

Ref: 2012-023

27 July 2012

To : The President of the Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and six months period ended 30 June 2012 and 2011.

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries (“the Company”) reviewed by Auditors, for the three months and six months period ended 30 June 2012 and 2011 together with the summarized operating results (Form 45-3). The reasons for changes in the operating results are explained below.

For the three months period ended 30 June 2012, the Company and subsidiaries (“the Company”) have earned a consolidated net income of Baht 13.14 million as compared to net income of Baht 401.29 million earned during the same period in 2011. The main reasons for changes are as follows:

1. The absolute Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the second quarter of 2012 has increased by about 5 percent over the Net Vessel Operating Income for the same period of 2011 mainly due to the increase in number of ships operated during the quarter. The income has been earned from an average of 30 vessels during the second quarter of 2012 as against an average of 21 vessels in the same period of 2011. The fleet size as on 30 June 2012 was 30 vessels.

However, in the average earnings per day per Vessel has dropped from USD 12,782 in the second quarter of 2011 to USD 9,130 in this quarter due to the continued weakness in the Dry Bulk Freight Markets.

2. For the second quarter of 2012, the absolute Vessel running expenses are higher by 57 percent as compared to the same period of 2011 mainly due to the increase in number of ships operated during the quarter as explained above.

The average Vessel operating expenses (including depreciation/amortization of Drydocking/Special Survey expenses) per day per Vessel has increased slightly from USD 4,545 in the second quarter of 2011 to USD 4,575 in this quarter.

3. The Company recorded gains on sales of new building under Novation Agreement of Baht 188.49 million in the second quarter of 2011. No such gains have been recorded in this quarter.
4. The depreciation for the second quarter of 2012 is higher by Baht 73.76 million as compared to the same period of the previous year due to the increase in number of vessels.
5. Finance cost for the second quarter of 2012 is higher by Baht 44.26 million as compared to the same period of the previous year mainly due to the increase in interest expenses as a consequence of the loans drawn for the financing of the ships acquired in the past 3 quarters and the write-off of deferred upfront fees on the USD 50 million portion of one Loan facility, the availability period of which was not extended.

For the six months period ended 30 June 2012, the Company has incurred a consolidated net loss of Baht 27.82 million as compared to net income of Baht 509.92 million earned during the same period in 2011. The main reasons for changes are as follows:

1. The absolute Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the first half of 2012 has decreased by about 3 percent over the Net Vessel Operating Income for the same period of 2011 mainly due to the decrease in average earnings per day per Vessel from USD 12,454 in the first half of 2011 to USD 8,747 in the same period of 2012 due to the extremely low freight market conditions this year.

However, there is an increase in number of ships operated to an average of 28 vessels in the first half of 2012 as against an average of 21 vessels in the same period of 2011.

2. For the first half of 2012, the absolute Vessel running expenses are higher by 39 percent as compared to the same period of 2011, mainly due to the increase in number of ships operated during the period as explained above.

However, the average Vessel operating expenses per day per Vessel (including depreciation/amortisation of Drydocking/Special Survey expenses) has decreased from USD 4,719 in the first half of 2011 to USD 4,488 in the same period of 2012.

3. The Company recorded gains on sales of new building under Novation Agreement of Baht 188.49 million in the first half of 2011. No such gains have been recorded in this year.
4. The depreciation for the first half of 2012 is higher by Baht 107.43 million as compared to the same period of the previous year due to the increase in the number of vessels.

5. Finance cost for the first half of 2012 is higher by Baht 27.78 million as compared to the same period of the previous year mainly due to the increase in interest expenses as a consequence of the loans drawn for financing the ships acquired in the past 3 quarters and the write-off in this quarter of deferred upfront fees on the USD 50 million portion of one Loan facility, the availability period of which was not extended.

Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director

Khushroo Kali Wadia
Director