1,214.4 million Baht, 860.8 million Baht, and 469.9 million Baht, respectively, or gross profit margin was 60.0%, 43.9%, and 33.7%, respectively. In 2017, the Group's gross profit from FSU decreased from 2016 due to decrease in rate of service charge from decelerating market situation of FSU as the result of adjustment of Chinese Government on crude oil importing control policy, and permission for Teapot Refinery in the north of China to import of crude oil for refinery instead of fuel oil for refinery, resulting in decrease in usage requirement of FSU Vessels. While in 2018, the Group's gross profit from FSU decreased from 2017 due to lower average utilization rate and more vessel supply than usage demand, resulting in necessity of the Group in reduction of service charge rate to customers in order to maintain the level of utilization rate. However, in the ending period of 2018, there has been more fuel oil storage requirement to support IMO2020 measure that reduces ceiling of the proportion of sulphur in fuel oil to be 0.5% from before 3.5%. This measure will be effective from 1 January 2020 onwards, resulting in the ability of the Group to expand new customer base, under purpose of admixture of Ultra-Low Sulfur Fuel Oil (ULSFO) with High Sulfur Fuel Oil (HSFO) to acquire Low Sulfur Fuel Oil (LSFO) in accordance with the criteria of IMO2020 from the end period of Q4/2018. Due to such increasing demand, the Group expected that revenue from FSU will be improved consecutively in 2019.

For accounting years 2016, 2017, and 2018, total gross profit from Offshore Business was 86.2 million Baht, 81.7 million Baht, and 111.0 million Baht, respectively, or gross profit margin was 16.4%, 17.0%, and 23.5%, respectively. In 2017, the Group's gross profit margin increased due to adjustment of the Group on ship management plan, decrease in cost of ship management, and discontinuity of management in some types with low utilization. While in 2018, gross profit margin of service of Offshore Support Vessels improved from 2017 due to improvement of policy for amortization of depreciation for sea-going vessel in order to reduce fluctuation of depreciation in each accounting year period, resulting in decrease in depreciation of 2018 from the aforesaid year.

For accounting year 2016, 2017, and 2018, total gross profit from Ship Management Business Unit was 66.3 million Baht, 102.9 million Baht, and 124.1 million Baht, respectively, or gross profit margin was 23.6%, 29.0%, and 34.6%, respectively. In 2017, the Group's gross profit from ship management business increased from 2016 due to increase in the Group's ship management service from two vessels in 2016 to be six vessels at the end of 2017.

In 2018, total gross profit from Ship Management Business unit improved from the previous year due to the fact that the Group successfully controlled cost of services especially direct labour cost lead to better gross profit margin compared to the previous year.

2.1.4 Other Incomes

Other incomes consist of dividend received, interest received, and other incomes. For accounting years 2016, 2017 and 2018, other incomes of the Group were 73.9 million Baht, 39.7 million Baht, and 92.5 million Baht, respectively. The following is the detail of other incomes.

| Other Incomes (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|--|----------------------|----------------------|----------------------|
| Interest Received | 33.6 | 12.9 | 20.5 |
| Gain from Disposal of Equipment and Sea-Going Vessel | - | - | 44.4 |
| Demurrage | 16.4 | 14.8 | 5.5 |
| Others ¹ | 23.9 | 12.0 | 22.4 |
| Total Other Incomes | 73.9 | 39.7 | 92.5 |

Remark: 1Other incomes mostly consist of insurance indemnity, other services, and revenue from leasing vessel equipment

2.1.5 Administrative Expenses

The Group's administrative expenses mostly consist of salary and bonus of the executives and employees, entertainment expense, travelling expense, and consulting fee and management fee, rent and common service charge, depreciation and amortization. For accounting years 2016, 2017, and 2018, the Group's administrative expenses were 397.8 million Baht, 345.0 million Baht, and 389.7 million Baht, respectively. However, the Group's administrative expenses are classified into the following type of transactions.

| Administrative Expenses (million Baht) | Accounting Year 2016 | | Accounting Year 2017 | | Accounting Year 2018 | |
|--|----------------------|------------|----------------------|------------|----------------------|------------|
| | Value | %* | Value | %* | Value | %* |
| Salary and Bonus of the Executives and Employees | 231.1 | 5.4 | 225.6 | 5.0 | 216.4 | 4.8 |
| Entertainment Expense, Travelling Expense, Consulting Fee and Management Fee | 42.6 | 1.0 | 26.6 | 0.6 | 64.0 | 2.3 |
| Rent and Common Service Charge | 30.4 | 0.7 | 38.3 | 0.9 | 39.2 | 0.9 |
| Depreciation and Amortization | 15.9 | 0.4 | 17.4 | 0.4 | 27.6 | 0.6 |
| Impairment from Investment | 44.9 | 1.0 | - | | (24.1) | (0.5) |
| Others | 32.8 | 0.8 | 37.1 | 0.8 | 66.6 | 0.7 |
| Total Administrative Expenses | 397.8 | 9.3 | 345.0 | 7.7 | 389.7 | 8.8 |

*Percent of revenue from service

For accounting year 2017 compared with accounting year 2016, the Group's administrative expenses were estimated to be 7.7%, and 9.3% of revenue from service, respectively. However, decrease in administrative expenses was mainly due to recording of loss from general investment for 44.9 million Baht in 2016 as one-time transaction. While in 2017, there was none of such expense. Therefore, selling and administrative expenses in 2017 significantly decreased from 2016.

For accounting year 2018 compared with accounting year 2017, the Group's administrative expenses were estimated to be 8.8%, and 7.7% of revenue from service, respectively. Selling and administrative expenses of 2018 increased from 2017 due to increase in employee-related expense, including increase in rent and administrative expense based on bigger size of business. Moreover, from entry to purchase shares of Big Sea Co., Ltd., the Group had expense relating to financial and legal consulting fee from such transaction, resulting in higher selling and administrative expenses from previous year.

2.1.6 Gain (Loss) from Exchange Rate

The Group's partial revenue is received in USD currency particularly in Floating and Storage Business Unit and Offshore Support Vessel Business Unit for cashflow hedging. The Company therefore selects to acquire capital by long-term borrowing from financial institutions in USD currency. However, accounting standard prescribes that the Company must record recognition of 1) realized gain and loss from exchange rate as the result of difference between exchange rate as at transaction date and payment date, and 2) unrealized gain and loss from difference between exchange rate as at transaction date and as at ending date of the period of financial statements, gain and loss from exchange rate with fluctuation mostly occurred from recording such account in part relating to long-term loan in USD currency as per the following detail of gain and loss from exchange rate in 2016, 2017, and 2018.

For accounting year 2016, the Group's gain from exchange rate was 35.2 million Baht due to Baht appreciation when compared with USD currency.

For accounting year 2017, the Group's gain from exchange rate was 97.7 million Baht due to Baht appreciation when compared with USD currency.

For accounting year 2018, the Group's gain from exchange rate was 8.2 million Baht due to Baht appreciation when compared with USD currency.

2.1.7 Financial Cost

For accounting years 2016, 2017, and 2018, financial cost of the Group was 185.4 million Baht, 217.4 million Baht and 167.8 million Baht, respectively.

For accounting year 2017 compared with accounting year 2016, the Group's financial cost increased by 32.0 million Baht or 17.3% mainly due to increasing borrowing of the Group for expansion of fleets.

For accounting year 2018 compared with accounting year 2017, the Group's financial cost decreased by 49.6 million Baht or 22.8% due to the Group's early closing loan line of one vessel in FSU and sale of such vessel as scrap to reduce number of vessels with non-full capacity of usability, and reduce cost of Drydocking expense and decrease in principal obligation in loan installments.

2.1.8 Share of Profit (Loss) from Investment in Associates and Joint Ventures

The Company invested in ordinary shares of the associates such as TIM, and invested in ordinary shares of joint ventures such as TNTL, TST, TNS, STC, and BONGKOT. For accounting years 2016, 2017, and 2018, share of profit (loss) from investment in associates and joint ventures of the Group was 152.8 million Baht, 55.0 million Baht, and 150.4 million Baht, respectively. In 2016, the Company's profit sharing from investment in associates and joint ventures increased mostly due to: (1) profit derived from purchase of ordinary shares of STC that was lesser than fair value for 114.4 million Baht as one-time gain, (2) the Company's share of profit from investment in associate and joint venture from TNS and TST for 21.8 million Baht, and 14.9 million Baht, respectively.

In 2017, the Company's share of profit (loss) from investment in associates and joint ventures mostly consists of the detail that TNS, TST, BMS, and STC were 43.2 million Baht, 16.7 million Baht, 9.3 million Baht, and (16.6) million Baht, respectively.

In 2018, the Company's share of profit (loss) from investment in associates and joint ventures mostly consists of the detail that TNS, TST, BMS, and STC were 64.5 million Baht, 4.5 million Baht, 95.0 million Baht, and (17.2) million Baht, respectively.

2.1.9 Income Tax Expense

For accounting years 2016, 2017, and 2018, the Group's income tax expense was 120.4 million Baht, 2.0 million Baht, and 58.3 million Baht, respectively. In 2016, the Group's income tax expense increased due to increase in profit before income tax in non-exempting portion of income tax. In 2017, the Group's profit before income tax in non-exempting portion of income tax decreased, resulting in decrease in income tax expense. In 2018, the Group's profit before income tax in non-exempting portion of income tax increased, resulting in increase in income tax expense accordingly.

2.1.10 Net Profit and Net Profit Margin

For accounting years 2016, 2017, and 2018, the Group's net profit was 1,202.2 million Baht, 759.1 million Baht, and 746.4 million Baht, respectively, decreasing by 443.1 million Baht or 36.8% in 2017, and decreasing 12.7 million Baht or 1.7% in 2018, or net profit margin was 28.0%, 16.9%, and 16.7%, respectively.

2.1.11 Net Profit Sharing

As the Group restructured the Group by purchase of shares in subsidiaries, associates and joint ventures. Core asset in business operation includes three vessels from Nathalin and Khunnathee during 2016, purchase of additional shares in NSSG, BSC and STC, and investment in new established companies such as OCN and BONGKOT during 2016, the Group therefore presented consolidated financial statements for accounting year 2016 to reflect based on new structure of the Group under common control. However, net profit of the Group is classified into three portions in accordance with practical guideline of accounting for business combination under common control as follows.

- 1) Net profit in portion of the owners of the holding company indicated profit in portion of the Company and profit (loss) in portion of the subsidiaries, associates, and joint ventures as per the following detail.
 - For accounting year 2016, net profit in portion of the owners of the holding company indicated profit in portion of the Company and profit in portion of the subsidiaries such as SHT, NSSG, NTL, TMT, NMC, BSC and OCN based on the shareholding proportion at that time, and profit (loss) in portion of associates and joint ventures, such as TIM, TNS, TNTL, TST, STC, and BONGKOT based on the shareholding proportion at the time, and profit in portion of three vessels purchased by the Group from Nathalin and Khunnathee, particularly profit from the purchase date of vessel until the ending period. The Group purchased Sri Krabi Vessel and Energy Star Vessel from Nathalin on 8 June 2016 and 9 August 2016, respectively, and purchased Sriracha Eagle Vessel from Nathalin on 26 September 2016.
- 2) Net profit in portion of other shareholders from business combination under common control indicated profit of Energy Star Vessel and Sriracha Eagle Vessel as if the Group is the owner from 1 January 2016 particularly the portion of profit from 1 January 2016 to one day prior to the Company purchase date for vessels (on 8 August 2016 for Energy Star Vessel and on 25 September 2016 for Sriracha Eagle Vessel). For profit of Sri Krabi Vessel from 1 January 2016 to 7 June 2016, it was not included due to inadequacy of information by the Group. However, such profit amount was immaterial from estimation of the executive.
- 3) Net profit in portion of non-controlling interests indicated profit in portion of minor shareholders in the subsidiaries as per the following detail.
 - For accounting year 2016, net profit in portion of non-controlling interests indicated profit in portion of the minor shareholders in SHT, NSSG, NTL, TMT, NMC, BSC, and OCN based on the shareholding proportion at that time.
 - For accounting year 2017, net profit in portion of non-controlling interests indicated profit in portion of the minor shareholders in SHT, NSSG, and OCN based on the shareholding proportion at that time.
 - For accounting year 2018, net profit in portion of non-controlling interests indicated profit in portion of the minor shareholders in SHT, NSSG, and OCN based on the shareholding proportion at that time.

The following is the detail of net profit sharing for accounting years 2016, 2017, and 2018.

| Net Profit Sharing (million Baht) | Accounting Year 2016 | | Accounting Year 2017 | | Accounting Year 2018 | |
|--|----------------------|-------|----------------------|-------|----------------------|-------|
| | Value | % | Value | % | Value | % |
| Net Profit in Portion of the Owners of the Holding Company | 787.6 | 65.5 | 717.9 | 94.6 | 711.8 | 95.4 |
| Net Profit in Portion of Other Shareholders from Business Combination under Common Control | 175.4 | 14.6 | - | - | - | - |
| Net Profit in Portion of Non-Controlling Interests | 239.1 | 19.9 | 41.2 | 5.4 | 34.6 | 4.6 |
| Net Profit | 1,202.2 | 100.0 | 759.1 | 100.0 | 746.4 | 100.0 |

Net Profit in Portion of the Owners of the Holding Company

Net profit in portion of the Owners of the Holding Company for accounting year 2017 was 717.9 million Baht, decreasing from accounting year 2016 by 69.7 million Baht, or 8.9% due to decrease in business turnover both of Trading Business Unit and Floating Storage Business Unit (FSU). For accounting year 2018, the said net profit was 711.8 million Baht, decreasing from accounting year 2017 by 6.1 million Baht, or 0.9% due to decrease in business turnover of FSU.

Net Profit in Portion of Other Shareholders from Business Combination under Common Control

Net profit in portion of other shareholders from business combination under common control reflects profit for Energy Star Vessel and Sriracha Vessel. The said profit has been presented in part of “Net Profit in Portion of Owners’ Equity of the Holding Company” since the date of the Company’s purchase of vessels to be owned by the Company in Q3/2016.

Net Profit in Portion of Non-Controlling Interests

Net profit in portion of non-controlling interests, which is profit in the portion of the minor shareholders in SHT, NSSG, NTL, TMT, NMC, BSC, Big Sea, and OCN based on the shareholding proportion at that time, including profit (loss) from associates and joint ventures, such as TIM, TNS, TNTL, and TST based on the shareholding proportion at that time as per the following detail.

| Company | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|---------|--|---------------------------------|---------------------------------|
| SHT | 1 January – 31 December: 6.1% | -1 January – 31 December: 6.1% | -1 January – 31 December: 6.1% |
| NSSG | -1 January – 18 May: 50.0% -19 May – 31 December: 12.5% | -1 January – 31 December: 12.5% | -1 January – 31 December: 12.5% |
| NTL | -1 January – 19 July: 100.0% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |
| TMT | -1 January – 19 July: 100.0% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |
| NMC | -1 January – 19 July: 100.0% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |
| BSC | -1 January – 19 July: 100.0% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |
| Big Sea | - | - | -2 July – 31 December: 30.0% |
| OCN | 16 September – 31 December: 6.1% | -1 January – 31 December: 6.1% | -1 January – 31 December: 6.1% |
| TIM | -1 January – 19 July: 33.3% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |
| TNTL | -1 January – 19 July: 50.0% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |
| TST | -1 January – 19 July: 50.0% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |
| TNS | -1 January – 19 July: 50.0% -20 July – 31 December: 0.0% | -1 January – 31 December: 0.0% | -1 January – 31 December: 0.0% |

The factors affecting change in net profit which is the portion of non-controlling interests in accounting year 2016 included (1) change in shareholding proportion of the minor shareholders, and (2) net profit of the subsidiaries acquired in 2016, particularly net profit in NSSG that engages in FSU that earned better turnover in accounting years 2017 and 2018. Factor affecting change included decrease in net profit of the subsidiaries.

3. Analysis of Financial Position

Overview of Assets

As at 31 December 2016, 2017 and 2018, the Group's total assets were 8,382.7 million Baht, 10,678.7 million Baht, and 10,814.8 million Baht, respectively. Core assets include cash and cash equivalents, account receivables and other receivables, property, plant and sea-going vessels, goodwill, and investment in associates and joint ventures, etc.

As at 31 December 2017 compared with accounting year 2016, total assets increased by 2,296.0 million Baht or 27.4% mainly due to transaction of cash and cash equivalents from public offering for sale of ordinary shares for capital increase.

As at 31 December 2018 compared with accounting year 2017, total assets increased by 136.1 million Baht or 1.3% due to increase in goodwill of 1,022.2 million Baht and other intangible assets of 113.2 million Baht from entry for takeover of the business of Big Sea Co., Ltd. in the proportion of 70%. In meantime, cash of the Group decreased from such entry for takeover and from loan payment. Thus, net total assets increased by 136.1 million Baht.

Current Assets

Account Receivables and Other Receivables

The Group's account receivables and other receivables mostly consist of account receivables relating to service of Trading Vessels and FSU Vessels of the Group, and prepaid expense which mostly is prepaid insurance premium. For accounting years 2016, 2017, and 2018, the Group's account receivables and other receivables were 335.2 million Baht, 367.3 million Baht, and 426.4 million Baht, respectively as per the following detail.

| Account Receivables (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|--|----------------------|----------------------|----------------------|
| Account Receivables | | | |
| Account Receivables – Other Parties | 162.7 | 171.3 | 251.1 |
| Account Receivables – Related Parties | 8.3 | 48.6 | 46.1 |
| Total Account Receivables | 171.0 | 219.9 | 297.2 |
| Other Receivables | | | |
| Other Receivables – Related Parties | 17.1 | 17.5 | 0.4 |
| Account Receivables not yet issued for Invoice | 26.4 | 82.7 | 82.6 |
| Prepaid Expense | 76.5 | 41.3 | 27.0 |
| Accrued Interest Receivable | 13.0 | - | - |
| Refundable VAT | - | - | 10.2 |
| Refundable Corporate Income Tax | - | - | 8.0 |
| Advance Payment | 31.2 | 5.9 | 0.9 |
| Account Receivables and Other Receivables | 335.2 | 367.3 | 426.4 |

As at 31 December 2017, the Group's account receivables and other receivables increased from accounting year 2016 mostly due to increasing revenue from Trading Business Unit and Ship Management Business Unit that has commenced for service under new contract from Q4/2017. However, average collection period for 2017 was 15.8 days.

As at 31 December 2018, the Group's account receivables and other receivables increased from accounting year 2017 mostly due to increasing revenue from Trading Business Unit and account receivables and other receivables of Big Sea Co., Ltd. which were consolidated to the Group. Average collection period for 2018 was 24.3 days.

The Group's account receivables can be classified into outstanding aging period as follows.

| Account Receivables (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|---|----------------------|----------------------|----------------------|
| Not yet due for payment or outstanding not exceeding 3 months | 171.0 | 219.8 | 297.2 |
| Outstanding for payment from 3 to 6 months | - | 0.1 | - |
| Outstanding for payment from 6 to 12 months | - | - | - |
| Total Account Receivables | 171.0 | 219.9 | 297.2 |

The Group's policy is to establish allowance for doubtful accounts by considering on establishing the whole amount of allowance for doubtful accounts. In the event where account receivables are outstanding more than 180 days from the ending date of the period The Group shall additionally consider history of customer payment.

Short-Term Loans to Related Parties

For accounting year period of 2016, short-term loans to related parties decreased by 374.4 million Baht due to payment the whole amount of loans by Nathalin Co., Ltd., and Taizan Offshore Co., Ltd.

For accounting year period of 2017, the Group granted short-term loans to the related parties of Nathalin Co., Ltd., and Srithai Capital Co., Ltd. for 79.0 and 9.0 million Baht, respectively, and paid the whole amount of loans during the year.

For accounting year period of 2018, the Group granted short-term loans to the related parties of Srithai Capital Co., Ltd., for 35.0 million Baht, respectively, and paid the whole amount of loans during the year.

Inventories

Inventory consists of: (1) oil remaining on board means fuel oil remaining on board used by the Group for customer service, and (2) consumables for accounting years 2016, 2017, and 2018. Inventory of the Group was 116.9 million Baht, 121.0 million Baht, and 120.5 million Baht

| Inventory (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|--------------------------|----------------------|----------------------|----------------------|
| Oil Remaining on Board | 116.5 | 120.3 | 119.3 |
| Consumables | 0.4 | 0.7 | 1.2 |
| Inventory | 116.9 | 121.0 | 120.5 |

Inventories of the Group for 2016 and 2017 increased by 3.7 million Baht or 3.2%, and 4.1 million Baht or 3.5%, respectively. Despite of continuous decrease in the level of crude oil price in 2016, the Group has expanded additional businesses, and had additional number of vessels, resulting in requirement to store oil remaining on board in bigger volume. For 2017 and 2018, inventories of the Group were insignificantly different.

Non-Current Assets

Investment in Associates and Joint Ventures

For accounting years 2016, 2017, and 2018, investment of the Group in associates and joint ventures of the Group was 403.6 million Baht, 503.7 million Baht, and 487.7 million Baht. Changes in investment in associates and joint ventures of the Group are as follows.

In 2016, the Group additionally invested in two more joint ventures in total amount of 322.0 million Baht such as: 1) investment in STC at the proportion of 51.0% for 221.8 million Baht (however, the Company invested in cash for 107.4 million Baht and recognized gain from takeover payment in the price lower than fair value for 114.4 million Baht), and 2) investment in BONGKOT at 70.0% for 101.0 million Baht. Moreover, the Group also recognized profit from investment in associates and joint ventures for 38.4 million Baht.

In 2017, the Group paid additional share value in BONGKOT for 66.9 million Baht, and recognized profit from investment in associates and joint ventures for 33.2 million Baht.

In 2018, the Group recognized profit from investment in associates and joint ventures for 150.3 million Baht and reduced investment balance by dividend received for 166.3 million Baht.

Long-Term Loans to Related Parties

For accounting years 2016, 2017, and 2018, long-term loans to related parties of the Group were 104.6 million Baht, 95.4 million Baht, and 94.7 million Baht, respectively. Such long-term loans were loans granted by NSSG to TNS for borrowing to invest in fixed assets. Long-term loans to related parties decreased due to loss from exchange rate as at the ending date of the period which has not yet been paid for such loans.

Property, Plant and Sea-Going Vessels

Property, plant and sea-going vessels of the Group mostly include sea-going vessels and sea-going vessels under vessel building for accounting years 2016, 2017 and 2018, property, plant and sea-going vessel of the Group were 6,858.2 million Baht, 6,333.5 million Baht, and 6,943.4 million Baht, respectively as per the following detail.

| Property, Plant and Sea-Going Vessel (million Baht) | Accounting Year 2016 | | Accounting Year 2017 | | Accounting Year 2018 | |
|--|----------------------|-------|----------------------|-------|----------------------|-------|
| | Value | % | Value | % | Value | % |
| Sea-Going Vessels | 6,126.8 | 89.3 | 5,855.7 | 92.5 | 6,394.7 | 92.1 |
| Sea-Going Vessels under Vessel Building | 562.9 | 8.2 | 263.8 | 4.2 | 319.0 | 4.6 |
| Plant and Improvement of Plant | 83.8 | 1.4 | 72.2 | 1.1 | 61.9 | 0.9 |
| Major Overhaul Expense | 30.6 | 0.4 | 94.2 | 1.5 | 128.1 | 1.8 |
| Equipment Used on Board | 18.1 | 0.3 | 17.2 | 0.2 | 14.8 | 0.2 |
| Others | 26.0 | 0.4 | 30.4 | 0.5 | 24.9 | 0.4 |
| Total Property, Plant and Sea-Going Vessel | 6,858.2 | 100.0 | 6,333.5 | 100.0 | 6,943.4 | 100.0 |

For accounting year 2016, property, plant and sea-going vessels increased by 1,982.5 million Baht or 40.7%. In 2016, the Group amortized depreciation for 468.5 million Baht, and purchased additional property, plant and sea-going vessel for 2,468.9 million Baht.

For accounting year 2017, property, plant and sea-going vessels decreased by 524.7 million Baht or 7.7%. In 2017, the Group amortized depreciation for 657.7 million Baht and purchased additional property, plant and sea-going vessel for 371.2 million Baht, and gained difference on foreign exchange from value conversion of financial statements of SHT for 236.7 million Baht.

For accounting year 2018, property, plant and sea-going vessel increased by 609.9 million Baht or 9.6%. In 2018, the Group purchased additional equipment and sea-going vessel for 453.5 million Baht, accepted transfer from takeover of Big Sea Co., Ltd for 1,174.2 million Baht, and decreased from amortization of depreciation for 499.1 million Baht, disposed of sea-going vessel for 501.3 million Baht, and gained difference on foreign exchange from value conversion of financial statements of SHT for 17.4 million Baht.

Analysis of Source of Fund

Liabilities

For accounting years 2016, 2017, and 2018, total liabilities of the Group was 5,723.1 million Baht, 4,431.9 million Baht, and 3,844.3 million Baht, decreasing by 1,291.2 million Baht or 22.6% in 2017, and decreasing by 587.6 million Baht or 12.3% in 2018. Most changes in total liabilities were resulted from overdraft, short-term loans and long-term loans from financial institutions.

For accounting year 2017 compared with accounting year 2016, total liabilities decreased by 1,291.2 million Baht or 22.6% mainly due to payment of (1) overdraft and short-term loans from financial institutions, (2) short-term loans from the related-parties, (3) liabilities under financial leases, and (4) long-term loans from financial institutions.

For accounting year 2018 compared with accounting year 2017, total liabilities decreased 587.6 million Baht or 12.3% as the main result of the following key factors: (1) decrease in payment of long-term loans from institutions, (2) decrease in payment of liabilities under financial leases, and (3) increase in takeover of business of Big Sea Co., Ltd. and acceptance on transfer of long-term loans from financial institutions.

Overdraft and Short-Term Loans

Overdraft and short-term loans consist of overdraft and promissory notes for accounting year 2016, 2017, and 2018. Overdraft and short-term loans from financial institutions of the Group were 389.9 million Baht 0.0 million Baht and 25.0 million Baht, respectively.

For accounting year 2017 compared with accounting year 2016, overdraft and short-term loans from financial institutions decreased 389.9 million Baht due to the Group's payment of short-term loans from financial institutions during the period.

For accounting year 2018 compared with accounting year 2017, overdraft and short-term loans from financial institutions increased by 25.0 million Baht due to acceptance on transfer from takeover of Big Sea Co., Ltd.

Account Payables and Other Payables

Most of account payables and other payables were derived from purchase of shipping fuel oil, affreightment expense of trading vessels under time charter, materials and equipment on board, accrued repair and inspection service charge, operating agent expense, cost of insurance, and cost of new vessel building, and other accrued expenses. For accounting years 2016, 2017, and 2018, account payables and other payables of the Group were 275.1 million Baht, 361.8 million Baht, and 447.6 million Baht, respectively as per the following details.

| Account Payables and Other Payables (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|---|----------------------|----------------------|----------------------|
| Account Payables - Other Parties | 149.1 | 209.6 | 183.6 |
| Account Payables - Other-Related Parties | 44.3 | 59.1 | 48.4 |
| Accrued Expenses | 77.5 | 66.7 | 66.2 |
| Unearned Revenue | 4.2 | 26.4 | 9.4 |
| Estimate of Return Transferred for Takeover | - | - | 140.0 |
| Total Account Payables and Other Payables | 275.1 | 361.8 | 447.6 |

For accounting year 2017 compared with accounting year 2016, balance of account payables and other payables of the Group increased by 86.7 million Baht or 31.5% mainly due to purchase of oil remaining on board in the ending period of 2017, and unearned revenue from new ship management service in the ending period of the year as well.

For accounting year 2018 compared with accounting year 2017, the Group's balance of account payables and other payables increased by 85.8 million Baht or 23.7% mainly due to: (1) decrease in other account payables from usage requirement of oil remaining on board for FSU Vessel from sale of sea-going vessel by the Group, and (2) increase from estimate of return being transferred in takeover of business of Big Sea Co., Ltd., as well as acceptance on transfer of account payables and other payables of Big Sea Co., Ltd. under preparation of consolidated financial statements.

Non-Current Liabilities

Long-Term Loan from Financial Institution

For accounting years 2016, 2017 and 2018, the Group's long-term loans was 4,303.8 million Baht, 3,569.6 million Baht, and 2,929.2 million Baht, respectively as per detail of loan balance and important condition of loans of the Group for accounting years 2016, 2017, and 2018 as follows.

| Long-Term Loan (million Baht) | Accounting Year 2016 | Accounting Year 2017 | Accounting Year 2018 |
|--|-------------------------|-------------------------|-------------------------|
| Long-Term Loan from Financial Institutions (Current Portion) | 1,213.9 | 1,006.6 | 968.9 |
| Long-Term Loan from Financial Institution (Non-Current Portion) | | 1,006.6 | 968.9 |
| Total Long-Term Loan from Financial Institution | 4,303.8 | 3,569.6 | 2,929.2 |

For accounting year 2017 compared with accounting year 2016, long-term loans decreased by 734.2 million Baht or 17.1%. In 2017, the Group paid long-term loans by 1,236.9 million Baht, withdrew loans for additional business expansion by 775.0 million Baht, and gained difference from exchange rate by 272.3 million Baht.

For accounting year 2018 compared with accounting year 2017, long-term loans decreased by 640.4 million Baht or 17.9%. In 2018, the Group paid long-term loans for 1,364.9 million Baht, withdrew loans for additional business expansion of 219.8 million Baht, accepted transfer of long-term loans from takeover of Big Sea Co., Ltd. for 521.1 million Baht, and gained difference from foreign exchange by 16.4 million Baht.

In 2018, the company and a subsidiary failed to perform financial condition relating to maintenance of Debt Service Coverage Ratio (DSCR) determined in loan contract. However, the company and such subsidiary received the bank notice on relaxation of the said financial condition on 28 December 2018.

The following is the detail of terms for maintenance of key financial ratio under loan contract.

| Company | DSCR (Times) | | D/E Ratio (Times) | |
|-------------|------------------------------------|-------------------------------------|------------------------------------|------------------------|
| | Defined by the Lender ¹ | As at 31 December 2018 ² | Defined by the Lender ¹ | As at 31 December 2018 |
| The Company | More than 1.0 – 1.2 times | 0.65 – 1.42 times | Not more than 3.0 times | 0.13 |
| SHT | More than 1.0 – 1.1 times | 0.81 – 0.97 times | Not more than 2.0 – 6.5 times | 1.43 |
| NTL | More than 1.0 – 1.2 times | 1.31 – 1.36 times | Not more than 2.1 – 3.5 times | 0.89 |

¹The Company, SHT and NTL have had several loan lines and terms and conditions of each line determines maintenance of different financial ratios.

²Calculation method for DSCR ratio of each bank is different.

Liabilities under Financial Lease

For accounting years 2016, 2017 and 2018, liabilities under financial lease of the Group was 495.6 million Baht, 428.6 million Baht, and 356.2 million Baht, respectively. Most liabilities under financial leases were used for purchase of sea-going vessels.

For accounting years 2017 compared with accounting year 2016, liabilities under financial lease decreased by 66.9 million Baht due to payment under financial lease.

For accounting year 2018 compared with accounting year 2017, liabilities under financial lease decreased by 72.4 million Baht due to payment under financial lease.

Owners' Equity

Owners' equity consists of issued and paid-up capital, premium on ordinary shares, retained earnings, other component of owners' equity, and non-controlling interests as at 31 December 2016, 2017 and 2018. Shareholders' equity of the Group was 2,659.6 million Baht, 6,246.7 million Baht, and 6,970.4 million Baht, respectively.

For accounting year 2017 compared with accounting year 2016, owners' equity increased by 3,587.1 million Baht or 134.9% due to (1) the Company's registration of capital increase from 2,000.0 million Baht to be 2,500.0 million Baht by issuance of additional ordinary shares for 500.0 million Baht and Initial Public Offering for sale of shares for capital increase for 500 million shares at share value of 8.0 Baht per share by recording premium on ordinary shares after deduction of share issuance expense for 3,407.5 million Baht, (2) capital increase of the subsidiaries in part of non-controlling interests for 13.2 million Baht, (3) total dividend payment by the Group for 981.1 million Baht, and (4) total comprehensive profit and loss for the period for 647.5 million Baht.

For accounting year 2018 compared with accounting year 2017, shareholders' equity increased by 723.7 million Baht or 11.6% due to (1) increase in non-controlling interests of 221.9 million Baht from entry to take over Big Sea Co., Ltd., (2) total dividend payment by the Group for 250.0 million Baht, and (3) total comprehensive profit and loss for the period for 751.8 million Baht.

4. Liquidity Analysis

Cash Flow from Operating Activities

For accounting year 2016, cash flow received from operating activities of the Group was 2,225.2 million Baht mainly due to profit before income tax of 1,322.6 million Baht and depreciation and amortization of 468.6 million Baht. However, the Group's cash flow used from change in operating assets and liabilities was 516.1 million Baht mainly due to increase in account receivables and other receivables, and account payables and other payables of (160.0) million Baht, and 619.6 million Baht, respectively; and payment of income tax of 125.5 million Baht, resulting in the Group's net cash flow received from operating activities of 1,225.2 million Baht.

For accounting year 2017, the Group's cash flow received from operating activities was 1,390.4 million Baht mainly due to profit before income tax of 761.1 million Baht which was added back with depreciation and amortization of 657.9 million Baht. However, the Group's cash flow used from change in operating assets and liabilities was 5.5 million Baht mainly due to increase (decrease) of account receivables and other receivables, and account payables and other payables of (264.0) million Baht, and 311.2 million Baht, respectively, and income tax payment of 118.4 million Baht, resulting in the Group's net cash flow from operating activities of 1,390.4 million Baht.

For accounting year 2018, the Group's cash flow received from operating activities was 1,107.5 million Baht mainly due to profit before income tax of 804.7 million Baht which was added back with depreciation and amortization of 501.9 million Baht. However, the Group's cash flow used from change in operating assets and liabilities was (73.9) million Baht mainly due to increase (decrease) of account receivables and other receivables, and account payables and other payables of 29.1 million Baht, and (149.4) million Baht, respectively; and income tax payment of 55.0 million Baht, resulting in the Group's net cash flow from operating activities of 1,107.5 million Baht.

Cash Flow from Investing Activities

For accounting year 2016, the Group's net cash flow used for investing activities was 4,419.0 million Baht mainly due to (1) cash payment for entry into dry dock, equipment purchase, and plant improvement for 3,688.7 million Baht, (2) investment in subsidiaries, associates, and joint ventures, and additional general investment of 1,004.1 million Baht. However, the Group's cash received for paying long-term loans from related parties was 222.5 million Baht.

For accounting year 2017, the Group's cash flow used in investing activities was 490.0 million Baht mainly due to (1) cash paid for purchase of sea-going vessel, equipment and building improvement of 372.4 million Baht, (2) additional investment in associates of 66.9 million Baht, and the Group's cash paid from bank deposit with drawing limitation of 59.7 million Baht.

For accounting year 2018, the Group's net cash flow used in investing activities was 1,128.3 million Baht mainly due to (1) cash paid for purchase of sea-going vessel, equipment and plant improvement of 450.6 million Baht, (2) net cash paid for takeover of 1,392.0 million Baht, (3) cash received from sale of equipment and sea-going vessel of 584.4 million Baht, (4) dividend received from joint venture of 166.3 million Baht, and (5) the Group's cash paid from bank deposit with drawing limitation of 56.8 million Baht.

Cash Flow from Financing Activities

For accounting year 2016, the Group's net cash received from financing activities was 2,274.5 million Baht mainly due to (1) cash received from issuance of ordinary shares of 1,705.9 million Baht, (2) net cash received from short-term and long-term loans from financial institutions of 3,122.2 million Baht for investment in fleet expansion, and (3) cash received from sale and charter contract in return of 514.3 million Baht for Phurimas Vessel and Sriracha Eagle Vessel. However, the Group paid dividend of 468.4 million Baht, long-term loans and interest expense of 1,673.0 million Baht and 203.2 million Baht, respectively.

For accounting year 2017, the Group's net cash flow received from financing activities was 1,738.4 million Baht mainly due to (1) net cash received from long-term loans from financial institutions for 775.0 million Baht for investment in fleet expansion, (2) payment of short-term and long-term loans from financial institutions, and liabilities under financial leases for 1,688.6 million Baht, (3) dividend payment of 981.1 million Baht, (4) interest expense for 217.5 million Baht, (5) payment of long-term loans from related activities for 57.0 million Baht, (6) cash received from issuance of shares for capital increase, and sale of shares for public after deduction of share issuance expense for 3,907.5 million Baht.

For accounting year 2018, net cash flow received from financing activities of the Group was 1,669.9 million Baht mainly due to (1) net cash received from long-term loans from financial institutions for 219.8 million Baht for investment in fleet expansion, (2) payment of short-term and long-term loans from financial institutions, and liabilities under financial leases for 1,471.9 million Baht, (3) dividend paid for 250.0 million Baht, and (4) interest expense of 167.8 million Baht.

5. Key Financial Ratios

Liquidity Ratio

For accounting years 2016, 2017, and 2018, liquidity ratio of the Company was 0.38 times, 2.36 times, and 1.19 times, respectively, and quick ratio of the Company was 0.33 times, 2.28 times and 1.11 times, respectively. Liquidity ratio and quick ratio of the Group were below 1.0 due to 1) negative cash cycle of the Group of 4.01 – 6.05 days, average collection period of 15.83 – 24.29 days, average holding period of 12.71 – 15.62 days and average repayment period of 34.02 – 43.25 days, and 2) considerable increasing fleet extension by the Group in the past two years mainly using source of investment funds from borrowing financial institutions, resulting in high long-term loan in current portion. However, in 2017, after Initial Public Offering (IPO) of the Group for sale of ordinary shares, the Group had increasing cash, resulting in improvement of liquidity ratio of the Company and quick ratio of the Company in 2016.

While in 2018, liquidity ratio of the Company and quick ratio of the Company decreased from previous years due to the Company's use of cash from such Initial Public Offering for sale of ordinary shares to enter for takeover of Big Sea Co., Ltd. in the proportion of 70% in accompany with the Company's closing of long-term credit line and repayment of loan in installments, resulting in decrease in cash from 2017.

Profitability Ratio

For accounting year 2017, profitability ratio of the Company was 25.13%, decreasing from gross profit margin in 2016 mainly due to decrease in gross profit margin of Trading Business Unit as the result of decrease in average daily service charge of two Aframax Vessels in accordance with the rate of market service charge of Aframax Vessel. For accounting year 2018, gross profit margin of the Company was 24.80%, decreasing from gross profit margin in 2017 mainly due to decrease in gross profit margin of Floating Storage Business Unit (FSU) as the result of decrease in rate of service charge from decelerating market situation of Floating Storage Business Unit (FSU).

For accounting year 2017, net profit margin of the Company was 16.87%, decreasing from net profit margin in 2016 mainly due to decrease in gross profit as aforesaid, and increase in administrative expense of the Group as the result of increase in number of personnel to support business expansion and increase in salary rate during the year.

For accounting year 2018, net profit margin of the Company was 16.66%, decreasing from net profit margin in 2017 mainly due to decrease in gross profit margin as aforesaid, and increase in administrative expense of the Group in part of financial and legal consulting fee from business combination of Big Sea Co., Ltd.

For accounting years 2016, 2017, and 2018, return on equity of the Company was 54.93%, 16.61%, and 11.20%, respectively. In 2017, return on equity of the Company decreased mainly due to (1) the Company's increase in registered capital of the Company (paid-up) by 500.0 million Baht whereas premium on ordinary shares was 3,407.5 million Baht after public offering for sale of shares for capital increase, (2) dividend payment of the Company for 920.00 million Baht, (3) decrease in net profit of the Group as aforesaid. For 2018, return on equity of the Company decreased mainly due to (1) dividend payment of the Company for 250.00 million Baht and (2) decrease in net profit of the Group as aforesaid.

Operating Efficiency Ratio

For accounting years 2016, 2017 and 2018, Return on Assets was 16.08%, 7.96%, and 6.95%, respectively, and Return on Fixed Assets was 28.47%, 21.48% and 18.64%, respectively. For 2018 and 2017, Return on Assets and Return on Fixed Assets decreased mainly due to decrease in net profit margin as aforesaid.

Financial Policy Analysis Ratio

For accounting years 2016, 2017, and 2018, Debt to Equity Ratio was 2.15 times, 0.71 times, and 0.55 times, respectively, and Interest Bearing Debts to Equity Ratio was 1.97 times, 0.64 times, and 0.47 times, respectively.

For 2017, Debt to Equity Ratio decreased to be 0.71 times mainly due to decrease in total liabilities as the result of payment of overdraft and short-term loans from financial institutions, payment of long-term loans from financial institution, payment of liabilities under financial lease, issuance of shares for capital increase, and Initial Public Offering (IPO) for sales of shares. Interest Bearing Debts to Equity Ratio was 0.64 times due to the Company's payment of interest bearing liabilities of the Company during the year.

In 2018, Debt to Equity Ratio decreased to be 0.55 times, and Interest Bearing Debts to Equity Ratio decreased to be 0.47 times mainly due to decrease in total liabilities as the result of payment for closing loan line of one vessel in Floating Storage Business Unit (FSU) as aforesaid, and decrease in principal obligation in loan installments. For accounting years 2016, 2017, and 2018, Cash Basis for the Group was 0.31 times, 0.47 times, and 0.30 times, respectively. However, cash basis for the Group was below 1.0 times as the Group of the Company has been in the period of investment for business expansion in accordance with strategic plan, including additional investment in fleets for fulfillment of considerable higher usage requirement of floating storage vessels. In addition, the Group has also invested for purchase of interest in subsidiaries, associates, and joint ventures, and additional general investment as part of restructuring of the Group in 2016. The Group had investment-related obligation for 4,692.8 million Baht, 443.0 million Baht, and 1,842.6 million Baht in 2016, 2017 and 2018, respectively (if excluding such investment-related obligation, Cash Basis for 2016, 2017 and 2018 were 0.92 times, 0.55 times, and 0.60 times, respectively). The Group must mainly acquire capital from source of loans from financial institutions, resulting in high obligation of the Group to repay principal and interest to financial institutions in each year. However, in 2017, the Company's Initial Public Offering (IPO) for sales of ordinary shares caused the Company's ability to access other additional source of capital apart from financial institutions, contributing to the Group's decrease in obligation of payment of principal and interest in each year.

Report of the Board of Directors' Responsibility for Financial Reporting

The Board of Directors of Prima Marine Public Company Limited (the “Company”) is responsible for financial statements of the Company and its subsidiaries, and related financial report. The aforementioned financial statements are prepared and accurate in accordance with the Thai Financial Reporting Standard, appropriated accounting policy and consistency practices. Significant information was sufficiently disclosed as notes in financial statements and have been audited by the Certified Auditor of KPMG Phoomchai Audit Ltd. and expressed an unqualified opinion in the auditor’s report and disclosed in the annual report.

The Board of Directors has also adopted and maintained appropriated risk management, internal control system and compliance to ensure that financial reports are accurate, reliable and adequate to protect the company’s assets in order to prevent fraud or materially irregular operation including complied with the relevant laws and regulations.

The Board of Directors has appointed the Audit Committee comprising 3 Independent Directors to ensure accuracy and adequacy of the financial reports as well as reviewing and evaluating the efficiency and effectiveness of internal control system and internal audit. The opinion of the Audit Committee has been disclosed in the Company’s annual report.

The Board of Directors assured that overall internal control system of the Company is sufficient and appropriate to reasonably accredit of the financial statements of consolidated financial statements and separate financial statements of Prima Marine Public Company Limited and its subsidiaries for the year ended 31 December 2018 which represented financial position, operating results and cash flow in accordance with the Financial Reporting Standard.



(Mr. Bowon Vongsinudom)
Chairman of the Board of Directors



(Acting Sub Lt. Chanwit Anakkul)
Director, Chairman of the Board of
Executive and Chief Executive Officer

Independent Auditor's Report

To the Shareholders of Prima Marine Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Prima Marine Public Company Limited and its subsidiaries (the "Group") and of Prima Marine Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

| Purchase consideration transferred in business acquisition | |
|---|---|
| Refer to Notes 4 (a), and 5 to the consolidated financial statements. | |
| The key audit matter | How the matter was addressed in the audit |
| <p>During 2018, the Group completed the acquisition of Big Sea Co., Ltd., which provides local petroleum marine transportation service business, by acquiring 70% of total ordinary shares with initial consideration transferred of Baht 1,400 million. The Group entered into the share sales and purchase agreement with Big Sea Co., Ltd. According to the agreement, the Group has agreed to purchase additional shares which the share price depends on the Big Sea Co., Ltd.'s performance in the future and other conditions as stated in the agreement. The management used their judgment to forecast Big Sea Co., Ltd.'s performance in the future.</p> <p>Due to the materiality of the transactions and the significant management judgment involved in determining fair value of contingent consideration, I considered that this matter is the key audit matter.</p> | <p>My audit procedures included:</p> <ul style="list-style-type: none"> - Reading the share sales and purchase agreement and making inquiries of the management to understand key terms and conditions. - Evaluating the appropriateness of the Group's assessment of the identification of all assets acquired and liabilities assumed. - Assessing the appropriateness of the Big Sea Co., Ltd.'s performance forecast and key assumptions by the management. - Tested calculation. - Considering the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards. |

| Impairment of goodwill, investment in subsidiary and vessels | |
|---|--|
| Refer to Note 4 (a), 4 (k), 5, 12 and 15 to the consolidated and separate financial statements. | |
| The key audit matter | How the matter was addressed in the audit |
| <p>During 2018, the Group completed the acquisition of Big Sea Co., Ltd. by acquiring 70% of total ordinary shares with consideration transferred and contingent consideration of Baht 1,540.00 million which resulted in recording goodwill of Baht 1,022.25 million.</p> <p>The principal business of subsidiary is local marine transportation of petroleum products. There are several external risk factors such as change in economic and oil price, which may significantly affect the forecasted operating results. These factors are indications that goodwill and investments in subsidiary may be impaired.</p> <p>As at 31 December 2018, the Group had a carrying amount of vessels of Baht 6,394.70 million representing 59% of total assets. During 2018, the Group's vessels provide several services. The service rates and volumes depend on the market condition. The current market is highly competitive and it leads to a decrease in service rates and volumes for some types of vessel. These factors may be the indications that vessels may be impaired.</p> <p>The management assessed recoverability of goodwill, investment in subsidiary and vessels based on value in use which involves an estimate of the future cash flows.</p> <p>Due to the materiality of the transactions and the significant management judgment involved in determining recoverable amount, I considered that this matter are the key audit matter.</p> | <p>My audit procedures included:</p> <ul style="list-style-type: none"> - Making inquiries of the management and checking related documents to understand the process of impairment indicators assessment and preparation of discounted cash flow projection. - Evaluating the key management assumptions used in the calculation of value in use of goodwill, investment in subsidiary and vessels such as forecast of operation, service rates, estimated service volumes, growth rate, salary incremental rate and percentage of expenses per revenue, and discount rates. - Evaluating the key management assumptions for the residual value of vessels. - Performing sensitivity test by varying key assumptions. - Considering the adequacy of the Group's and the Company's disclosures in accordance with Thai Financial Reporting Standards. |

Other Matter

The consolidated and separate statements of financial position of Prima Marine Public Company Limited and its subsidiaries, and of Prima Marine Public Company Limited as at 31 December 2017, the consolidated and separate statements of income and comprehensive income, the consolidated and separate statements of changes in equity and cash flows which are included as comparative information, were audited by another auditor who expressed an unqualified opinion thereon in her report dated 22 February 2018.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Thanit Osathalert)
 Certified Public Accountant
 Registration No. 5155

KPMG Phoomchai Audit Ltd.
 Bangkok
 22 February 2019

Prima Marine Public Company Limited and its Subsidiaries
Statement of financial position

| | | Consolidated | | Separate | |
|--|------|----------------------|-------------------|----------------------|------------------|
| | | financial statements | | financial statements | |
| | | 31 December | | 31 December | |
| Assets | Note | 2018 | 2017 | 2018 | 2017 |
| | | (in thousand Baht) | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 1,286,134 | 2,974,248 | 940,555 | 2,555,063 |
| Trade accounts receivable | 6, 8 | 379,878 | 302,688 | 68,474 | 89,571 |
| Other receivables | 6, 9 | 46,561 | 64,647 | 25,493 | 10,583 |
| Inventories | 10 | 120,501 | 121,040 | 3,601 | 4,939 |
| Other current assets | | 2,797 | 9,869 | 2,032 | 8,868 |
| Total current assets | | 1,835,871 | 3,472,492 | 1,040,155 | 2,669,024 |
| Non-current assets | | | | | |
| Restricted deposits at financial institution | 20 | 176,408 | 119,669 | 174,709 | 110,165 |
| Investments in an associate and joint ventures | 11 | 487,671 | 503,680 | 322,487 | 375,373 |
| Investments in subsidiaries | 12 | - | - | 3,464,199 | 1,656,701 |
| Other long-term investments | 14 | 119,822 | 95,887 | 40,522 | 32,396 |
| Long-term loans to a related party | 6 | 94,658 | 95,364 | - | - |
| Property, plant, equipment and vessels | 15 | 6,943,410 | 6,333,449 | 1,811,294 | 2,442,042 |
| Goodwill | 16 | 1,022,246 | - | - | - |
| Other intangible assets | 17 | 113,200 | 1,085 | 669 | 756 |
| Deffered tax assets | 18 | - | 20,544 | - | - |
| Other non-current assets | 19 | 21,542 | 36,499 | 1,722 | 17,713 |
| Total non-current assets | | 8,978,957 | 7,206,177 | 5,815,602 | 4,635,146 |
| Total assets | | 10,814,828 | 10,678,669 | 6,855,757 | 7,304,170 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of financial position

| | | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|------------------|----------------------------------|------------------|
| | | 31 December | | 31 December | |
| Liabilities and equity | Note | 2018 | 2017 | 2018 | 2017 |
| <i>(in thousand Baht)</i> | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans from a financial institution | 20 | 25,000 | - | - | - |
| Trade accounts payable | 6, 21 | 232,061 | 268,736 | 62,458 | 78,769 |
| Other payables | 6, 22 | 215,578 | 93,084 | 167,256 | 36,273 |
| Current portion of long-term loans from financial institutions | 20 | 968,929 | 1,006,555 | 181,875 | 337,659 |
| Current portion of finance lease liabilities | 20 | 72,997 | 71,722 | 49,884 | 49,560 |
| Current tax payable | | 13,862 | 18,381 | - | 2,589 |
| Other current liabilities | | 18,371 | 11,712 | 2,416 | 2,524 |
| Total current liabilities | | 1,546,798 | 1,470,190 | 463,889 | 507,374 |
| Non-current liabilities | | | | | |
| Long-term loans from financial institutions | 20 | 1,960,289 | 2,563,039 | 139,675 | 620,522 |
| Finance lease liabilities | 20 | 283,210 | 356,979 | 186,620 | 237,277 |
| Deferred tax liabilities | 18 | 13,536 | 12,432 | 5,845 | 12,432 |
| Non-current provisions for employee benefit | 23 | 39,738 | 28,236 | 8,982 | 10,863 |
| Other non-current liabilities | | 783 | 1,087 | 348 | 473 |
| Total non-current liabilities | | 2,297,556 | 2,961,773 | 341,470 | 881,567 |
| Total liabilities | | 3,844,354 | 4,431,963 | 805,359 | 1,388,941 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of financial position

| Liabilities and equity | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|------------|----------------------------------|-----------|
| | | 31 December | | 31 December | |
| | | 2018 | 2017 | 2018 | 2017 |
| (in thousand Baht) | | | | | |
| Equity | | | | | |
| Share capital: | 24 | | | | |
| Authorised share capital | | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Issued and paid-up share capital | | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Share premium on ordinary shares | | 3,407,489 | 3,407,489 | 3,407,489 | 3,407,489 |
| Difference arising from common control transactions | 24 | (417,157) | (417,157) | (351,494) | (351,494) |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 25 | 124,600 | 105,400 | 124,600 | 105,400 |
| Unappropriated | | 1,052,136 | 600,142 | 369,803 | 253,834 |
| Other components of equity | 25 | (76,531) | (72,593) | - | - |
| Equity attributable to owners of the parent | | 6,590,537 | 6,123,281 | 6,050,398 | 5,915,229 |
| Non-controlling interests | 13 | 379,937 | 123,425 | - | - |
| Total equity | | 6,970,474 | 6,246,706 | 6,050,398 | 5,915,229 |
| Total liabilities and equity | | 10,814,828 | 10,678,669 | 6,855,757 | 7,304,170 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of income

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------|--------------------------------------|------------------|----------------------------------|------------------|
| | | Year ended 31 December | | Year ended 31 December | |
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | (in thousand Baht) | | | |
| Revenue from rendering of services | 6, 33 | 4,479,724 | 4,501,003 | 1,744,559 | 2,038,739 |
| Cost of rendering of services | 6 | (3,368,557) | (3,369,782) | (1,392,882) | (1,528,467) |
| Gross profit | | 1,111,167 | 1,131,221 | 351,677 | 510,272 |
| Other income | 6, 27 | 92,464 | 39,748 | 383,442 | 770,254 |
| Profit before expenses | | 1,203,631 | 1,170,969 | 735,119 | 1,280,526 |
| Administrative expenses | 6, 28 | (389,693) | (345,055) | (307,867) | (194,794) |
| Net foreign exchange gain | | 8,184 | 97,674 | 2,608 | 82,886 |
| Finance costs | 6, 31 | (167,783) | (217,445) | (41,531) | (96,309) |
| Profit before share of profit of an associate and joint ventures | | 654,339 | 706,143 | 388,329 | 1,072,309 |
| Share of profit of an associate and joint ventures | 11 | 150,349 | 54,977 | - | - |
| Profit before income tax (expense) income | | 804,688 | 761,120 | 388,329 | 1,072,309 |
| Tax (expense) income | 32 | (58,262) | (2,010) | (6,074) | 10,945 |
| Profit for the year | | 746,426 | 759,110 | 382,255 | 1,083,254 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 711,821 | 717,932 | 382,255 | 1,083,254 |
| Non-controlling interests | 13 | 34,605 | 41,178 | - | - |
| Profit for the year | | 746,426 | 759,110 | 382,255 | 1,083,254 |
| Earnings per share (in Baht) | | | | | |
| Basic earnings per share | 34 | 0.28 | 0.33 | 0.15 | 0.50 |

Prima Marine Public Company Limited and its Subsidiaries
Statement of comprehensive income

| | | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|-----------|----------------------------------|-----------|
| | | Year ended 31 December | | Year ended 31 December | |
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | (in thousand Baht) | | | |
| Profit for the year | | 746,426 | 759,110 | 382,255 | 1,083,254 |
| Other comprehensive income | | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | | |
| Foreign currency transaction differences for foreign operations | | (4,083) | (89,837) | - | - |
| Share of other comprehensive income of an associate and joint ventures | 11 | (72) | (21,801) | - | - |
| Total items that will be reclassified subsequently to profit or loss | | (4,155) | (111,638) | - | - |
| Items that will not be reclassified to profit or loss | | | | | |
| Gains on remeasurements of defined benefit plans, net of tax | 23 | 9,602 | - | 2,914 | - |
| Total items that will not be reclassified to profit or loss | | 9,602 | - | 2,914 | - |
| Other comprehensive income (expense) for the year, net of tax | | 5,447 | (111,638) | 2,914 | - |
| Total comprehensive income for the year | | 751,873 | 647,472 | 385,169 | 1,083,254 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 717,256 | 613,974 | 385,169 | 1,083,254 |
| Non-controlling interests | 13 | 34,617 | 33,498 | - | - |
| Total comprehensive income for the year | | 751,873 | 647,472 | 385,169 | 1,083,254 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of changes in equity

| | Consolidated financial statements | | | | | | | |
|--|-----------------------------------|----------------------------------|---|---------------|------------------------|----------------------------------|--|---|
| | Retained earnings | | Other components of equity | | | | | |
| | Issued and paid-up share capital | Share premium on ordinary shares | Difference arising from common control transactions | Legal reserve | Unappropriated reserve | Currency translation differences | Share of other comprehensive income (expense) of an associate and joint ventures | Equity attributable to owners of the parent |
| Note | 2,000,000 | - | (417,157) | 45,800 | 861,810 | 31,365 | - | 2,521,818 |
| Year ended 31 December 2017 | | | | | | | | |
| Balance at 1 January 2017 | | | | | | | | 137,805 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the parent | | | | | | | | |
| Issue of ordinary shares | 500,000 | 3,407,489 | - | - | - | - | - | 3,907,489 |
| Dividend | - | - | - | - | (920,000) | - | - | (61,134) |
| Issue of ordinary shares of subsidiaries | - | - | - | - | - | - | - | 13,256 |
| Total contributions by and distributions to owners of the parent | 500,000 | 3,407,489 | - | - | (920,000) | - | - | 2,987,489 |
| Total transactions with owners, recorded directly in equity | 500,000 | 3,407,489 | - | - | (920,000) | - | - | 2,987,489 |
| Comprehensive income for the year | | | | | | | | |
| Profit | - | - | - | - | 717,932 | - | - | 41,178 |
| Other comprehensive income | - | - | - | - | - | (82,157) | (21,801) | (7,680) |
| Total comprehensive income for the year | - | - | - | - | 717,932 | (82,157) | (21,801) | 33,498 |
| Transfer to legal reserve | - | - | - | 59,600 | (59,600) | - | - | - |
| Balance at 31 December 2017 | 2,500,000 | 3,407,489 | (417,157) | 105,400 | 600,142 | (80,792) | (21,801) | 6,123,281 |
| | | | | | | | | 123,425 |
| | | | | | | | | 6,246,706 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of changes in equity

| Consolidated financial statements | | | | | | | | | |
|-----------------------------------|--|-------------------|--|----------------------------|--|---|--|-----------------|--|
| | | Retained earnings | | Other components of equity | | | | | |
| | | | | Share of other | | comprehensive | | Equity | |
| | | | | | | income (expense) | | Total other | |
| | | | | | | translation of an associate and components to owners of | | attributable | |
| | | | | | | Unappropriated differences | | of equity | |
| | | | | | | joint ventures | | the parent | |
| | | | | | | reserves | | interests | |
| | | | | | | Legal | | equity | |
| | | | | | | reserve | | Total | |
| | | | | | | | | Non-controlling | |
| | | | | | | | | equity | |
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Prima Marine Public Company Limited and its Subsidiaries

Statement of changes in equity

| Separate financial statements | | | | | | |
|---|--|---|--|---------------------------|----------------|------------------|
| | Issued and paid-up share capital | Share premium on ordinary shares | Difference arising from common control transactions | Retained earnings | | Total equity |
| | | | | Legal reserve | Unappropriated | |
| | | | | <i>(in thousand Baht)</i> | | |
| Year ended 31 December 2017 | | | | | | |
| Balance at 1 January 2017 | 2,000,000 | - | (351,494) | 45,800 | 150,180 | 1,844,486 |
| Transactions with owners, recorded directly in equity | | | | | | |
| <i>Contributions by and distributions to owners of the parent</i> | | | | | | |
| Issue of ordinary shares | 500,000 | 3,407,489 | - | - | - | 3,907,489 |
| Dividend | - | - | - | - | (920,000) | (920,000) |
| <i>Total contributions by and distributions to owners of the parent</i> | 500,000 | 3,407,489 | - | - | (920,000) | 2,987,489 |
| Comprehensive income for the year | | | | | | |
| Profit | - | - | - | - | 1,083,254 | 1,083,254 |
| Total comprehensive income for the year | - | - | - | - | 1,083,254 | 1,083,254 |
| Transfer to legal reserve | - | - | - | 59,600 | (59,600) | - |
| Balance at 31 December 2017 | 2,500,000 | 3,407,489 | (351,494) | 105,400 | 253,834 | 5,915,229 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of changes in equity

| Separate financial statements | | | | | | |
|---|------|--|---|---|--|-----------------|
| | Note | Issued and paid-up share capital | Share premium on ordinary shares | Difference arising from common control transactions <i>(in thousand Baht)</i> | Retained earnings Legal reserve Unappropriated | Total equity |
| Year ended 31 December 2018 | | | | | | |
| Balance at 1 January 2018 | | 2,500,000 | 3,407,489 | (351,494) | 105,400 | 253,834 |
| | | | | | | 5,915,229 |
| Transactions with owners, recorded directly in equity | | | | | | |
| <i>Distributions to owners of the parent</i> | | | | | | |
| Dividend | 35 | - | - | - | - | (250,000) |
| | | | | | | |
| Comprehensive income for the year | | | | | | |
| Profit | | - | - | - | - | 382,255 |
| Other comprehensive income | | - | - | - | - | 2,914 |
| Total comprehensive income for the year | | - | - | - | - | 385,169 |
| | | | | | | |
| Transfer to legal reserve | | - | - | - | 19,200 | (19,200) |
| | | | | | | - |
| Balance at 31 December 2018 | | 2,500,000 | 3,407,489 | (351,494) | 124,600 | 369,803 |
| | | | | | | 6,050,398 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of cash flows

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|----------------|
| | Year ended 31 December | | Year ended 31 December | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Cash flows from operating activities</i> | | | | |
| Profit for the year | 746,426 | 759,110 | 382,255 | 1,083,254 |
| <i>Adjustments to reconcile profit to cash receipts (payments)</i> | | | | |
| Depreciation and amortisation | 501,922 | 657,899 | 178,748 | 234,759 |
| Loss (gain) on sales of equipments and vessels | (44,122) | 1,512 | (43,998) | 62 |
| (Reversal of) impairment losses on investment | (24,119) | 3,745 | 44,760 | - |
| Share of profit on an associate and joint ventures, net of tax | (150,349) | (54,977) | - | - |
| Provision for employee benefit obligations | 5,385 | 3,458 | 1,762 | 1,523 |
| Unrealised gains on exchange rate | (4,381) | (73,987) | (4,285) | (73,966) |
| Finance costs | 167,783 | 217,445 | 41,531 | 96,309 |
| Interest income | (20,436) | (12,929) | (15,727) | (7,621) |
| Dividend income | - | - | (321,286) | (758,140) |
| Tax expense (income) | 58,262 | 2,010 | 6,074 | (10,945) |
| | 1,236,371 | 1,503,286 | 269,834 | 565,235 |
| <i>Changes in operating assets and liabilities:</i> | | | | |
| Trade accounts receivable | 11,723 | (123,795) | 21,026 | 10,525 |
| Other receivables | 17,451 | (140,227) | (14,910) | (2,690) |
| Inventories | 13,450 | (12,387) | 1,338 | (216) |
| Other current assets | 7,575 | (6,430) | 6,836 | (6,150) |
| Other non-current assets | 14,910 | 10,513 | 19,679 | 3,649 |
| Trade accounts payable | (67,601) | 287,971 | (16,150) | 58,083 |
| Other payables | (81,799) | 23,251 | (53,964) | 18,764 |
| Other current liabilities | 4,737 | (29,481) | (2,698) | (30,577) |
| Other non-current liabilities | 6,255 | (304) | (125) | (124) |
| Payment of non-current provisions for employee benefit | (625) | (3,609) | - | (2,500) |
| Net cash generated from operating | 1,162,447 | 1,508,788 | 230,866 | 613,999 |
| Taxes paid | (54,981) | (118,437) | (17,078) | (25,411) |
| Net cash from operating activities | 1,107,466 | 1,390,351 | 213,788 | 588,588 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of cash flows

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------|----------------------------------|------------------|
| | Year ended 31 December | | Year ended 31 December | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Cash flows from investing activities</i> | | | | |
| Payment from restricted deposits at financial institutions | (56,834) | (59,729) | (64,543) | (105,913) |
| Payment on investments in subsidiaries | - | - | (1,667,498) | (513,200) |
| Net payment of acquisition of business | (1,392,005) | - | - | - |
| Acquisition of other long-term investment | - | (3,745) | - | - |
| Acquisition of interest in an associate and joint ventures | - | (66,891) | - | (66,891) |
| Proceeds from sales of equipments and vessels | 584,433 | - | 543,571 | - |
| Acquisition of equipment and vessels | (450,617) | (372,428) | (2,539) | (74,101) |
| Acquisition of other intangible assets | - | (130) | - | (111) |
| Proceeds from repayment of short-term loans to related parties | 35,000 | 79,000 | - | - |
| Short-term loans to related parties | (35,000) | (79,000) | - | - |
| Dividend received | 166,286 | - | 321,286 | 459,478 |
| Interest received | 20,436 | 12,929 | 15,727 | 7,621 |
| Net cash used in investing activities | (1,128,301) | (489,994) | (853,996) | (293,117) |
| <i>Cash flows from financing activities</i> | | | | |
| Proceeds from issue of ordinary shares | - | 3,907,489 | - | 3,907,489 |
| Repayment of bank overdrafts and short-term loans from financial institutions | (34,507) | (384,821) | - | (181,286) |
| Proceeds from short-term loans from related parties | - | - | - | 60,000 |
| Repayment of short-term loans from related parties | - | (57,000) | - | (384,046) |
| Proceeds from long-term loans from financial institutions | 219,850 | 775,016 | - | 500,000 |
| Repayment of long-term loans from financial institutions | (1,364,965) | (1,236,882) | (632,436) | (585,045) |
| Payment by a lessee for reduction of the outstanding liabilities relating to finance lease | (72,490) | (66,871) | (50,333) | (45,758) |
| Dividends paid | (250,000) | (981,134) | (250,000) | (920,000) |
| Interest paid | (167,783) | (217,445) | (41,531) | (96,309) |
| Net cash from (used in) financing activities | (1,669,895) | 1,738,352 | (974,300) | 2,255,045 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Statement of cash flows

| | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------|--|------------------|
| | Year ended 31 December | | Year ended 31 December | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Net increase (decrease) in cash and cash equivalents, before effect of exchange rates | (1,690,730) | 2,638,709 | (1,614,508) | 2,550,516 |
| Effect of exchange rate on changes on cash and cash equivalents | 2,616 | (24,630) | - | - |
| Net increase (decrease) in cash and cash equivalents | (1,688,114) | 2,614,079 | (1,614,508) | 2,550,516 |
| Cash and cash equivalents at 1 January | 2,974,248 | 360,169 | 2,555,063 | 4,547 |
| Cash and cash equivalents at 31 December | 1,286,134 | 2,974,248 | 940,555 | 2,555,063 |
| <i>Non-cash transactions</i> | | | | |
| Outstanding payables for purchase of equipments and vessels | 1,177 | 4,094 | - | 31 |
| Dividends received offsetting with trade payables - related party | - | - | - | 205,868 |
| Dividends received offsetting with investment in a subsidiary | - | - | - | 92,794 |

The accompanying notes are an integral part of these financial statements.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 22 February 2019.

1 General information

Prima Marine Public Company Limited, “the Company”, is incorporated in Thailand on 23 January 2007 and has its registered office at 80 Soi Bangna-Trad 30, Bangna-Trad Road, South Bangna Sub-district, Bangna District, Bangkok. The former name of the Company is Nathalin Offshore Company Limited. It changed its name to Prima Marine Company Limited on 10 August 2015 and transformed to Prima Marine Public Company Limited on 29 March 2017. The Company was listed on the Stock Exchange of Thailand on 14 September 2017.

The Company’s major shareholders during the financial year were Nathalin Co., Ltd. (54.20% shareholding) which is incorporated in Thailand and Austin Asset Limited (19.33% shareholding) which is incorporated in Hong Kong which is a subsidiary of Nathalin Co., Ltd.

The principal activities of the Company are marine transportation of petroleum products and accommodation work barges.

Details of subsidiaries, associate and joint ventures as at 31 December 2018 and 2017 are disclosed in notes 11 and 12, respectively.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 39.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

| <i>Items</i> | <i>Measurement bases</i> |
|--|--|
| Contingent consideration assumed in a business combination | Fair value |
| Defined benefit liability | Present value of the defined benefit obligation as explained in Note 4 (o) |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

| | |
|---------|---|
| Note 5 | Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis; |
| Note 16 | Impairment test: key assumptions underlying recoverable amounts; |
| Note 23 | Measurement of defined benefit obligations: key actuarial assumptions |

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 Acquisition of business
- Note 36 Financial instruments

3 Changes in significant estimates

In preparing these financial statements for the year ended 31 December 2018, the Group has made changes in estimates of useful life and residual value of vessels as follows:

| Items | As previously estimated | As revised estimate |
|--------------------------------|---------------------------------------|--|
| Estimate | Expected periods of provided services | Economic useful life |
| Useful life | 5 - 20 years | 20 - 27 years |
| Residual value (steel price) | Steel price of the previous year | The average of passed 5-year steel price |
| Residual value (exchange rate) | Exchange rate of the previous year | The average of passed 5-year exchange rate |

The revision to accounting estimate are recognised prospectively. The impact to financial statements for the year ended 31 December 2018 were summarized as follows:

| | Consolidated financial statements | | |
|--|-----------------------------------|----------------------------------|---------------------|
| | As previously estimated | Adjustment (in thousand Baht) | As revised estimate |
| <i>Statement of financial position</i> | | | |
| <i>At 31 December 2018</i> | | | |
| Property, plant, equipment and vessels | 6,713,144 | 230,266 | 6,943,410 |
| Total assets increase | | 230,266 | |
| Deferred tax assets (liabilities) | 32,517 | (46,053) | (13,536) |
| Total liabilities increase | | (46,053) | |
| Retained earnings | (867,923) | (184,213) | (1,052,136) |
| Total retained earnings increase | | (184,213) | |
| Total equity increase | | (184,213) | |
| Total liabilities and equity increase | | (230,266) | |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | Consolidated financial statements | | |
|--|-----------------------------------|----------------------------------|------------------------|
| | As previously estimated | Adjustment (in thousand Baht) | As revised estimate |
| <i>Statement of income</i> | | | |
| <i>For the year ended 31 December 2018</i> | | | |
| Cost of rendering of services | (3,562,337) | 193,780 | (3,368,557) |
| Other income | 50,260 | 42,204 | 92,464 |
| Administrative expenses | (383,975) | (5,718) | (389,693) |
| Tax expense | (12,209) | (46,053) | (58,262) |
| Total expenses decrease | | 184,213 | |
| Profit for the year increase | | 184,213 | |
| Basic earnings per share increase (in Baht) | | 0.07 | |

| | Separate financial statements | | |
|--|-------------------------------|----------------------------------|------------------------|
| | As previously estimated | Adjustment (in thousand Baht) | As revised estimate |
| <i>Statement of financial position</i> | | | |
| <i>At 31 December 2018</i> | | | |
| Property, plant, equipment and vessels | 1,765,441 | 45,853 | 1,811,294 |
| Total assets increase | | 45,853 | |
| Deferred tax assets (liabilities) | 3,325 | (9,170) | (5,845) |
| Total liabilities increase | | (9,170) | |
| Retained earnings | (333,120) | (36,683) | (369,803) |
| Total retained earnings increase | | (36,683) | |
| Total equity increase | | (36,683) | |
| Total liabilities and equity increase | | (45,853) | |

| | | | |
|--|-------------|---------------|-------------|
| <i>Statement of income</i> | | | |
| <i>For the year ended 31 December 2018</i> | | | |
| Cost of rendering of services | (1,402,249) | 9,367 | (1,392,882) |
| Other income | 341,238 | 42,204 | 383,442 |
| Administrative expenses | (302,149) | (5,718) | (307,867) |
| Tax expense | 3,096 | (9,170) | (6,074) |
| Total expenses decrease | | 36,683 | |
| Profit for the year increase | | 36,683 | |
| Basic earnings per share increase (in Baht) | | 0.01 | |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 3, which addresses changes in significant estimates.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Step acquisition

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

(b) *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivatives*

Derivatives are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

(d) *Hedging*

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates. Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Hedge of interest rates

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans. For interest rate forward contracts, the amounts received or paid on cash settlements, representing the gain or loss, are deferred and recognised over the life of the underlying monetary asset or liability as an adjustment to interest income or expense. For purchased interest rate options, the premiums paid are included in the statement of financial position under other assets or other liabilities. The premiums are amortised to interest income or expense over the life of the agreements.

(e) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Investments

Investments in associates, subsidiaries and joint ventures

Investments in associates, subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in other equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

(i) *Property, plant, equipment and vessels*

Recognition and measurement

Owned assets

Property, plant, equipment and vessels are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant, equipment and vessels have different useful lives, they are accounted for as separate items (major components) of property, plant, equipment and vessels.

Any gains and losses on disposal of item of property, plant, equipment, and vessels are determined by comparing the proceeds from disposal with the carrying amount of property, plant, equipment and vessels, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant, equipment and vessels acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant, equipment and vessels is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant, equipment and vessels are recognised in profit or loss as incurred.

Expenses occurred during vessel maintenance and dry docking is recognised as capital expenditure. Depreciation is charged to profit or loss on a straight-line basis over the time until the next dry docking with estimated useful lives within 3 years. In case there is any dry docking prior to the next planned dry docking, any remaining cost of dry docking will be written off in profit or loss immediately.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, equipment and vessels. The estimated useful lives are as follows:

| | |
|--------------------------------|---------------|
| Buildings | 20 years |
| Building improvements | 5 years |
| Vessels | 20 - 30 years |
| Deferred dry docking | 2.5 years |
| Vessel equipment | 3 - 5 years |
| Furniture and office equipment | 3 - 5 years |
| Vehicles | 5 years |

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows: ☐

| | |
|------------------------------|--------------|
| Software licences | 10 years |
| Customer relationships | 5 years |
| Long-term service agreements | 2 - 28 years |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Finance leases

Finance leases liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) Interest-bearing liabilities

Interest-bearing liabilities are stated at cost.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

(o) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(q) *Revenue*

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Rendering of services

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

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For the year ended 31 December 2018

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(r) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

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The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly.

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5 Acquisition of business

On 4 April 2018, the Company entered into the sale and purchase of shares agreement to purchase shares of Big Sea Co., Ltd. "Big Sea", which its business is provider of local marine transportation of petroleum products, by acquiring 70% of total ordinary shares of Big Sea of 360,000 shares (252,000 shares). On 2 July 2018, the Company had control over Big Sea as the Company made a payment for the consideration transferred of Baht 1,400 million. According to the agreement to purchase and sale shares dated 4 April 2018, the Company will be able to purchase remaining shares over the next 3 years by the consideration transferred will be considered from the adjusted net profit for the year as stated in the agreement as follows:

- For the year 2019: the Company will acquire additional 36,000 shares (10%) in Big Sea and pay Baht 360 million if Big Sea achieves net profit for the year 2018 at least Baht 150 million. In case that Big Sea has net profit for the year 2018 less than 95% of its minimum targeted net profit, the Company shall have no obligation to purchase the mentioned shares. Nevertheless, the Company may exercise its right to purchase the mentioned shares along with share purchase in the fiscal year of 2021 or may purchase shares at newly agreed price.
- For the year 2020: the Company will acquire additional 36,000 shares (10%) in Big Sea and pay Baht 200 million if Big Sea achieves net profit for the year 2019 at least Baht 116 million. In case that Big Sea has net profit for the year 2019 less than 95% of its minimum targeted net profit, the Company shall have no obligation to purchase the mentioned shares. Nevertheless, the Company may exercise its right to purchase the mentioned shares along with share purchasing in the fiscal year of 2021 or may purchase shares at newly agreed price.
- For the year 2021: the Company will acquire additional 36,000 shares (10%) in Big Sea at agreed price if Big Sea achieves net profit for the year 2020 at least Baht 184 million. In case that the Company does not purchase shares as agreed in 2019 and 2020, the Company shall acquire the remaining shares in Big Sea which the consideration transferred will be considered from the average of adjusted net profit of 3 fiscal years of 2018, 2019 and 2020 as follows. If Big Sea has net profit less than 95% of its minimum targeted net profit, the Company shall have no obligation to purchase the mentioned shares or may purchase shares at newly agreed price, which the purchase consideration transferred for shares purchase in the fiscal year 2021 will include the additional consideration transferred related to the 70% ownership interest acquired in 2018.

| Average of adjusted net profit of 3 fiscal years of 2018, 2019, and 2020 | Total consideration of the Company (100%) |
|---|--|
| <i>(in million Baht)</i> | <i>(in million Baht)</i> |
| Less than 140 | 2,000 |
| Equal to or more than 140 | 2,100 - 2,900 |

Acquisition of Big Sea is in accordance with the Group's investment policy which the Group foresees potential of growth in local marine transportation of petroleum products business which Big Sea is one of the strategies to improve standard of local marine transportation of petroleum products to major oil companies. The acquisition is expected to provide the Group with an increased market share of local marine transportation of petroleum products business through increasing of vessels to support customer's demand of continuing growth in local marine transportation of petroleum products. The Group also expects to share business knowhow between the Group and Big Sea to improve the efficiency of the operation.

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During the year from the acquisition date to 31 December 2018, Big Sea contributed revenue of Baht 328.13 million and profit of Baht 71.56 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have increased by Baht 339.96 million and consolidated profit for the year would have increased by Baht 79.22 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition during the year would have been the same if the acquisition had occurred on 1 January 2018.

The Group has applied Thai Financial Reporting Standard ("TFRS") No. 3 (revised 2016) *Business Combinations* to recognise the business acquisition transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred and contingent consideration

| | Fair value (in thousand Baht) |
|---|---|
| Cash | 1,400,000 |
| Contingent consideration as stipulated in the agreement | 140,000 |
| Total | 1,540,000 |

Contingent consideration as stipulated in the agreement

At 31 December 2018, the Group has included Baht 140 million as contingent consideration related to the additional consideration as stated in the agreement, which represents its fair value at the acquisition date, based on a discount rate of zero percent per annum where the contingent consideration is expected to be paid within July 2019.

The following table shows the valuation technique and the key unobservable inputs used in the determination of fair value of the contingent consideration liability.

| Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|--|--|
| The fair value is determined considering the expected payment. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario, and the probability of each scenario. | <ul style="list-style-type: none"> Forecast EBITDA margin | <p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> The annual revenue growth rate was higher; The EBITDA margin was higher. |

Sensitivity analysis

For the fair value of contingent consideration, changing one of the significant unobservable input used to reasonably possible alternative assumptions would have the following effect at 31 December 2018. This effect has been calculated by recalibrating the values from the valuation technique using alternative estimate of unobservable input that has a significant impact to fair value of contingent consideration. In case that Big Sea's net profit of 2018 does not reach targeted amount as stated in the agreement, the contingent consideration liability will be reversed resulting in an increase in net profit of consolidated and separate financial statements for the year ended 31 December 2018 by Baht 140 million.

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The Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of acquisition-date fair value at the acquisition date. The independent appraiser completed the process of appraising the fair value on 6 February 2019.

Identifiable assets acquired and liabilities assumed

| | Fair value <i>(in thousand Baht)</i> |
|---|--|
| Cash and cash equivalents | 7,995 |
| Trade accounts receivable | 88,860 |
| Other receivables | 1,866 |
| Inventories | 13,628 |
| Other current assets | 181 |
| Property, plant, equipment and vessels | 1,174,255 |
| Other intangible assets | 114,922 |
| Other non-current assets | 2,137 |
| Bank overdrafts and short-term loans from financial institutions | (59,507) |
| Trade accounts payable | (41,192) |
| Other payables | (14,764) |
| Current portion of long-term loans from financial institutions | (90,606) |
| Current tax payable | (3,890) |
| Other current liabilities | (5,012) |
| Long-term loans from financial institutions | (430,536) |
| Deferred tax liabilities | (114) |
| Non-current provisions for employee benefit | (18,575) |
| Total identifiable net assets | 739,648 |
| Non-controlling interests (based on their proportionate interest in the recognised fair value of the net identifiable assets of the acquiree) | (221,894) |
| Goodwill arising from the acquisition | 1,022,246 |
| Purchase consideration transferred and contingent consideration | 1,540,000 |
| Net cash acquired with the subsidiary | 7,995 |
| Cash paid | (1,400,000) |
| Net cash outflows at 31 December 2018 | (1,392,005) |

The trade receivables and other receivables comprise gross contractual amounts due of Baht 90.73 million, of which no trade receivables was expected to be uncollectible at the acquisition date.

Goodwill

Goodwill is attributable mainly to the skills and technical talent of Big Sea's work force. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of Baht 17.50 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

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6 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries, associate and joint ventures are described in notes 11 and 12. Relationship with key management and other related parties were as follows:

| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--------------------------------|--|---|
| Sea Oil Public Company Limited | Thailand | Subsidiary of the parent company and common directors |
| Sea Oil Petroleum Pte. Ltd. | Singapore | Indirect subsidiary of the parent company |
| Sea Oil Offshore Ltd. | Malaysia | Indirect subsidiary of the parent company |
| N.A.T. Mart Co., Ltd | Thailand | Subsidiary of the parent company and common directors |
| Speed Production Co., Ltd. | Thailand | Common shareholder with the parent company and director is a shareholder's family of the parent company |
| Thai Shipowner's Association | Thailand | Common directors |
| Key management personnel | Thailand | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

The pricing policies for transactions with related parties are explained further below:

| Transactions | Pricing policies |
|---|---|
| Revenue from rendering of services | As mutually agreed rate in contract |
| Other income | Market price or as mutually agreed rate in contract, if market price is not available |
| Interest income | Market rate or as mutually agreed rate in contract |
| Dividend income | As declared |
| Purchase of goods and receiving of services | Market price or as mutually agreed rate in contract, if market price is not available |
| Management expense | As mutually agreed rate in contract |
| Office rental and service expense | As mutually agreed rate in contract |
| Other service expense | Market price or as mutually agreed rate in contract, if market price is not available |
| Interest expense | As mutually agreed rate in contract |
| Key management personnel compensation | As defined by the nomination and remuneration committee which does not exceed the amount approved by the shareholders |

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Significant transactions for the year ended 31 December with related parties were as follows:

| <i>Year ended 31 December</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|---------|--|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Parent | | | | |
| Revenue from rendering of services | 139,570 | 120,981 | - | - |
| Other income | 36 | - | 36 | - |
| Interest income | - | 82 | - | - |
| Office rental and service expense | 2,120 | 2,428 | 2,100 | 2,285 |
| Other service expense | 23,592 | 24,167 | 15,718 | 14,671 |
| Interest expense | - | 586 | - | 586 |
| Subsidiaries | | | | |
| Revenue from rendering of services | - | - | 499,403 | 654,593 |
| Dividend income | - | - | 155,000 | 758,140 |
| Purchases of goods and receiving of services | - | - | 226,868 | 152,620 |
| Management expense | - | - | 375,480 | 534,294 |
| Other service expense | - | - | 54 | 299 |
| Interest expense | - | - | - | 13,558 |
| Joint ventures | | | | |
| Revenue from rendering of services | 239,234 | 298,507 | - | - |
| Other income | 2,690 | 3,071 | - | 600 |
| Interest income | 3,343 | 3,488 | - | - |
| Dividend income | 166,287 | - | 166,287 | - |
| Purchases of goods and receiving of services | 338,513 | 348,333 | 153,923 | 162,350 |
| Other service expense | 620 | 913 | - | - |
| Associate | | | | |
| Revenue from rendering of services | 1,490 | 909 | - | - |
| Other income | 1,559 | 1,299 | 1,559 | 1,299 |
| Purchases of goods and receiving of services | 39,112 | 27,858 | 11,624 | 399 |
| Management expense | 10,255 | 12,080 | 4,708 | 4,975 |
| Other service expense | 59 | 295 | - | - |
| Key management personnel compensation | | | | |
| Short-term employee benefit | 61,390 | 58,839 | 42,530 | 41,366 |
| Post-employment benefits | 19 | 9 | 19 | 9 |
| Other related parties | | | | |
| Revenue from rendering of services | 365 | 48 | - | - |
| Purchases of goods and receiving of services | 305,290 | 263,628 | 58,207 | 44,148 |
| Office rental and service expense | 600 | - | 600 | - |
| Other service expense | 363 | 1,101 | 283 | 883 |

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Balances as at 31 December with related parties were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------|--|---------------|
| <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Trade accounts receivable - related parties | | | | |
| Parent | 51,882 | 9,833 | - | - |
| Subsidiaries | - | - | - | 18,691 |
| Joint ventures | 12,404 | 42,441 | - | - |
| Associate | 404 | 138 | - | - |
| Other related parties | 142 | 32 | - | - |
| Total | 64,832 | 52,444 | - | 18,691 |
| Other receivables - related parties | | | | |
| Parent | - | 431 | - | 39 |
| Joint ventures | 273 | 16,886 | - | 54 |
| Associate | 139 | 139 | 139 | 139 |
| Total | 412 | 17,456 | 139 | 232 |
| Other non-current assets - related parties | | | | |
| Parent | 19 1,056 | 1,056 | - | - |

| | Interest rate | | Consolidated financial statements | | Separate financial statements | |
|--|----------------------|-------------|--|---------------|--|-------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(% per annum)</i> | | <i>(in thousand Baht)</i> | | | |
| Loans to related parties | | | | | | |
| Short-term loans | | | | | | |
| Parent | MOR | MOR | - | - | - | - |
| Joint ventures | MOR | MOR | - | - | - | - |
| Total | | | - | - | - | - |
| Long-term loans | | | | | | |
| Joint ventures | 3.75 | 3.75 | 94,658 | 95,364 | - | - |
| Summary of loans to related party | | | | | | |
| Long-term loan | | | 94,658 | 95,364 | - | - |
| Loans to related party - net | | | 94,658 | 95,364 | - | - |

Long-term loans to related parties are unsecured loans of Nathalin Shipping Pte. Ltd., which is a subsidiary, to TOP Nautical Star Co., Ltd., which is a joint venture, dominated in US dollars currency. The maturity date dues in 2020.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Movements during the year ended 31 December of loans to related parties were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------|--|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>Loans to related parties</i> | | | | |
| <i>Short-term loans</i> | | | | |
| Parent | | | | |
| At 1 January | - | - | - | - |
| Increase | - | 70,000 | - | - |
| Decrease | - | (70,000) | - | - |
| At 31 December | - | - | - | - |
| Joint ventures | | | | |
| At 1 January | - | - | - | - |
| Increase | 35,000 | 9,000 | - | - |
| Decrease | (35,000) | (9,000) | - | - |
| At 31 December | - | - | - | - |
| Total short-term loans to related parties | | | | |
| At 1 January | - | - | - | - |
| Increase | 35,000 | 79,000 | - | - |
| Decrease | (35,000) | (79,000) | - | - |
| At 31 December | - | - | - | - |
| <i>Long-term loans</i> | | | | |
| Joint venture | | | | |
| At 1 January | 95,364 | 104,594 | - | - |
| Foreign currency differences | (706) | (9,230) | - | - |
| At 31 December | 94,658 | 95,364 | - | - |

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>Trade accounts payable - related parties</i> | | | | |
| Parent | 97 | 52 | - | - |
| Subsidiaries | - | - | 18,939 | 22,289 |
| Joint ventures | 14,226 | 24,171 | 14,223 | 14,189 |
| Associate | 69 | 191 | 5 | 63 |
| Other related parties | 34,018 | 34,683 | 2,422 | 1,759 |
| Total | 48,410 | 59,097 | 35,589 | 38,300 |
| <i>Other payables - related parties</i> | | | | |
| Parent | 2,369 | 2,865 | 1,827 | 2,118 |
| Subsidiaries | - | - | 244 | 18,952 |
| Joint ventures | - | 4,409 | - | - |
| Associate | - | 21 | - | - |
| Total | 2,369 | 7,295 | 2,071 | 21,070 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>Short-term loans from related parties</i> | | (in thousand Baht) | | |
| Parent | - | - | - | - |
| Subsidiaries | - | - | - | - |
| Total | - | - | - | - |

Movements during the year ended 31 December of short-term loans from related parties were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>Short-term loans from related parties</i> | | (in thousand Baht) | | |
| Parent | | | | |
| At 1 January | - | 57,000 | - | 57,000 |
| Decrease | - | (57,000) | - | (57,000) |
| At 31 December | - | - | - | - |
| Subsidiaries | | | | |
| At 1 January | - | - | - | 267,046 |
| Increase | - | - | - | 200,000 |
| Decrease | - | - | - | (467,046) |
| At 31 December | - | - | - | - |
| Total | | | | |
| At 1 January | - | 57,000 | - | 324,046 |
| Increase | - | - | - | 200,000 |
| Decrease | - | (57,000) | - | (524,046) |
| At 31 December | - | - | - | - |

Significant agreements with related parties

The Company

Service agreements

The Company had entered into transportation service agreements with related companies, which those related companies provide marine transportation service of petrochemical products. The agreements have service period from 2 days to 1 year after the date of agreements.

The Company had entered into ship management agreements with related companies, which those related companies provide technical and crewing management services. The agreements have service period for 1 year and can be extended for an additional period of one year, unless notice of termination issued by either party to the other party.

Service provider agreements

The Company had entered into transportation service agreements with related companies, which the Company provides marine transportation, technical and crewing management services. The agreements have service period for 1 year and can be extended for an additional period of one year, unless notice of termination issued by either party to the other party.

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Lease agreement

On 1 January 2018, the Company entered into the lease agreement with Nathalin Co., Ltd. Under the term of the agreement, the Company leases land. The lease agreement has a period for 3 years.

Subsidiaries

Service agreements

Subsidiaries had entered into ship management agreements with related companies, which the subsidiaries provide technical and crewing management. The agreements have service period for 1 year and can be extended for an additional period of one year, unless notice of termination issued by either party to the other party.

Subsidiaries had entered into transportation service agreements with related companies, which the subsidiaries provide marine transportation service of petrochemical products, technical and crewing management. The agreements have service period for 1 year and can be extended for an additional period of one year, unless notice of termination issued by either party to the other party.

Subsidiaries had entered into transportation service agreements with other subsidiaries, which the subsidiaries provide marine transportation service of petrochemical products. The agreements have service period of one year, unless notice of termination issued by either party to the other party.

7 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Cash on hand | 6,753 | 5,072 | 50 | 50 |
| Cash at banks - current accounts | 136,772 | 170,735 | 15,181 | 12,372 |
| Cash at banks - savings accounts | 1,142,609 | 2,798,441 | 925,324 | 2,542,641 |
| Cash and cash equivalents in the statement of financial position | 1,286,134 | 2,974,248 | 940,555 | 2,555,063 |
| Bank overdrafts used for cash management purposes | - | - | - | - |
| Cash and cash equivalents in the statement of cash flows | 1,286,134 | 2,974,248 | 940,555 | 2,555,063 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

8 Trade accounts receivable

| | | Consolidated financial statements | | Separate financial statements | |
|--|-------------|--|----------------|--|---------------|
| | <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| Trade accounts receivable - billed | | | | | |
| Related parties | 6 | 46,166 | 48,601 | - | - |
| Other parties | | 251,092 | 171,345 | 54,713 | 60,532 |
| | | 297,258 | 219,946 | 54,713 | 60,532 |
| Trade accounts receivable - unbilled | | | | | |
| Related parties | 6 | 18,666 | 3,843 | - | 18,691 |
| Other parties | | 63,954 | 78,899 | 13,761 | 10,348 |
| | | 82,620 | 82,742 | 13,761 | 29,039 |
| Total | | 379,878 | 302,688 | 68,474 | 89,571 |
| Bad and doubtful debts expense for the year | | - | - | - | - |

Aging analyses for trade accounts receivable were as follows:

| | | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|-------------|--|----------------|--|---------------|
| | <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | | | | | |
| Within credit terms | | 43,536 | 28,017 | - | - |
| Overdue: | | | | | |
| Less than 3 months | | 2,630 | 20,584 | - | - |
| | | 46,166 | 48,601 | - | - |
| Trade accounts receivables - unbilled | | | | | |
| Related parties | 6 | 18,666 | 3,843 | - | 18,691 |
| | | 64,832 | 52,444 | - | 18,691 |
| Other parties | | | | | |
| Within credit terms | | 152,871 | 163,941 | 46,420 | 60,532 |
| Overdue: | | | | | |
| Less than 3 months | | 98,220 | 6,425 | 8,293 | - |
| 3 - 6 months | | 1 | 979 | - | - |
| | | 251,092 | 171,345 | 54,713 | 60,532 |
| Trade accounts receivables - unbilled | | | | | |
| Other parties | | 63,954 | 78,899 | 13,761 | 10,348 |
| | | 315,046 | 250,244 | 68,474 | 70,880 |
| Net | | 379,878 | 302,688 | 68,474 | 89,571 |

The normal credit term granted by the Group is 30 days to 45 days.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

9 Other receivables

| | | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|------|--------------------------------------|--------|----------------------------------|--------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | (in thousand Baht) | | | |
| Related parties | 6 | 412 | 17,456 | 139 | 232 |
| Other parties | | | | | |
| Prepaid expenses | | 26,989 | 41,285 | 7,122 | 10,305 |
| Prepaid value added tax | | 10,196 | - | 10,196 | - |
| Refundable corporate income tax | | 8,003 | - | 8,003 | - |
| Advances payment | | 715 | 5,906 | - | 46 |
| Others | | 246 | - | 33 | - |
| | | 46,149 | 47,191 | 25,354 | 10,351 |
| Total | | 46,561 | 64,647 | 25,493 | 10,583 |

10 Inventories

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|----------------|----------------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>(in million Baht)</i> | | | | |
| Bunker | 119,250 | 120,287 | 3,531 | 4,889 |
| Supplies | 1,251 | 753 | 70 | 50 |
| Total | 120,501 | 121,040 | 3,601 | 4,939 |

11 Investments in associate and joint ventures

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>(in thousand Baht)</i> | | | | |
| Associate | | | | |
| At 1 January | - | - | 1,000 | 1,000 |
| At 31 December | - | - | 1,000 | 1,000 |
| Joint ventures | | | | |
| At 1 January | 503,680 | 403,613 | 374,373 | 307,482 |
| Share of net profits of joint ventures | 150,349 | 54,977 | - | - |
| Share of other comprehensive income of joint ventures | (72) | (21,801) | - | - |
| Acquisitions | - | 66,891 | - | 66,891 |
| Losses on impairment | - | - | (52,886) | - |
| Dividend income | (166,286) | - | - | - |
| At 31 December | 487,671 | 503,680 | 321,487 | 374,373 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------|--|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Total | | | | |
| At 1 January | 503,680 | 403,613 | 375,373 | 308,482 |
| Share of net profits of joint ventures | 150,349 | 54,977 | - | - |
| Share of other comprehensive income of joint ventures | (72) | (21,801) | - | - |
| Acquisitions | - | 66,891 | - | 66,891 |
| Losses on impairment | - | - | (52,886) | - |
| Dividend income | (166,286) | - | - | - |
| At 31 December | 487,671 | 503,680 | 322,487 | 375,373 |

Acquisitions

For the year ended 31 December 2018

During the year ended 31 December 2018, there were no acquisitions and disposals of investments in an associate and joint ventures.

For the year ended 31 December 2017

On 3 March 2017, the Company invested in 70% of the issued and paid up capital of Bongkot Marine Services Company Limited (Bongkot Marine), incorporated in Thailand, for a consideration of Baht 66.89 million. Although the Group has 70% of interest in shares of Bongkot Marine, management considered that the Group does not have controls over Bongkot Marine since the shareholder agreement requires the significant matters be voted unanimously by all shareholders. Bongkot Marine thereby became a joint venture of the Group.

Loss from impairment on investments

In 2018, the Company recognised an impairment charge of Baht 52.89 million on investments in Srithai Capital Company Limited, a joint venture of the Company, since the joint venture is in liquidation process and has accumulated loss.

Others

The Group has not recognised its share of the profits for the year ended 31 December 2018 of Baht 2.46 million (2017: Baht 2.11 million), relating to an investment in associate accounted for using the equity method because as at 31 December 2018, the Group still had a cumulative share of unrecognised losses in respect of those investments amounting to Baht 1.20 million (2017: Baht 3.65 million).

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
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Investments in associate and joint ventures as at 31 December 2018 and 2017, and dividend income from those investments for the year were as follows.

| Consolidated financial statements | | | | | | | | | | | | |
|---|---|--------------------------|------------------------|-------|-----------------|---------|---------|---------|---------|---------|-----------------|------|
| | Type of business | Country of incorporation | Ownership interest (%) | | Paid-up capital | | Cost | | Equity | | Dividend income | |
| | | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | in thousand Baht | | | | | | | | | |
| <i>Associate</i> | | | | | | | | | | | | |
| T.T.M. Ship Management Co., Ltd. | Ship management services | Thailand | 33.33 | 33.33 | 3,000 | 3,000 | 1,000 | 1,000 | - | - | - | - |
| | | | | | | | 1,000 | | - | - | - | - |
| <i>Joint ventures</i> | | | | | | | | | | | | |
| TOP-NTL Pte. Ltd. | Ship management services | Singapore | 50.00 | 50.00 | 498 | 498 | 7,824 | 7,824 | 15,978 | 12,379 | - | - |
| TOP-NTL Shipping Trust | Funds for domestic and international transportation | Singapore | 50.00 | 50.00 | 48,120 | 48,120 | 38,675 | 38,675 | 90,342 | 66,486 | - | - |
| TOP Nautical Star Co., Ltd. | Marine transportation of petroleum products | Thailand | 35.00 | 35.00 | 150,000 | 150,000 | 52,500 | 52,500 | 110,191 | 65,018 | - | - |
| (Direct holding 35% and indirect holding by TOP-NTL Shipping Trust 15%) | | | | | | | | | | | | |
| Bongkot Marine Services Company Limited | Marine transportation of petroleum products | Thailand | 70.00 | 70.00 | 240,000 | 240,000 | 167,928 | 167,928 | 215,328 | 176,389 | 55,976 | - |
| Sritsai Capital Company Limited | Marine transportation of petroleum products | Thailand | 51.00 | 51.00 | 100,000 | 100,000 | 107,446 | 107,446 | 55,832 | 183,408 | 110,310 | - |
| | | | | | | | | | | | | |
| | | | | | | | 374,373 | 374,373 | 487,671 | 503,680 | 166,286 | - |
| | | | | | | | 375,373 | 375,373 | 487,671 | 503,680 | 166,286 | - |
| Total | | | | | | | | | | | | |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Ownership interest | | Paid-up capital | | Cost | | Impairment | | At cost - net | | Dividend income | |
|---|--------------------|-------|-----------------|---------|----------------|----------------|--------------------|----------|----------------|----------------|-----------------|----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | | (in thousand Baht) | | | | | |
| <i>Associate</i> | | | | | | | | | | | | |
| T.I.M. Ship Management Co., Ltd. | 33.33 | 33.33 | 3,000 | 3,000 | 1,000 | 1,000 | - | - | 1,000 | 1,000 | - | - |
| <i>Joint ventures</i> | | | | | | | | | | | | |
| TOP-NNTL Pre. Ltd. | 50.00 | 50.00 | 498 | 498 | 7,824 | 7,824 | - | - | 7,824 | 7,824 | - | - |
| TOP-NNTL Shipping Trust | 50.00 | 50.00 | 48,120 | 48,120 | 38,675 | 38,675 | - | - | 38,675 | 38,675 | - | - |
| TOP Nautical Star Co., Ltd. | 35.00 | 35.00 | 150,000 | 150,000 | 52,500 | 52,500 | - | - | 52,500 | 52,500 | - | - |
| Bongkot Marine Services Company Limited | 70.00 | 70.00 | 240,000 | 240,000 | 167,928 | 167,928 | - | - | 167,928 | 167,928 | 55,976 | - |
| Seibhai Capital Company Limited | 51.00 | 51.00 | 100,000 | 100,000 | 107,446 | 107,446 | (52,886) | - | 54,560 | 107,446 | 110,310 | - |
| Total | | | | | <u>374,373</u> | <u>374,373</u> | <u>(52,886)</u> | <u>-</u> | <u>321,487</u> | <u>374,373</u> | <u>166,286</u> | <u>-</u> |
| | | | | | <u>375,373</u> | <u>375,373</u> | <u>(52,886)</u> | <u>-</u> | <u>322,487</u> | <u>375,373</u> | <u>166,286</u> | <u>-</u> |

None of the Group's associate and joint ventures are publicly listed and consequently do not have published price quotations.

Prima Marine Public Company Limited and its Subsidiaries
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For the year ended 31 December 2018

Associate and joint ventures

The following table summarises the financial information of the associate and joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

| | Note | Bongkot Marine Services Company Limited | | TOP Nautical Star Co., Ltd. (in thousand Baht) | | Srithai Capital Company Limited | |
|---|----------|--|----------------|---|---------------|------------------------------------|-----------------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue | | 419,802 | 215,181 | 336,697 | 348,891 | 22,294 | 279,653 |
| Profit from continuing operations | | 135,593 | 12,087 | 129,066 | 123,429 | (33,712) | (32,592) |
| Other comprehensive income | <i>a</i> | - | - | - | - | (141) | (42,748) |
| Total comprehensive income (100%) | | 135,593 | 12,087 | 129,066 | 123,429 | (33,853) | (75,340) |
| Group's share of total comprehensive income | | 94,915 | 8,461 | 64,533 | 61,715 | (17,265) | (38,423) |
| Current assets | <i>b</i> | 110,856 | 17,344 | 106,861 | 68,530 | 161,095 | 30,715 |
| Non-current assets | | 858,849 | 1,065,883 | 528,397 | 585,169 | - | 531,196 |
| Current liabilities | <i>c</i> | (202,427) | (204,176) | (273,360) | (192,139) | (51,618) | (195,325) |
| Non-current liabilities | <i>d</i> | (459,667) | (627,067) | (47,066) | (274,490) | - | (6,956) |
| Net assets (100%) | | 307,611 | 251,984 | 314,832 | 187,070 | 109,477 | 359,630 |
| Group's share of net assets | | 215,328 | 176,389 | 157,416 | 93,535 | 55,832 | 183,408 |
| Carrying amount of interest in joint venture | | 215,328 | 176,389 | 110,191 | 65,018 | 55,832 | 183,408 |

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Notes to the financial statements
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| | Bongkot Marine Services Company Limited | | TOP Nautical Star Co., Ltd. | | Srithai Capital Company Limited | |
|---|--|---------|-----------------------------|---------|------------------------------------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | | | |
| Remark: | | | | | | |
| a. Includes: | | | | | | |
| – depreciation and amortisation | 104,208 | 62,202 | 55,505 | 100,131 | 36,722 | 155,450 |
| – interest expense | 30,818 | 21,973 | 15,055 | 23,120 | 783 | 9,573 |
| – income tax benefit | - | - | - | - | (6,882) | (6,965) |
| b. Includes cash and cash equivalents | 88,137 | 41 | 59,151 | 23,853 | 22,294 | 5,714 |
| c. Includes current financial liabilities (excluding trade and other payables and provisions) | 167,400 | 167,400 | 225,531 | 139,007 | - | 157,988 |
| d. Includes non-current financial liabilities (excluding trade and other payables and provisions) | 459,667 | 627,067 | 40,018 | 267,442 | - | - |

Bongkot Marine Services Company Limited's non-current liabilities include loan from financial institution (repayable in 2022) with a total outstanding balance of Baht 459.67 million as at 31 December 2018 (2017: Baht 627.07 million).

TOP Nautical Star Co., Ltd.'s non-current liabilities include loan from financial institution which is guaranteed by the Company according to portion of both direct and indirect investments total of 50% of loan. TOP Nautical Star Co., Ltd. had loan from financial institution with a total outstanding balance of Baht 40.02 million as at 31 December 2018 (2017: Baht 267.44 million).

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

The following is summarised financial information for the Group's interest in immaterial associate and joint ventures based on the amounts reported in the Group's consolidated financial statements:

| | Immaterial associates | | Immaterial joint ventures | |
|---|---------------------------|------|---------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Carrying amount of interests in immaterial associate and joint ventures | - | - | 106,320 | 78,865 |
| Group's share of: | | | | |
| - Profit from continuing operations | - | - | 8,094 | 1,424 |
| - Other comprehensive income | - | - | - | - |
| - Total comprehensive income | - | - | 8,094 | 1,424 |

12 Investments in subsidiaries

| | | Separate financial statements | |
|----------------|------|-------------------------------|-----------|
| | Note | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | |
| At 1 January | | 1,656,701 | 1,050,707 |
| Acquisitions | 5 | 1,807,498 | 605,994 |
| At 31 December | | 3,464,199 | 1,656,701 |

Acquisitions

For the year ended 31 December 2018

On 17 October 2018, the Company additionally invested share capital of N.T.L Marine Co., Ltd., a subsidiary of the Company, totalling Baht 250.00 million. The percentage of holding interest of the Company remains unchanged.

On 2 July 2018, the Group obtained a control over Big Sea Co., Ltd. "Big Sea", which its business is provider of local marine transportation of petroleum products, by acquiring 70% of total ordinary shares and voting interests. The purchase consideration including the contingent consideration was Baht 1,540.00 million. According to the agreement to purchase and sale shares dated 4 April 2018, the Company will be able to purchase remaining shares over the next 3 years and the consideration transferred will be considered from the adjusted net profit as stated in the agreement (See Note 5 - Acquisition of business).

For the year ended 31 December 2017

On 17 July 2017, the Company additionally invested in share capital of Nathalin Shipping Pte. Ltd., a subsidiary of the Company, totalling Baht 92.79 million. The percentage of holding interest of the Company remains unchanged.

On 20 July 2017, the Company additionally invested in share capital of N.T.L. Marine Co., Ltd., a subsidiary of the Company, totalling Baht 150.00 million. The percentage of holding interest of the Company remains unchanged.

On 20 July 2017, the Company additionally invested in share capital of Singha Tanker Co., Ltd., a subsidiary of the Company, totalling Baht 163.20 million. The percentage of holding interest of the Company remains unchanged.

Prima Marine Public Company Limited and its Subsidiaries
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On 13 November 2017, the Company additionally invested in share capital of N.T.L. Marine Co., Ltd., a subsidiary of the Company, totalling Baht 200.00 million. The percentage of holding interest of the Company remains unchanged.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Investments in subsidiaries as at 31 December 2018 and 2017 and dividend income from those investments for the year were as follows:

Separate financial statements

| Name of subsidiary | Type of business | Ownership interest | | Paid-up capital | | Cost | | Impairment | | At cost - net | | Dividend income | |
|---|---|--------------------|-------|-----------------|---------|-----------|---------|------------|------|---------------|---------|-----------------|---------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| (in thousand Baht) | | | | | | | | | | | | | |
| Subsidiaries | | | | | | | | | | | | | |
| | Singha Tankers Company Limited ⁽¹⁾ | 51.00 | 51.00 | 622,000 | 622,000 | 317,221 | 317,221 | - | - | 317,221 | 317,221 | - | 163,260 |
| | Nahalin Shipping Pte. Ltd. | 87.50 | 87.50 | 418,787 | 418,787 | 374,798 | 374,798 | - | - | 374,798 | 374,798 | - | 427,940 |
| | N.T.L. Marine Co., Ltd. | 99.99 | 99.99 | 953,000 | 703,000 | 1,017,705 | 767,705 | - | - | 1,017,705 | 767,705 | 140,000 | 150,000 |
| Thaimarine Tanker Co., Ltd. | Marine transportation of petroleum products | 99.99 | 99.99 | 180,000 | 180,000 | 180,000 | 180,000 | - | - | 180,000 | 180,000 | - | - |
| Nahalin Management Company Limited | Ship management services | 99.99 | 99.99 | 8,500 | 8,500 | 9,691 | 9,691 | - | - | 9,691 | 9,691 | 15,000 | 17,000 |
| BSC Management Scaffair Recruitment Co., Ltd. (former BSC Management Co., Ltd.) | Manning agency and ticket agency | 99.99 | 99.99 | 5,500 | 5,500 | 7,159 | 7,159 | - | - | 7,159 | 7,159 | - | - |
| Orchard Navee Co., Ltd. ⁽²⁾ | Marine transportation of petroleum products | 51.00 | 51.00 | 250 | 250 | 127 | 127 | - | - | 127 | 127 | - | - |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| Name of subsidiary | Type of business | Ownership interest | | Paid-up capital | | Cost | | Impairment | | At cost - net | | Dividend income | |
|--------------------|---|--------------------|------|-----------------|------|------------------|------------------|--------------------|----------|------------------|------------------|-----------------|----------------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | (%) | | | | | (in thousand Baht) | | | | | |
| Big Sea Co., Ltd. | Marine transportation of petroleum products | 70.00 | - | 360 | - | 1,557,498 | - | - | - | 1,557,498 | - | - | - |
| Total | | | | | | 3,464,199 | 1,656,701 | - | - | 3,464,199 | 1,656,701 | 155,000 | 758,140 |

Separate financial statements

All subsidiaries were incorporated in Thailand, except Nathalin Shipping Pte. Ltd. which was incorporated in Singapore.

(1) Direct holding 51% by the Company and indirect holding by Nathalin Shipping Pte. Ltd. 49%.

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

13 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

| | 31 December 2018 | | | | |
|--|-----------------------------|--------------------------------|--|--|---------|
| | Nathalin Shipping Pte. Ltd. | Singha Tankers Company Limited | Big Sea Co., Ltd. <i>(in thousand Baht)</i> | Other individually immaterial subsidiaries | Total |
| Non-controlling interest percentage | 12.5% | 6.125% | 30% | | |
| Current assets | 277,532 | 77,933 | 130,140 | | |
| Non-current assets | 410,834 | 2,155,477 | 1,261,936 | | |
| Current liabilities | (112,576) | (467,196) | (183,380) | | |
| Non-current liabilities | - | (870,801) | (388,521) | | |
| Net assets | 575,790 | 895,413 | 820,175 | | |
| Carrying amount of non-controlling interest | 75,536 | 61,444 | 242,971 | (14) | 379,937 |
| Revenue | 2,602,385 | 757,173 | 328,127 | | |
| Profit | 17,080 | 189,858 | 69,493 | | |
| Other comprehensive income | 514 | (4,644) | 764 | | |
| Total comprehensive income | 17,594 | 185,214 | 70,257 | | |
| Profit allocated to non-controlling interest | 2,135 | 11,628 | 20,848 | (6) | 34,605 |
| Other comprehensive income allocated to non-controlling interest | 64 | (281) | 229 | - | 12 |
| Cash flows from operating activities | (16) | 436 | 137 | | |
| Cash flows from investing activities | 3 | (16) | 1 | | |
| Cash flows from financing activities | - | (521) | (106) | | |
| (dividends to non-controlling interest: nil) | | | | | |
| Net increase (decrease) in cash and cash equivalents | (13) | (101) | 32 | | |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

| | 31 December 2017 | | | |
|--|--------------------------------|-----------------------------------|---|---------|
| | Nathalin Shipping Pte. Ltd. | Singha Tankers Company Limited | Other individually immaterial subsidiaries | Total |
| | | <i>(in thousand Baht)</i> | | |
| Non-controlling interest percentage | 12.5% | 6.125% | | |
| Current assets | 391,021 | 208,666 | | |
| Non-current assets | 414,228 | 2,300,546 | | |
| Current liabilities | (244,701) | (478,565) | | |
| Non-current liabilities | - | (1,314,790) | | |
| Net assets | 560,548 | 715,857 | | |
| Carrying amount of non-controlling interest | 73,336 | 50,096 | (7) | 123,425 |
| Revenue | 3,144,255 | 921,720 | | |
| Profit | 222,713 | 217,879 | | |
| Other comprehensive income | (34,150) | (55,688) | | |
| Total comprehensive income | 188,563 | 162,191 | | |
| Profit allocated to non-controlling interest | 27,839 | 13,345 | (6) | 41,178 |
| Other comprehensive income allocated to non-controlling interest | (4,269) | (3,411) | - | (7,680) |
| Cash flows from operating activities | (26,144) | 552,771 | | |
| Cash flows from investing activities | 4,414 | 233,712 | | |
| Cash flows from financing activities | (115,579) | (605,278) | | |
| Dividends to non-controlling interest | (61,134) | - | | |
| Net increase (decrease) in cash and cash equivalents | (198,443) | 181,205 | | |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

14 Other long-term investments

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------|--|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| At 1 January | 95,887 | 97,329 | 32,396 | 32,396 |
| Acquisitions | - | 3,745 | - | - |
| Reversal of (loss) impairment | 24,377 | (3,745) | 8,126 | - |
| Effect of movements in exchange rates | (442) | (1,442) | - | - |
| At 31 December | 119,822 | 95,887 | 40,522 | 32,396 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Other long-term investments as at 31 December 2018 and 2017 were as follows:

| Name of entities | Type of business | Consolidated financial statements | | | Separate financial statements | | |
|---------------------|---|-----------------------------------|--------------------|---------------|-------------------------------|--------------------|---------------|
| | | Ownership interest | 2018 | 2017 | Ownership interest | 2018 | 2017 |
| | | (%) | (in thousand Baht) | | (%) | (in thousand Baht) | |
| TMN Co., Ltd. | Marine transportation of petroleum products | 18.24 | 119,822 | 18.24 | 6.08 | 40,522 | 40,522 |
| Khunnatee Co., Ltd. | Marine transportation of petroleum products | 5.13 | 24,278 | 5.13 | - | - | - |
| Less | Allowance for impairment | | 144,100 | | | 40,522 | 40,522 |
| Total | | | (24,278) | | | - | (8,126) |
| | | | 119,822 | 95,887 | | 40,522 | 32,396 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

15 Property, plant, equipment and vessels

| | Consolidated financial statements | | | | | | | | | |
|---|-----------------------------------|--|------------------|----------------------------|---|--------------------------------------|--------------|------------------------------|--------------------------------------|------------------|
| | Land | Building and building improvements | Vessels | Deferred dry docking | Vessel equipment (in thousand Baht) | Furniture and office equipment | Vehicles | Vessel under construction | Dry docking under construction | Total |
| <i>Cost</i> | | | | | | | | | | |
| At 1 January 2017 | 15,840 | 99,317 | 7,658,599 | 72,434 | 43,634 | 22,873 | 8,945 | 562,891 | 5,136 | 8,489,669 |
| Additions | - | - | - | 33,834 | 6,750 | 2,550 | - | 264,853 | 63,218 | 371,205 |
| Transfers | - | 624 | 563,839 | 34,156 | (1) | (623) | - | (563,839) | (34,156) | - |
| Disposals | - | (6,001) | - | (5,638) | (7,973) | (441) | - | - | - | (20,053) |
| Effect of movements in exchange rates | - | (649) | (235,338) | - | (487) | (123) | (113) | (41) | - | (236,751) |
| At 31 December 2017 and 1 January 2018 | 15,840 | 93,291 | 7,987,100 | 134,786 | 41,923 | 24,236 | 8,832 | 263,864 | 34,198 | 8,604,070 |
| Additions | - | 198 | - | 33,368 | 3,589 | 1,914 | - | 380,146 | 28,485 | 447,700 |
| Acquisitions through business combinations | - | - | 1,487,487 | 60,504 | 10,252 | 2,760 | 1,362 | 88,082 | - | 1,650,447 |
| Transfers | - | - | 407,715 | 63,712 | (35) | 35 | - | (413,066) | (58,361) | - |
| Disposals | - | - | (828,153) | (7,037) | (7,800) | (1,150) | (5,015) | - | (565) | (849,720) |
| Effect of movements in exchange rates | - | (48) | (17,250) | 63 | (43) | (12) | (4) | - | 5 | (17,289) |
| At 31 December 2018 | 15,840 | 93,441 | 9,036,899 | 285,396 | 47,886 | 27,783 | 5,175 | 319,026 | 3,762 | 9,835,208 |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Consolidated financial statements

Depreciation

| | Land | Building and building improvements | Vessels | Deferred dry docking | Vessel equipment (in thousand Baht) | Furniture and office equipment | Vehicles | Vessel under construction | Dry docking under construction | Total |
|---|------|--|-----------|----------------------------|---|--------------------------------------|----------|------------------------------|--------------------------------------|-----------|
| At 1 January 2017 | - | 15,560 | 1,531,776 | 46,945 | 25,391 | 9,369 | 2,380 | - | - | 1,631,421 |
| Depreciation charge for the year | - | 10,537 | 599,607 | 33,469 | 6,806 | 4,530 | 2,791 | - | - | 657,740 |
| Disposals | - | (4,995) | - | (5,638) | (7,531) | (376) | - | - | - | (18,540) |
| At 31 December 2017 and 1 January 2018 | - | 21,102 | 2,131,383 | 74,776 | 24,666 | 13,523 | 5,171 | - | - | 2,270,621 |
| Depreciation charge for the year | - | 10,437 | 409,513 | 66,569 | 6,753 | 4,809 | 1,034 | - | - | 499,115 |
| Acquisitions through business combinations | - | - | 439,433 | 26,133 | 7,377 | 1,887 | 1,362 | - | - | 476,192 |
| Disposals | - | - | (338,131) | (6,540) | (5,754) | (859) | (2,846) | - | - | (354,130) |
| At 31 December 2018 | - | 31,539 | 2,642,198 | 160,938 | 33,042 | 19,360 | 4,721 | - | - | 2,891,798 |

Prima Marine Public Company Limited and its Subsidiaries
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Consolidated financial statements

| | Land | Building and building improvements | Vessels | Deferred dry docking | Vessel equipment (in thousand Baht) | Furniture and office equipment | Vehicles | Vessel under construction | Dry docking under construction | Total |
|---|---------------|--|------------------|----------------------------|---|--------------------------------------|--------------|------------------------------|--------------------------------------|------------------|
| <i>Net book value</i> | | | | | | | | | | |
| At 1 January 2017 | | | | | | | | | | |
| Owned assets | 15,840 | 83,757 | 5,730,504 | 25,489 | 18,243 | 13,504 | 2,724 | 562,891 | 5,136 | 6,458,088 |
| Assets under finance leases | - | - | 396,319 | - | - | - | 3,841 | - | - | 400,160 |
| | <u>15,840</u> | <u>83,757</u> | <u>6,126,823</u> | <u>25,489</u> | <u>18,243</u> | <u>13,504</u> | <u>6,565</u> | <u>562,891</u> | <u>5,136</u> | <u>6,858,248</u> |
| At 31 December 2017 and 1 January 2018 | | | | | | | | | | |
| Owned assets | 15,840 | 72,189 | 4,987,092 | 60,010 | 17,257 | 10,713 | 998 | 263,864 | 34,198 | 5,462,161 |
| Assets under finance leases | - | - | 868,625 | - | - | - | 2,663 | - | - | 871,288 |
| | <u>15,840</u> | <u>72,189</u> | <u>5,855,717</u> | <u>60,010</u> | <u>17,257</u> | <u>10,713</u> | <u>3,661</u> | <u>263,864</u> | <u>34,198</u> | <u>6,333,449</u> |
| At 31 December 2018 | | | | | | | | | | |
| Owned assets | 15,840 | 61,902 | 6,056,355 | 124,458 | 14,844 | 8,423 | 454 | 319,026 | 3,762 | 6,605,064 |
| Assets under finance leases | - | - | 338,346 | - | - | - | - | - | - | 338,346 |
| | <u>15,840</u> | <u>61,902</u> | <u>6,394,701</u> | <u>124,458</u> | <u>14,844</u> | <u>8,423</u> | <u>454</u> | <u>319,026</u> | <u>3,762</u> | <u>6,943,410</u> |

Prima Marine Public Company Limited and its Subsidiaries
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The gross amount of the Group's fully depreciated plant, equipment and vessel that was still in use as at 31 December 2018 amounted to Baht 328.42 million (2017: Baht 75.65 million).

Borrowing costs of Baht 5.28 million (2017: Baht 14.15 million) were capitalised and included in addition of vessels under construction. The borrowing cost rates were MLR-1.25% and MLR-1.75% (2017: MLR-2.00%).

At 31 December 2018, property, plant, equipment and vessels with a net book value of Baht 5,791.31 million were secured for long-term loans from financial institutions (2017: Baht 4,788.56 million).

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Separate financial statements | | | | | | | | |
|---|-------------------------------|------------------------------------|-----------|--|------------------|--------------------------------|----------|--------------------------------|-----------|
| | Land | Building and building improvements | Vessels | Deferred dry docking (in thousand Baht) | Vessel equipment | Furniture and office equipment | Vehicles | Dry docking under construction | Total |
| Cost | | | | | | | | | |
| At 1 January 2017 | 15,840 | 83,483 | 3,607,402 | 5,638 | 23,478 | 15,264 | 6,072 | 5,136 | 3,762,313 |
| Additions | - | - | - | - | 3,924 | 1,827 | - | 63,217 | 68,968 |
| Transfers | - | - | - | 34,156 | - | - | - | (34,156) | - |
| Disposals | - | - | - | (5,638) | - | (217) | - | - | (5,855) |
| At 31 December 2017 and 1 January 2018 | 15,840 | 83,483 | 3,607,402 | 34,156 | 27,402 | 16,874 | 6,072 | 34,197 | 3,825,426 |
| Additions | - | 198 | - | - | 1,078 | 1,231 | - | - | 2,507 |
| Transfers | - | - | - | 33,633 | - | - | - | (33,633) | - |
| Disposals | - | - | (754,713) | - | (6,768) | (395) | (5,016) | (564) | (767,456) |
| At 31 December 2018 | 15,840 | 83,681 | 2,852,689 | 67,789 | 21,712 | 17,710 | 1,056 | - | 3,060,477 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
for the year ended 31 December 2018

Separate financial statements

| | Land | Building and building improvements | Vessels | Deferred dry docking (in thousand Baht) | Vessel equipment | Furniture and office equipment | Vehicles | Dry docking under construction | Total |
|--|--------|------------------------------------|-----------|---|------------------|--------------------------------|----------|--------------------------------|-----------|
| Depreciation | | | | | | | | | |
| 1 January 2017 | - | 8,806 | 1,121,674 | 4,374 | 13,973 | 4,336 | 1,361 | - | 1,154,524 |
| precipitation charge for the year | - | 8,725 | 207,928 | 8,858 | 3,981 | 3,725 | 1,436 | - | 234,653 |
| disposals | - | - | - | (5,638) | - | (155) | - | - | (5,793) |
| 31 December 2017 and January 2018 | - | 17,531 | 1,329,602 | 7,594 | 17,954 | 7,906 | 2,797 | - | 1,383,384 |
| precipitation charge for the year | - | 8,726 | 136,423 | 25,754 | 3,171 | 3,936 | 651 | - | 178,661 |
| disposals | - | - | (304,643) | - | (4,999) | (374) | (2,846) | - | (312,862) |
| 31 December 2018 | - | 26,257 | 1,161,382 | 33,348 | 16,126 | 11,468 | 602 | - | 1,249,183 |
| at book value | | | | | | | | | |
| 1 January 2017 | 15,840 | 74,677 | 2,250,517 | 1,264 | 9,505 | 10,928 | 870 | 5,136 | 2,368,737 |
| intangible assets | - | - | 235,211 | - | - | - | 3,841 | - | 239,052 |
| assets under finance leases | 15,840 | 74,677 | 2,485,728 | 1,264 | 9,505 | 10,928 | 4,711 | 5,136 | 2,607,789 |
| 31 December 2017 and January 2018 | 15,840 | 65,952 | 1,547,042 | 26,562 | 9,448 | 8,968 | 612 | 34,197 | 1,708,621 |
| intangible assets | - | - | 730,758 | - | - | - | 2,663 | - | 733,421 |
| assets under finance leases | 15,840 | 65,952 | 2,277,800 | 26,562 | 9,448 | 8,968 | 3,275 | 34,197 | 2,442,042 |
| 31 December 2018 | 15,840 | 57,424 | 1,481,574 | 34,441 | 5,586 | 6,242 | 454 | - | 1,601,561 |
| intangible assets | - | - | 209,733 | - | - | - | - | - | 209,733 |
| assets under finance leases | 15,840 | 57,424 | 1,691,307 | 34,441 | 5,586 | 6,242 | 454 | - | 1,811,294 |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

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The gross amount of the Company's fully depreciated plant, equipment and vessels that was still in use as at 31 December 2018 amounted to Baht 8.09 million (2017: Baht 12.38 million).

At 31 December 2018, property, plant, equipment and vessels with a net book value of Baht 1,249.86 million were secured for long-term loans from financial institutions (2017: Baht 1,825.87 million).

16 Goodwill

| | Note | Consolidated financial statements | |
|--|------|-----------------------------------|----------|
| | | 2018 | 2017 |
| | | (in thousand Baht) | |
| <i>Cost</i> | | | |
| At 1 January | | - | - |
| Acquired through business combinations | 5 | 1,022,246 | - |
| At 31 December | | 1,022,246 | - |
| <i>Net book value</i> | | | |
| At 1 January | | - | - |
| At 31 December | | 1,022,246 | - |

During the year 2018, a subsidiary completed acquisition of 70% equity share in Big Sea (See note 5) resulting in recognition of goodwill.

Impairment testing for goodwill

The recoverable amount of this goodwill was based on its value in use, determined by discounting the future cash flows to be generated was greater than the total carrying amount of goodwill. As a result, goodwill was not impaired as at 31 December 2018. The cash flows were projected over a period from 7 to 29 years.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. The key assumptions used in the estimation of goodwill's value in use were as follows:

| Key assumptions | Value |
|----------------------------|-------|
| Discount rate | 10% |
| Terminal value growth rate | 0% |

Discount rate

The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging at a market interest rate. The risk-free discount rate was based on the rate of 29-year government bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific goodwill.

Following the impairment testing, the recoverable amount was greater than the carrying. Therefore, the Group did not recognise any impairment loss in the financial statements.

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17 Other intangible assets

| | Consolidated financial statements | | | Total |
|---|-----------------------------------|--|------------------------------------|----------------|
| | Software licences | Customer relationships <i>(in thousand Baht)</i> | Long-term service agreements | |
| <i>Cost</i> | | | | |
| At 1 January 2017 | 1,282 | - | - | 1,282 |
| Additions | 130 | - | - | 130 |
| Effect of movements in exchange rates | (4) | - | - | (4) |
| At 31 December 2017 and 1 January 2018 | 1,408 | - | - | 1,408 |
| Acquisitions through business combinations | 454 | 63 | 114,405 | 114,922 |
| At 31 December 2018 | 1,862 | 63 | 114,405 | 116,330 |
| <i>Amortisation</i> | | | | |
| At 1 January 2017 | 165 | - | - | 165 |
| Amortisation for the year | 158 | - | - | 158 |
| At 31 December 2017 and 1 January 2018 | 323 | - | - | 323 |
| Amortisation for the year | 222 | 5 | 2,580 | 2,807 |
| At 31 December 2018 | 545 | 5 | 2,580 | 3,130 |
| <i>Net book value</i> | | | | |
| At 1 January 2017 | 1,117 | - | - | 1,117 |
| At 31 December 2017 and 1 January 2018 | 1,085 | - | - | 1,085 |
| At 31 December 2018 | 1,317 | 58 | 111,825 | 113,200 |

The amortisation of long-term service agreements is recognised as administrative expenses and the amortisation of other intangible assets is included in cost of rendering of services and administrative expenses.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

| | Separate financial statements Software licences (in thousand Baht) |
|---|---|
| <i>Cost</i> | |
| At 1 January 2017 | 784 |
| Additions | 111 |
| At 31 December 2017 and 1 January 2018 | 895 |
| At 31 December 2018 | 895 |
| <i>Amortisation</i> | |
| At 1 January 2017 | 33 |
| Amortisation for the year | 106 |
| At 31 December 2017 and 1 January 2018 | 139 |
| Amortisation for the year | 87 |
| At 31 December 2018 | 226 |
| <i>Net book value</i> | |
| At 1 January 2017 | 751 |
| At 31 December 2017 and 1 January 2018 | 756 |
| At 31 December 2018 | 669 |

18 Deferred tax

Deferred tax assets and liabilities as at 31 December after appropriate set off of tax in statement of financial position were as follows:

| | Consolidated financial statements | | | |
|--|--|---------------|--------------------|-----------------|
| | Assets | | Liabilities | |
| | 2018 | 2017 | 2018 | 2017 |
| | (in thousand Baht) | | | |
| Total | 70,890 | 50,808 | (84,426) | (42,696) |
| Set off of tax | (70,890) | (30,264) | 70,890 | 30,264 |
| Net deferred tax assets (liabilities) | - | 20,544 | (13,536) | (12,432) |
| | | | | |
| | Separate financial statements | | | |
| | Assets | | Liabilities | |
| | 2018 | 2017 | 2018 | 2017 |
| | (in thousand Baht) | | | |
| Total | 32,057 | 28,091 | (37,902) | (40,523) |
| Set off of tax | (32,057) | (28,091) | 32,057 | 28,091 |
| Net deferred tax liabilities | - | - | (5,845) | (12,432) |

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Movements in total deferred tax assets and liabilities during the year were as follows:

| | Consolidated financial statements | | | | |
|--|-----------------------------------|--|--------------------------------------|----------------------------------|---------------------------|
| | | | (Charged) / credited to: | | |
| | At 1 January 2018 | Acquired in business combination | Profit or loss (in thousand Baht) | Other comprehensive income | At 31 December 2018 |
| Deferred tax assets | | | | | |
| Property, plant, equipment and vessels | 36,363 | 18,924 | (7,764) | - | 47,523 |
| Investment in an associate and joint ventures | - | - | 10,577 | - | 10,577 |
| Other long-term investments | 8,918 | - | (4,063) | - | 4,855 |
| Non-current provisions for employee benefits | 5,527 | 3,715 | 924 | (2,231) | 7,935 |
| Total | 50,808 | 22,639 | (326) | (2,231) | 70,890 |
| Deferred tax liabilities | | | | | |
| Property, plant, equipment and vessels | (42,696) | - | (19,494) | - | (62,190) |
| Other intangible assets | - | (22,753) | 517 | - | (22,236) |
| Total | (42,696) | (22,753) | (18,977) | - | (84,426) |
| Net | 8,112 | (114) | (19,303) | (2,231) | (13,536) |

| | Consolidated financial statements | | |
|--|-----------------------------------|--|---------------------|
| | At 1 January 2017 | (Charged) / credited to: Profit or loss (in thousand Baht) | At 31 December 2017 |
| Deferred tax assets | | | |
| Property, plant, equipment and vessels | 20,271 | 16,092 | 36,363 |
| Other long-term investments | 8,169 | 749 | 8,918 |
| Non-current provisions for employee benefits | 5,581 | (54) | 5,527 |
| Total | 34,021 | 16,787 | 50,808 |
| Deferred tax liabilities | | | |
| Property, plant, equipment and vessels | (78,288) | 35,592 | (42,696) |
| Total | (78,288) | 35,592 | (42,696) |
| Net | (44,267) | 52,379 | 8,112 |

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For the year ended 31 December 2018

| | At 1 January 2018 | Separate financial statements (Charged) / credited to: | | At 31 December 2018 |
|---|-------------------------|---|----------------------------------|---------------------------|
| | | Profit or loss (in thousand Baht) | Other comprehensive income | |
| <i>Deferred tax assets</i> | | | | |
| Property, plant, equipment and vessels | 24,293 | (4,610) | - | 19,683 |
| Investment in an associate and joint ventures | - | 10,577 | - | 10,577 |
| Other long-term investments | 1,625 | (1,625) | - | - |
| Non-current provisions for employee benefits | 2,173 | 352 | (728) | 1,797 |
| Total | 28,091 | 4,694 | (728) | 32,057 |
| <i>Deferred tax liabilities</i> | | | | |
| Property, plant, equipment and vessels | (40,523) | 2,621 | - | (37,902) |
| Total | (40,523) | 2,621 | - | (37,902) |
| Net | (12,432) | 7,315 | (728) | (5,845) |

| | At 1 January 2017 | Separate financial statements (Charged) / credited to: | | At 31 December 2017 |
|--|----------------------|---|--|------------------------|
| | | Profit or loss (in thousand Baht) | | |
| <i>Deferred tax assets</i> | | | | |
| Property, plant, equipment and vessels | 19,773 | 4,520 | | 24,293 |
| Other long-term investments | 1,625 | - | | 1,625 |
| Non-current provisions for employee benefits | 2,368 | (195) | | 2,173 |
| Total | 23,766 | 4,325 | | 28,091 |
| <i>Deferred tax liabilities</i> | | | | |
| Property, plant, equipment and vessels | (75,143) | 34,620 | | (40,523) |
| Total | (75,143) | 34,620 | | (40,523) |
| Net | (51,377) | 38,945 | | (12,432) |

19 Other non-current assets

| | Note | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|------|--------------------------------------|--------------------|----------------------------------|---------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | | (in thousand Baht) | | |
| Income tax receivable | | 13,123 | 27,933 | 1,367 | 17,347 |
| Accrued receive crew's benefit | 6 | 1,056 | 1,056 | - | - |
| Others | | 7,363 | 7,510 | 355 | 366 |
| Total | | 21,542 | 36,499 | 1,722 | 17,713 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
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20 Interest-bearing liabilities

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Current | | | | |
| Bank overdrafts and short-term loans from a financial institution Secured | 25,000 | - | - | - |
| Current portion of long-term loans from financial institutions Secured | 968,929 | 1,006,555 | 181,875 | 337,659 |
| Short-term loans | 993,929 | 1,006,555 | 181,875 | 337,659 |
| Current portion of finance lease liabilities | 72,997 | 71,722 | 49,884 | 49,560 |
| Total current interest-bearing liabilities | 1,066,926 | 1,078,277 | 231,759 | 387,219 |
| Non-current | | | | |
| Long-term loans from financial institutions Secured | 1,960,289 | 2,563,039 | 139,675 | 620,522 |
| Long-term loans | 1,960,289 | 2,563,039 | 139,675 | 620,522 |
| Finance lease liabilities | 283,210 | 356,979 | 186,620 | 237,277 |
| Total non-current interest-bearing liabilities | 2,243,499 | 2,920,018 | 326,295 | 857,799 |

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--|------------------|--|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Within one year | 993,929 | 1,006,555 | 181,875 | 337,659 |
| After one year but within five years | 1,882,321 | 2,331,421 | 139,675 | 620,522 |
| After five years | 77,968 | 231,618 | - | - |
| Total | 2,954,218 | 3,569,594 | 321,550 | 958,181 |

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Secured interest-bearing liabilities as at 31 December were secured on the following assets:

| | | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|------|--------------------------------------|--------------|----------------------------------|--------------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | (in thousand Baht) | | | |
| Property, plant and vessels | 15 | 5,791 | 4,789 | 1,250 | 1,826 |
| Total | | 5,791 | 4,789 | 1,250 | 1,826 |

Restricted deposits at financial institutions

As at 31 December 2018, Baht 176.41 million (2017: Baht 119.67 million) restricted deposit at a financial institution was pledged against long-term loans with financial institutions by the Company and subsidiary. The restricted deposit must be maintained as a collateral for the long-term borrowings during the facility period.

As at 31 December 2018, the Group and the Company had unutilised credit facilities totalling Baht 795 million and Baht 470 million, respectively (2017: Baht 710 million and Baht 470 million, respectively).

Changes in liabilities arising from financing activities

| Consolidated financial statements | | | | | |
|--|------|---------------------|------------------|------------------------------|------------------|
| | Note | Short-term loans | Other loans | Finance lease liabilities | Total |
| (in thousand Baht) | | | | | |
| Balance at 1 January 2018 | | - | 3,569,594 | 428,701 | 3,998,295 |
| Changes from financing cash flows | | - | (1,145,115) | (72,490) | (1,217,605) |
| Changes arising from obtaining or losing control of subsidiaries or other businesses | 6 | 25,000 | 521,142 | - | 546,142 |
| Effect of changes in foreign exchange rates | | - | (16,403) | (4) | (16,407) |
| Balance at 31 December 2018 | | 25,000 | 2,929,218 | 356,207 | 3,310,425 |

| Separate financial statements | | | |
|--|----------------|------------------------------|----------------|
| | Other loans | Finance lease liabilities | Total |
| (in thousand Baht) | | | |
| Balance at 1 January 2018 | 958,181 | 286,837 | 1,245,018 |
| Changes from financing cash flows | (632,436) | (50,333) | (682,769) |
| Effect of changes in foreign exchange rates | (4,195) | - | (4,195) |
| Balance at 31 December 2018 | 321,550 | 236,504 | 558,054 |

Short-term loans from financial institutions

As at 31 December 2018, short-term loans from a financial institution were unsecured promissory notes issued by a local financial institution in Thai Baht which were redeemable within 1 month to 3 months. The promissory notes had interest rates between 3.15% to 6.15% per annum.

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Long-term loans from financial institutions

As at 31 December 2018, the Group has long-term loans from local financial institutions denominated in Baht and US dollars as follows:

- (a) Loans for the purchases and constructions of vessels are granted by local financial institutions denominated in US dollars with a total outstanding balance of US dollars 49.54 million as at 31 December 2018 (31 December 2017: US dollars 69.38 million) with repayment terms within 1-6 years. The principal is repayable every 3 months. Interest rates and securities on the loans are as follows:
- The loan balance of US dollars 46.85 million (31 December 2017: US dollars 63.13 million): fixed rate and the loans bear interest LIBOR+2.46% to LIBOR+3.25% per annum. These loans are currently secured by 4 vessels, assignment of insurance for the collateral vessels, pledge over bank accounts, and a corporate guarantee by the Company.
 - The loan balance of US dollars 2.69 million (31 December 2017: US dollars 6.25 million): fixed rate and the loans bear interest SIBOR+1.75% per annum. These loans are currently secured by a vessel, assignment of insurance for the collateral vessel, and pledge over bank account.
- (b) Loans for the purchases, constructions of vessels and building of the Company's building are granted by local financial institutions denominated in Baht with a total outstanding balance of Baht 859.99 million as at 31 December 2018 (31 December 2017: Baht 1,300.86 million) with repayment terms within 1-7 years. The principal is repayable every 1-3 months. As at 31 December 2018, the interest rates are MLR-1.00% to MLR-1.80% per annum and the fixed interest rate of 4.35% per annum. These loans are currently secured by 8 vessels, assignment of insurance for the collateral vessels, land, and building of the Company, pledge over bank accounts, and insurance of the building.
- (c) Loans as a result of acquisition of a subsidiary for purchase and constructions of vessels are granted by local financial institutions denominated in Baht with a total outstanding balance of Baht 461.46 million as at 31 December 2018 with repayment terms within 1-6 years. The principal is repayable every 1-3 months. As at 31 December 2018, the interest rates are Prime Rate-1.25% to Prime Rate-1.50% per annum, MLR-1.375% per annum, and BIBOR+1.85% per annum. These loans are currently secured by 9 vessels, guaranteed by directors of a subsidiary.

As at 31 December 2018, the Company and a subsidiary as the borrowers had breached certain loan covenants. On 28 December 2018, the lenders have agreed not to demand payment as a consequence of the breach. As a result, the long-term portion of loans amounting to Baht 992 million was presented as non-current liabilities as at 31 December 2018.

Prima Marine Public Company Limited and its Subsidiaries
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Finance lease liabilities

The finance lease liabilities as at 31 December were payable as follows:

| | Consolidated financial statements | | | | | |
|--------------------------------------|-----------------------------------|----------|---|-------------------------------|----------|---|
| | 2018 | | | 2017 | | |
| | Future minimum lease payments | Interest | Present value of minimum lease payments (in thousand Baht) | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within one year | 91,957 | 18,960 | 72,997 | 94,974 | 23,252 | 71,722 |
| After one year but within five years | 311,596 | 28,386 | 283,210 | 404,372 | 47,393 | 356,979 |
| Total | 403,553 | 47,346 | 356,207 | 499,346 | 70,645 | 428,701 |

| | Separate financial statements | | | | | |
|--------------------------------------|-------------------------------|----------|---|-------------------------------|----------|---|
| | 2018 | | | 2017 | | |
| | Future minimum lease payments | Interest | Present value of minimum lease payments (in thousand Baht) | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within one year | 62,291 | 12,407 | 49,884 | 64,897 | 15,337 | 49,560 |
| After one year but within five years | 205,053 | 18,433 | 186,620 | 268,164 | 30,887 | 237,277 |
| Total | 267,344 | 30,840 | 236,504 | 333,061 | 46,224 | 286,837 |

21 Trade accounts payable

| | | Consolidated financial statements | | Separate financial statements | |
|-----------------|---|--|----------------|--------------------------------------|---------------|
| Note | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | 6 | 48,410 | 59,097 | 35,589 | 38,300 |
| Other parties | | 183,651 | 209,639 | 26,869 | 40,469 |
| Total | | 232,061 | 268,736 | 62,458 | 78,769 |

Prima Marine Public Company Limited and its Subsidiaries
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22 Other payables

| | | Consolidated financial statements | | Separate financial statements | |
|--|-------------|--|---------------|--|---------------|
| | <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | 6 | 2,369 | 7,295 | 2,071 | 21,070 |
| Others | | | | | |
| Contingent consideration | 5 | 140,000 | - | 140,000 | - |
| Accrued operating expenses | | 56,211 | 50,435 | 21,162 | 10,962 |
| Advances received | | 9,400 | 26,427 | - | - |
| Payables for purchase of fixed assets | | 1,177 | 4,094 | - | 31 |
| Others | | 6,421 | 4,833 | 4,023 | 4,210 |
| | | 213,209 | 85,789 | 165,185 | 15,203 |
| Total | | 215,578 | 93,084 | 167,256 | 36,273 |

23 Non-current provisions for employee benefits

| | | Consolidated financial statements | | Separate financial statements | |
|--|--|--|-------------|--|-------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| Statement of financial position | | | | | |
| Non-current provisions for: | | | | | |
| Post-employment benefits | | | | | |
| Defined benefit plan | | 39,738 | 28,236 | 8,982 | 10,863 |
| Year ended 31 December | | | | | |
| Statement of comprehensive income: | | | | | |
| Recognised in profit or loss: | | | | | |
| Post-employment benefits | | | | | |
| Defined benefit plan | | 5,385 | 3,458 | 1,762 | 1,523 |
| Recognised in other comprehensive income: | | | | | |
| Actuarial gain recognised in the year | | (11,833) | - | (3,643) | - |
| Cumulative actuarial gain recognised | | (11,833) | - | (3,643) | - |

Defined benefit plan

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Prima Marine Public Company Limited and its Subsidiaries
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Movement in the present value of the defined benefit obligations.

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------------|--|----------------|--|----------------|
| | <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| At 1 January | | 28,236 | 28,387 | 10,863 | 11,840 |
| Recognised in profit or loss: | 29 | | | | |
| Current service cost | | 4,312 | 2,719 | 1,467 | 1,276 |
| Interest on obligation | | 1,073 | 739 | 295 | 247 |
| | | 5,385 | 3,458 | 1,762 | 1,523 |
| Recognised in other comprehensive income | | | | | |
| Actuarial gain | | (11,833) | - | (3,643) | - |
| | | (11,833) | - | (3,643) | - |
| Others | | | | | |
| Contributions paid by the employer | | (625) | (3,609) | - | (2,500) |
| Transferred from business combinations | 5 | 18,575 | - | - | - |
| | | 17,950 | (3,609) | - | (2,500) |
| At 31 December | | 39,738 | 28,236 | 8,982 | 10,863 |

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 4.20 million and Baht 1.25 million, respectively.

Actuarial gains recognised in other comprehensive income arising from:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|--|-------------|--|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Demographic assumptions | (3,198) | - | (2,408) | - |
| Financial assumptions | 1,441 | - | 930 | - |
| Experience adjustment | (10,076) | - | (2,165) | - |
| Total | (11,833) | - | (3,643) | - |

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Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | Consolidated financial statements | | Separate financial statements | |
|----------------------|--------------------------------------|------------|----------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | (%) | | |
| Discount rate | 1.76 - 4.16 | 3.11 | 1.76 - 4.16 | 3.11 |
| Future salary growth | 5.0 - 8.5 | 4.0 - 8.0 | 5.0 - 8.5 | 4.0 - 8.0 |
| Employee turnover | 0.0 - 8.5 | 0.0 - 15.0 | 0.0 - 8.5 | 0.0 - 15.0 |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 12.5 years (2017: 11 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--------------------------------------|----------|----------------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| | (in thousand Baht) | | | |
| At 31 December 2018 | | | | |
| Discount rate (1% movement) | (3,860) | 4,545 | (742) | 863 |
| Future salary growth (1% movement) | 4,395 | (3,817) | 831 | (731) |
| Employee turnover (20% movement) | (2,436) | 3,019 | (862) | 1,184 |
| Future mortality (1% movement) | 154 | (172) | 23 | (25) |
| At 31 December 2017 | | | | |
| Discount rate (1% movement) | (2,789) | 2,395 | (1,190) | 1,010 |
| Future salary growth (1% movement) | 2,989 | (2,608) | 1,260 | (1,086) |
| Employee turnover (20% movement) | (2,275) | 1,907 | (1,035) | 837 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

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24 Share capital

| | Par value per share (in Baht) | 2018 | | 2017 | |
|---|-------------------------------------|------------------|------------------|------------------|------------------|
| | | Number | Baht | Number | Baht |
| (thousand shares / thousand Baht) | | | | | |
| <i>Authorised</i> | | | | | |
| At 1 January | | | | | |
| - Ordinary shares | 100 | - | - | 20,000 | 2,000,000 |
| - Ordinary shares | 1 | 2,500,000 | 2,500,000 | - | - |
| Reduction in par value from Baht 100 to Baht 1 | 1 | - | - | 1,980,000 | - |
| Issue of ordinary shares | 1 | - | - | 500,000 | 500,000 |
| At 31 December | | | | | |
| - Ordinary shares | 1 | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,500,000</u> |
| <i>Issued and paid-up</i> | | | | | |
| At 1 January | | | | | |
| - Ordinary shares | 100 | - | - | 20,000 | 2,000,000 |
| - Ordinary shares | 1 | 2,500,000 | 2,500,000 | - | - |
| Reduction in par value from Baht 100 to Baht 1 | 1 | - | - | 1,980,000 | - |
| Issue of ordinary shares | 1 | - | - | 500,000 | 500,000 |
| At 31 December | | | | | |
| - Ordinary shares | 1 | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,500,000</u> |

At the extraordinary general meeting of shareholder's held on 24 March 2017, the shareholders approved significant matters as follows:

- Change a par value of ordinary share from Baht 100 each to Baht 1 each, causing the number of shares of the Company to increase from 20,000,000 shares to 2,000,000,000 shares. The Company registered the shares with the Ministry of Commerce on 29 March 2017.
- Increase of authorised share capital of the Company by Baht 500 million from Baht 2,000 million to Baht 2,500 million. The Company registered the increase of share capital with the Ministry of Commerce on 29 March 2017.

In September 2017, the Company received cash from initially public offering for 500 million shares with par value of Baht 1.00 each, at the price of Baht 8.00 per share, totalling to Baht 4,000 million. Expenses related to issuance of shares of Baht 92.51 million were presented by netting with premium on paid-up share capital.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Difference of acquisitions from entities under common control

The difference of acquisitions from entities under common control, which is lower of the carrying amount of the acquired net assets than the consideration transferred is recognized as discount from business combinations under common control in shareholder's equity. The discount will be included in the consolidated financial statements until control ceases of the subsidiaries acquired.

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25 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

26 Segment information

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- *Segment 1* Sea transportation of petroleum and chemical products.
- *Segment 2* Storage of petroleum products.
- *Segment 3* Supporting exploration and production of offshore petroleum products by sending staff and exploration equipment from a place to another place and accommodation work barges.
- *Segment 4* Ship management, recruitment and transportation services for crews.

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Information about reportable segments

| | Segment 1 | | Segment 2 | | Segment 3 | | Segment 4 | | Eliminate | | Net | |
|---|------------------|------------------|------------------|------------------|----------------|----------------|------------------|------------------|--------------------|--------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| <i>(in thousand Baht)</i> | | | | | | | | | | | | |
| External revenue | 2,254,019 | 1,705,825 | 1,395,665 | 1,960,131 | 471,804 | 480,047 | 358,236 | 355,000 | - | - | 4,479,724 | 4,501,003 |
| Inter-segment revenue | 409,836 | 367,183 | 1,061,619 | 1,347,146 | - | - | 948,211 | 1,069,546 | (2,419,666) | (2,783,875) | - | - |
| Total revenue | 2,663,855 | 2,073,008 | 2,457,284 | 3,307,277 | 471,804 | 480,047 | 1,306,447 | 1,424,546 | (2,419,666) | (2,783,875) | 4,479,724 | 4,501,003 |
| Segment profit before income tax | 341,965 | 38,025 | 363,133 | 687,168 | 93,538 | 84,675 | 85,656 | 82,828 | - | - | 884,292 | 892,696 |
| Interest expense | 77,902 | 66,631 | 61,862 | 101,858 | 20,886 | 28,729 | 18 | 59 | - | (390) | 160,668 | 196,887 |
| Depreciation | 223,610 | 207,943 | 213,092 | 348,088 | 38,326 | 83,969 | 2,680 | 4,015 | - | - | 477,708 | 644,015 |
| Segment assets as at 31 December | | | | | | | | | | | | |
| - Vessels | 3,276,658 | 2,052,318 | 2,503,676 | 3,152,944 | 615,072 | 650,455 | - | - | (704) | - | 6,394,702 | 5,855,717 |
| - Goodwill | 1,022,246 | - | - | - | - | - | - | - | - | - | 1,022,246 | - |
| Total | 4,298,904 | 2,052,318 | 2,503,676 | 3,152,944 | 615,072 | 650,455 | - | - | (704) | - | 7,416,948 | 5,855,717 |
| Segment liabilities as at 31 December | | | | | | | | | | | | |
| - Long-term loans from financial institutions | 1,712,227 | 1,496,366 | 975,422 | 1,824,290 | 87,734 | 205,295 | - | - | - | - | 2,775,383 | 3,525,951 |
| - Finance lease liabilities | 119,702 | 141,472 | - | - | 236,349 | 283,332 | - | - | - | - | 356,051 | 424,804 |
| Total | 1,831,929 | 1,637,838 | 975,422 | 1,824,290 | 324,083 | 488,627 | - | - | - | - | 3,131,434 | 3,950,755 |

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Reconciliations of reportable segment profit or loss, assets and liabilities and other material items

| | 2018 | 2017 |
|---|---------------------------|-------------------|
| | <i>(in thousand Baht)</i> | |
| Profit or loss | | |
| Total profit before income tax for reportable segments | 884,292 | 892,696 |
| Unallocated amounts: | | |
| - Other income | 18,954 | 44,332 |
| - Other corporate expenses | (248,907) | (230,885) |
| - Share of profit of investments in an associate and joint ventures | 150,349 | 54,977 |
| Consolidated profit before income tax | 804,688 | 761,120 |
| Assets | | |
| Total assets for reportable segments | 7,416,948 | 5,855,717 |
| Investments in an associate and joint ventures | 487,671 | 503,680 |
| Other unallocated amounts | 2,910,209 | 4,319,272 |
| Consolidated total assets | 10,814,828 | 10,678,669 |
| Liabilities | | |
| Total liabilities for reportable segments | 3,131,434 | 3,950,755 |
| Other unallocated amounts | 712,920 | 481,208 |
| Consolidated total liabilities | 3,844,354 | 4,431,963 |

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

| | Revenues | | Non-current assets | |
|--------------|---------------------------|------------------|--------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Thailand | 2,454,399 | 1,835,975 | 5,648,920 | 3,193,520 |
| Singapore | 2,025,325 | 2,665,028 | 3,331,714 | 4,012,657 |
| Total | 4,479,724 | 4,501,003 | 8,980,634 | 7,206,177 |

Major customers

Revenues from six customers of the Group's segment 1, 2 and 3 represents approximately Baht 2,018.46 million (2017: Baht 2,453.14 million) of the Group's total revenues.

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27 Other income

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--|---------------|--|----------------|
| Note | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Investments income | | | | |
| - Dividend income | - | - | 321,286 | 758,140 |
| - Interest income | 20,436 | 12,929 | 15,727 | 7,621 |
| | 20,436 | 12,929 | 337,013 | 765,761 |
| Gains on disposal of fixed assets | 15 | 44,122 | - | - |
| Demurrage | 5,553 | 14,870 | - | 1,659 |
| Insurance claim received | 735 | 447 | - | - |
| Revenue from vessel equipment rental | - | 889 | - | 889 |
| Others | 21,618 | 10,613 | 2,431 | 1,945 |
| Total | 92,464 | 39,748 | 383,442 | 770,254 |

28 Administrative expenses

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------|--|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Personnel expenses | 216,414 | 229,532 | 134,783 | 126,088 |
| Consultant and professional fees | 33,647 | 9,995 | 10,941 | 7,021 |
| Property tax and other tax | 32,555 | 1,045 | 32,385 | 975 |
| Depreciation and amortisation | 27,628 | 17,419 | 21,308 | 13,993 |
| Entertainment | 22,495 | 17,751 | 12,841 | 11,484 |
| Rental fees | 19,237 | 18,382 | 4,083 | 3,351 |
| Service fees | 14,561 | 15,342 | 11,440 | 10,674 |
| Travelling expenses | 7,879 | 5,863 | 4,416 | 3,134 |
| Management fees | 5,364 | 1,942 | 3,450 | 579 |
| Maintenance fees | 4,232 | 2,656 | 3,540 | 2,184 |
| Impairment loss on investments (reversal) | (24,119) | 3,745 | 44,760 | - |
| Others | 29,800 | 21,383 | 23,920 | 15,311 |
| Total | 389,693 | 345,055 | 307,867 | 194,794 |

29 Employee benefit expenses

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--|----------------|--|----------------|
| Note | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Wages, salaries and bonus | 804,250 | 757,587 | 177,649 | 163,693 |
| Defined benefit plans | 23 | 5,385 | 3,458 | 1,762 |
| Defined contribution plans | 26,677 | 25,513 | 4,970 | 4,780 |
| Others | 68,431 | 68,507 | 12,987 | 14,470 |
| Total | 904,743 | 855,065 | 197,368 | 184,466 |

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Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

30 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

| Note | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Charter hire | 970,730 | 916,635 | 694,645 | 625,901 |
| Employee benefit expenses | 904,743 | 855,065 | 197,368 | 184,466 |
| Bunker consumption | 747,666 | 628,710 | 24,797 | 23,878 |
| Depreciation and amortisation | 501,922 | 657,899 | 178,748 | 234,759 |
| Management fees | 358,690 | 346,260 | 499,961 | 607,014 |
| Maintenance fees | 177,967 | 171,493 | 30,323 | 22,832 |
| Insurance of fixed assets | 77,775 | 101,830 | 8,331 | 11,092 |
| Rental fees | 19,328 | 18,414 | 4,060 | 3,349 |
| Impairment loss on investments (reversal) | (24,119) | 3,745 | 44,760 | - |
| Others | 23,548 | 14,786 | 17,756 | 9,970 |
| Total cost of sales of goods, distribution costs and administrative expenses | 3,758,250 | 3,714,837 | 1,700,749 | 1,723,261 |

31 Finance costs

| Note | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--------------------------------------|----------------|----------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Interest expense: | | | | |
| Related parties | - | - | - | 13,558 |
| Bank loans and overdrafts | 144,497 | 190,040 | 26,159 | 64,566 |
| Total interest expense | 144,497 | 190,040 | 26,159 | 78,124 |
| Other finance costs | 23,286 | 27,405 | 15,372 | 18,185 |
| Net | 167,783 | 217,445 | 41,531 | 96,309 |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

32 Income tax expense

Income tax recognised in profit or loss

| | Note | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|------|-----------------------------------|-----------------|-------------------------------|-----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| Current tax expense | | | | | |
| Current year | | 38,051 | 55,868 | 13,121 | 28,000 |
| Adjustment for prior years | | 908 | (1,479) | 268 | - |
| | | 38,959 | 54,389 | 13,389 | 28,000 |
| Deferred tax expense | 18 | | | | |
| Movements in temporary differences | | 19,303 | (52,379) | (7,315) | (38,945) |
| Total | | 19,303 | (52,379) | (7,315) | (38,945) |
| Total income tax expense | | 58,262 | 2,010 | 6,074 | (10,945) |

Income tax recognised in other comprehensive income

| | Consolidated financial statements | | | | | |
|--------------------------------------|-----------------------------------|----------------|--------------|------------|-------------|------------|
| | 2018 | | | 2017 | | |
| | Before tax | Tax expense | Net of tax | Before tax | Tax expense | Net of tax |
| | <i>(in thousand Baht)</i> | | | | | |
| Defined benefit plan actuarial gains | 11,833 | (2,231) | 9,602 | - | - | - |
| Total | 11,833 | (2,231) | 9,602 | - | - | - |

| | Separate financial statements | | | | | |
|--------------------------------------|-------------------------------|--------------|--------------|------------|-------------|------------|
| | 2018 | | | 2017 | | |
| | Before tax | Tax expense | Net of tax | Before tax | Tax expense | Net of tax |
| | <i>(in thousand Baht)</i> | | | | | |
| Defined benefit plan actuarial gains | 3,643 | (729) | 2,914 | - | - | - |
| Total | 3,643 | (729) | 2,914 | - | - | - |

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Reconciliation of effective tax rate

| | Consolidated financial statements | | | |
|--|-----------------------------------|--------------------|-------------|--------------------|
| | 2018 | | 2017 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 804,688 | | 761,120 |
| Income tax using the Thai corporation tax rate | 20.00 | 160,938 | 20.00 | 152,224 |
| Effect of different tax rates in foreign jurisdictions | | 589 | | (1,639) |
| Difference in effective tax rate of investments in an associate and joint ventures | | (30,070) | | (10,995) |
| Income not subject to tax | | (82,918) | | (129,185) |
| Taxable income | | 7,057 | | 38,192 |
| Expenses not deductible for tax purposes | | 9,428 | | 4,683 |
| Expenses with additional deduction for tax purpose | | (6,126) | | (51,214) |
| Recognition of previously unrecognised tax losses | | (1,544) | | - |
| Current year losses for which no deferred tax asset was recognized | | - | | 1,423 |
| Under (over) provided in prior years | | 908 | | (1,479) |
| Total | 7.24 | 58,262 | 0.26 | 2,010 |

| | Separate financial statements | | | |
|--|-------------------------------|--------------------|---------------|--------------------|
| | 2018 | | 2017 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 388,329 | | 1,072,309 |
| Income tax using the Thai corporation tax rate | 20.00 | 77,666 | 20.00 | 214,462 |
| Income not subject to tax | | (85,004) | | (215,795) |
| Taxable income | | 7,057 | | 38,192 |
| Expenses not deductible for tax purposes | | 6,469 | | 2,918 |
| Expenses with additional deduction for tax purpose | | (382) | | (50,722) |
| Under provided in prior years | | 268 | | - |
| Total | 1.56 | 6,074 | (1.02) | (10,945) |

33 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to marine transportation business. The privileges granted include:

- exemption from payment of import duty on machinery approved by the Board;
- exemption of corporate income tax for net profit, arising from the promoted activity, which does not exceed 100% of investment, excluded carrying amount of land and working capital, for a period of eight years from the date on which the income is first derived from such operations; and
- exemption of corporate income tax rate for dividend received from an entity under the promotional privileges in which its revenue is exempt from income tax. This benefit is for the same period of the Company's BOI certificate.

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Summary of revenue from promoted and non-promoted businesses:

| | Consolidated financial statements | | | | | |
|--|-----------------------------------|--------------------------------|------------------------------------|------------------------|--------------------------------|------------------|
| | 2018 | | | 2017 | | |
| | Promoted businesses | Non- promoted businesses | Total <i>(in thousand Baht)</i> | Promoted businesses | Non- promoted businesses | Total |
| Revenue from marine transportation | 2,598,016 | 2,794,113 | 5,392,129 | 2,782,064 | 2,886,587 | 5,668,651 |
| Revenue from accommodation service | 38,530 | 1,041 | 39,571 | 23,949 | 381 | 24,330 |
| Others | - | 1,467,690 | 1,467,690 | - | 1,591,898 | 1,591,898 |
| Eliminations | (1,383,538) | (1,036,128) | (2,419,666) | (989,323) | (1,794,553) | (2,783,876) |
| Total revenue | 1,253,008 | 3,226,716 | 4,479,724 | 1,816,690 | 2,684,313 | 4,501,003 |

| | Separate financial statements | | | | | |
|--|-------------------------------|--------------------------------|------------------------------------|------------------------|--------------------------------|------------------|
| | 2018 | | | 2017 | | |
| | Promoted businesses | Non- promoted businesses | Total <i>(in thousand Baht)</i> | Promoted businesses | Non- promoted businesses | Total |
| Revenue from marine transportation | 929,488 | 776,213 | 1,705,701 | 1,294,134 | 720,275 | 2,014,409 |
| Revenue from accommodation service | 38,530 | 328 | 38,858 | 23,949 | 381 | 24,330 |
| Total revenue | 968,018 | 776,541 | 1,744,559 | 1,318,083 | 720,656 | 2,038,739 |

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

34 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|---|-----------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht / thousand shares)</i> | | | |
| Profit for the year attributable to ordinary shareholders of the Company (basic) | 711,821 | 717,932 | 382,255 | 1,083,254 |
| Number of ordinary shares outstanding at 1 January | 2,500,000 | 2,000,000 | 2,500,000 | 2,000,000 |
| Effect of shares issuance | - | 500,000 | - | 500,000 |
| Weighted average number of ordinary shares outstanding (basic) | 2,500,000 | 2,152,055 | 2,500,000 | 2,152,055 |
| Basic earnings per share <i>(in Baht)</i> | 0.28 | 0.33 | 0.15 | 0.50 |

35 Dividend

The Company

At the annual general meeting of shareholders of the Company held on 26 April 2018, the shareholders approved the appropriation of dividends from annual net profit for the year 2017 of Baht 0.1 per share, amounting to Baht 250 million. The dividend was paid to shareholders on 24 May 2018.

At the Board of Directors' meeting held on 10 August 2017, the directors approved the appropriation of interim dividend for the year 2017 of Baht 0.25 per share, amounting to Baht 500 million. The dividend of Baht 230 million was paid to shareholders on 11 August 2017 and the remaining dividend amount of Baht 270 million was paid on 30 August 2017.

At the Board of Directors' meeting of the Company held on 30 March 2017, the directors approved the appropriation of interim dividends for the year 2017 of Baht 15 per share, amounting to Baht 300 million. The dividend was paid to shareholders of Baht 210 million on 26 April 2017 and the remaining dividend amount of Baht 90 million was paid on 15 May 2017.

At the annual general meeting of shareholders of the Company held on 8 March 2017, the shareholders approved the appropriation of dividends from annual net profit for the year 2016 of Baht 6 per share, amounting to Baht 120 million. The dividend was paid to shareholders on 26 April 2017.

Subsidiaries

At the annual general meeting of shareholders of Singha Tankers Company Limited held on 25 April 2018, the shareholders approved the appropriation of dividends from annual net profit for the year 2017 of Baht 105.96 per share, amounting to Baht 320 million. The interim dividend of the same amount was paid to shareholders on 20 July 2017. Thus, there was no additional dividend payment.

Prima Marine Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

34 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|---|------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht / thousand shares)</i> | | | |
| Profit for the year attributable to ordinary shareholders of the Company (basic) | 711,821 | 717,932 | 382,255 | 1,083,254 |
| Number of ordinary shares outstanding at 1 January | 2,500,000 | 2,000,000 | 2,500,000 | 2,000,000 |
| Effect of shares issuance | - | 500,000 | - | 500,000 |
| Weighted average number of ordinary shares outstanding (basic) | 2,500,000 | 2,152,055 | 2,500,000 | 2,152,055 |
| Basic earnings per share (in Baht) | 0.28 | 0.33 | 0.15 | 0.50 |

35 Dividend

The Company

At the annual general meeting of shareholders of the Company held on 26 April 2018, the shareholders approved the appropriation of dividends from annual net profit for the year 2017 of Baht 0.1 per share, amounting to Baht 250 million. The dividend was paid to shareholders on 24 May 2018.

At the Board of Directors' meeting held on 10 August 2017, the directors approved the appropriation of interim dividend for the year 2017 of Baht 0.25 per share, amounting to Baht 500 million. The dividend of Baht 230 million was paid to shareholders on 11 August 2017 and the remaining dividend amount of Baht 270 million was paid on 30 August 2017.

At the Board of Directors' meeting of the Company held on 30 March 2017, the directors approved the appropriation of interim dividends for the year 2017 of Baht 15 per share, amounting to Baht 300 million. The dividend was paid to shareholders of Baht 210 million on 26 April 2017 and the remaining dividend amount of Baht 90 million was paid on 15 May 2017.

At the annual general meeting of shareholders of the Company held on 8 March 2017, the shareholders approved the appropriation of dividends from annual net profit for the year 2016 of Baht 6 per share, amounting to Baht 120 million. The dividend was paid to shareholders on 26 April 2017.

Subsidiaries

At the annual general meeting of shareholders of Singha Tankers Company Limited held on 25 April 2018, the shareholders approved the appropriation of dividends from annual net profit for the year 2017 of Baht 105.96 per share, amounting to Baht 320 million. The interim dividend of the same amount was paid to shareholders on 20 July 2017. Thus, there was no additional dividend payment.

Prima Marine Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

At the Board of Directors' meeting of Singha Tankers Company Limited held on 3 July 2017, the directors approved the appropriation of interim dividends for the year 2017 of Baht 105.96 per share, amounting to Baht 320 million. The dividend was paid to shareholders on 20 July 2017.

At the Board of Directors' meeting of Nathalin Management Company Limited held on 30 September 2018, the directors approved the appropriation of interim dividends for the year 2018 of Baht 176.47 per share, amounting to Baht 15 million. The dividend was paid to shareholders on 27 November 2018.

At the annual general meeting of shareholders of Nathalin Management Company Limited held on 20 April 2018, the shareholders approved the appropriation of dividends from annual net profit for the year 2017 of Baht 70.59 per share, amounting to Baht 6 million. The interim dividend of the same amount was paid to the shareholders on 27 June 2017. Thus, there was no additional dividend payment.

At the Board of Directors' meeting of Nathalin Management Company Limited held on 26 June 2017, the directors approved the appropriation of interim dividends for the year 2017 of Baht 70.59 per share, amounting to Baht 6 million. The dividend was paid to shareholders on 27 June 2017.

At the annual general meeting of shareholders of Nathalin Management Company Limited held on 4 April 2017, the shareholders approved the appropriation of dividends from annual net profit for the year 2016 of Baht 129.42 per share, amounting to Baht 11 million. The dividend was paid to shareholders on 26 April 2017.

At the Board of Directors' meeting of N.T.L. Marine Co., Ltd. held on 1 November 2018, the directors approved the appropriation of interim dividends for the year 2018 of Baht 14.69 per share, amounting to Baht 140 million. The dividend was paid to shareholders on 27 November 2018.

At the annual general meeting of shareholders of N.T.L. Marine Co., Ltd. held on 18 April 2018, the shareholders approved the appropriation of dividends from annual net profit for the year 2017 of Baht 12.75 per share, amounting to Baht 45 million. The interim dividend of the same amount was paid to the shareholders on 20 July 2017. Thus, there was no additional dividend payment.

At the Board of Directors' meeting of N.T.L. Marine Co., Ltd. held on 3 July 2017, the directors approved the appropriation of interim dividends for the year 2017 of Baht 12.75 per share, amounting to Baht 45 million. The dividend was paid to shareholders on 20 July 2017.

At the annual general meeting of shareholders of N.T.L. Marine Co., Ltd. held on 10 April 2017, the shareholders approved the appropriation of dividends from annual net profit for the year 2016 of Baht 29.75 per share, amounting to Baht 105 million. The dividend was paid to shareholders on 20 July 2017.

At the Board of Directors' meeting of Nathalin Shipping Pte. Ltd. held on 17 July 2017, the directors approved the appropriation of interim dividends for the year 2017, amounting to US dollars 3.07 million or equivalent to Baht 106.05 million. The dividend was paid to shareholders on 17 July 2017.

At the Board of Directors' meeting of Nathalin Shipping Pte. Ltd. held on 21 February 2017, the directors approved the appropriation of dividends for the year 2016, amounting to US dollars 10.98 million or equivalent to Baht 382.44 million. The dividend was paid to shareholders on 21 February 2017 and 18 April 2017.

Prima Marine Public Company Limited and its Subsidiaries
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For the year ended 31 December 2018

36 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 20). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivatives, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

Interest rate swap agreements

The Group has entered into an interest rate swap agreement to fix its interest rate exposure by exchanging the interest at rate of LIBOR+1.75% to LIBOR+3.25% per annum with interest at the rate of 4.11% to 4.56% per annum and is repayable in quarterly installments at 20 to 32 equal installments starting from May 2011 up to March 2024.

Foreign currency risk

The Group is exposed to foreign currency risk relating to rendering of services which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------|--|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| United States Dollars | | | | |
| Cash and cash equivalents | 326,857 | - | 326,738 | - |
| Trade accounts receivable | 7,885 | 3,535 | 7,651 | - |
| Restricted deposits at financial institution | 176,401 | 119,628 | 174,709 | 110,166 |
| Long-term loans to a related party | 94,658 | 95,364 | - | - |
| Interest-bearing liabilities | (1,615,724) | (2,278,926) | (302,714) | (500,509) |
| Trade accounts payable | (24,197) | (20,911) | (10,239) | (6,024) |
| Gross balance sheet exposure | (1,034,120) | (2,081,310) | 196,145 | (396,367) |
| Currency swaps | | | | |
| Currency forwards purchase | 661,146 | - | - | - |
| Net exposure | (372,974) | (2,081,310) | 196,145 | (396,367) |

Forward foreign exchange contract

As at 31 December 2018, the Group has outstanding forward foreign exchange contracts of US dollars 20.21 million, which have settlement period from January 2019 to July 2019.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Prima Marine Public Company Limited and its Subsidiaries
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| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------------------------|--|------------|
| | Carrying amount | Fair value (in thousand Baht) | Carrying amount | Fair value |
| 31 December 2018 | | | | |
| <i>Financial asset and financial liability not measured at fair value</i> | | | | |
| Interest rate swap agreements | - | 31,119 | - | 4,548 |
| Forward foreign exchange contract | - | (8,272) | - | - |
| Long-term loans to related party | 94,658 | 92,563 | - | - |
| Long-term loans from financial institutions | (2,929,218) | (2,464,708) | (321,505) | (279,272) |
| 31 December 2017 | | | | |
| <i>Financial asset and liability not measured at fair value</i> | | | | |
| Interest rate swap agreements | - | 15,090 | - | 3,185 |
| Long-term loans to related party | 95,364 | 92,525 | - | - |
| Long-term loans from financial institutions | (3,569,594) | (3,849,755) | (958,181) | (903,854) |

Financial instruments not measured at fair value

| Type | Valuation technique |
|---|---|
| Interest rate swaps | Determined based on rate from financial institution at the reporting date which is calculated from information of an active market. |
| Forward foreign exchange contract | Determined based on rate from financial institution at the reporting date which is calculated from information of an active market. |
| Long-term loans to related party | Discounted cash flows. |
| Long-term loans from financial institutions | Discounted cash flows. |

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Notes to the financial statements
For the year ended 31 December 2018

37 Commitments with non-related parties

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------|--|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in thousand Baht)</i> | | | |
| Capital commitments | | | | |
| <i>Contracted but not provided for:</i> | | | | |
| Vessels | 726,201 | 895,152 | - | - |
| Total | 726,201 | 895,152 | - | - |
| Future minimum lease payments under non-cancellable operating leases | | | | |
| Within one year | 1,700 | 15,612 | 140 | 217 |
| After one year but within five years | 50 | 6 | - | - |
| Total | 1,750 | 15,618 | 140 | 217 |
| Other commitments | | | | |
| Forward foreign exchange contract | 661,146 | - | - | - |
| Interest rate swap agreements | 127,975 | 218,553 | 14,257 | 33,257 |
| Bank guarantees | 14,700 | 19,945 | 6,440 | 5,259 |
| Total | 803,821 | 238,498 | 20,697 | 38,516 |

Guarantees

Guarantees given by the Group to other parties related to marine transportation and port service as a collateral for transportation service and expenses from service rendering.

38 Events after the reporting period

At the Board of Directors' meeting of the Company held on 22 February 2019, the directors approved to propose the appropriation of dividends from annual net profit for the year 2018 of Baht 0.14 per share, amounting to Baht 350 million. The dividend payment is subject to the shareholders' meeting for approval.

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39 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

| TFRS | Topic | Effective |
|-------------|---|------------------|
| TFRS 7* | Financial Instruments: Disclosures | 2020 |
| TFRS 9* | Financial Instruments | 2020 |
| TFRS 15 | Revenue from Contracts with Customers | 2019 |
| TFRS 16 | Leases | 2020 |
| TAS 32* | Financial Instruments: Presentation | 2020 |
| TFRIC 16* | Hedges of a Net Investment in a Foreign Operation | 2020 |
| TFRIC 19* | Extinguishing Financial Liabilities with Equity Instruments | 2020 |

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

(1) Rendering of services

Under TFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

(2) Transition options

The Group plans to adopt TFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (1 January 2019). As a result, the Group will not apply the requirements of TFRS 15 to the comparative period presented.

Management assessed immaterial impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.

Definition

Otherwise specified in this document, the following words have meanings as per below.

| | | |
|---|-------|---|
| Group of the Company | means | Prima Marine Public Company Limited, subsidiaries, associated companies and joint venture |
| Office of NBTC | means | Office of the National Broadcasting and Telecommunications Commission |
| Bareboat Shipment | means | Bareboat Charter |
| COA Shipment | means | Shipment under Contract of Affreightment for continual shipment service |
| SPOT Shipment | means | Shipment under Spot Charter |
| TC Shipment | means | Shipment under Time Charter |
| VOYAGE Shipment | means | Shipment under Voyage Charter |
| Seaman | means | All staffs who operate on board |
| Offshore Support Vessel Business | means | Business of Offshore Support Vessel for petroleum exploration and production |
| Floating Storage Unit (FSU) Vessel Business | means | Floating Storage Unit Vessel for crude oil and refined oil product |
| Carrier Business | means | Carrier business of crude oil, refined oil product, semi-refined oil product, and Liquefied Petroleum Gas |
| Ship Management Business | means | Ship Management Service Business |
| Nathalin | means | Nathalin Company Limited |
| The Company | means | Prima Marine Public Company Limited |
| PTT | means | PTT Public Company Limited |
| Cargo Carrier | means | Carrier of crude oil, refined oil product, semi-refined oil product, and Liquefied Petroleum Gas |
| AHTs Vessel | means | Anchor Handling Tugs Vessel |
| AWB | means | Accommodation Work Barge for oil drilling rig staffs |
| Double Hull Vessel | means | Vessel that has double layers of hull |
| FSO Vessel | means | Floating Storage and Offloading Unit Vessel for oil drilling rig |
| FSU Vessel | means | Floating Storage Unit Vessel for crude oil and refined oil product |
| Single Hull Vessel | means | Vessel that has single layer of hull |
| SPOT Storage Contract | means | Cargo storage contract under Spot Charter |
| TC Storage Contract | means | Cargo storage contract under Time Charter |

Definition

| | | |
|-------------------------|-------|---|
| Cargo | means | Crude oil, refined oil product, semi-refined oil product, and Liquefied Petroleum Gas |
| ABS | means | American Bureau of Shipping |
| Aframax | means | Tanker in the size between 80,000 - 120,000 Deadweight Tonnage |
| Big Sea | means | Big Sea Company Limited |
| BL | means | Bill of Lading |
| BMS | means | Bongkot Marine Company Limited |
| Broker | means | The person who performs the supply of vessels or cargos. |
| BSC | means | BSC Management Seafarer Recruitment Company Limited |
| BV | means | Bureau Veritas |
| CAGR | means | Compound Annual Growth Rate |
| CEC | means | CEC International Company Limited |
| DNV GL | means | Det Norske Veritas and Germanischer Lloyd |
| DWT/ Deadweight Tonnage | means | is the unit used to define vessel load consisting of weight of cargo, weight of fuel, fresh water, passenger and preserved foodstuff (Deadweight Tonnage) |
| GDP | means | Gross Domestic Product |
| EMA | means | Energy Market Authority |
| EPA | means | US Environment Protection Act |
| IACS | means | International Association of Classification Societies |
| ILO | means | International Labour Organization |
| IMDG | means | International Maritime Dangerous Goods Code |
| IMF | means | International Monetary Fund |
| IMO | means | International Maritime Organization |
| ISM Code | means | International Safety Management Code |
| LR | means | Lloyd's Register |
| MARPOL | means | The International Convention for the Prevention of Pollution from Ships, MARPOL |
| MLC | means | Maritime Labour Convention |




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|--------------|-------|---|
| NGLs | means | Natural Gas Liquids |
| NK | means | Nippon Kaiji Kyokai |
| NMC | means | Nathalin Management Company Limited |
| NSSG | means | Nathalin Shipping Pte Ltd. |
| NTL | means | N.T.L. Marine Company Limited |
| OCIMF | means | Oil Companies International Marine Forum |
| OCN | means | Orchard Navy Company Limited |
| STS Transfer | means | Ship-to-Ship Transfer |
| SHT | means | Singha Tanker Company Limited |
| SIRE | means | Ship Inspection Report Program |
| SOLAS | means | International Convention for Safety of Life at Sea |
| STC | means | Srithai Capital Company Limited |
| STCW | means | Convention of Standard of Training, Certification and Watchkeeping for Seafarers (STCW) |
| TIM | means | T.I.M. Ship Management Company Limited |
| TMT | means | Thai Marine Tanker Company Limited |
| TNS | means | Top Nautical Star Company Limited |
| TNTL | means | Top-NTL Pte. Ltd. |
| TST | means | Top-NTL Shipping Trust |
| VLCC | means | Very Large Crude Carrier in size of 160,000 - 320,000 Deadweight Tonnage |




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