

Ref: 2016-032

1 August 2016

**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 2016 and 2015.**

We hereby submit the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and its Subsidiaries (“the Company”) reviewed by EY Office Limited, Auditors, for the three months and six months periods ended 30 June 2016 and 2015 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 2016, the Company has incurred a consolidated net loss of Baht 475.44 million as compared to net loss of Baht 402.57 million incurred during the same period in 2015. 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 2016 has increased by about 4 percent as compared to the same period of 2015 mainly due to the higher exchange rate used in translation from US Dollar to Thai Baht. It may be further noted that the average earnings per day per Vessel has increased from USD 5,757 in the second quarter of 2015 to USD 6,293 in this quarter. This is a consequence of an improvement during this quarter from severely prolonged weakness in the dry bulk shipping sector (with the Baltic Dry Index reaching the lowest point in its long history earlier this year). The Net Vessel Operating Income was earned from an average of 41 vessels during the second quarter of 2016 as against an average of 46 vessels in the same period of 2015. The fleet size as on 30 June 2016 is 41 vessels.
2. For the second quarter of 2016, the absolute Vessel running expenses are lower by about 6 percent as compared to the same period of 2015 mainly due to the decrease in number of ships operated during the quarter as mentioned above. The decrease is also on account of that fact that the average Vessel operating expenses per day per Vessel (Opex) (including depreciation/amortisation of Drydocking/Special Survey expenses) have decreased from USD 4,625 in the second quarter of 2015 to USD 4,529 in this quarter as a consequence of the sale of old vessels, the Opex of which were higher than the average of the other vessels in the fleet.
3. Due to the poor market conditions resulting in a drop in market values of ships, the Company recognized an impairment loss of Baht 120.5 million in this quarter in respect of 1 more vessel expected to be sold in 2016.

For the six months period ended 30 June 2016, the Company has incurred a consolidated net loss of Baht 1,686.78 million as compared to net loss of Baht 738.26 million incurred during the same period in 2015. 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 2016 has decreased by about 5 percent as compared to the same period of 2015 mainly due to the decrease in the average earnings per day per Vessel from USD 5,914 for the first half of 2015 to USD 5,519 for the same period of 2016 due to the unprecedented weakness in the dry bulk shipping sector during the first quarter of 2016. The decrease is also on account of the fact that the income was earned from an average of 43 vessels during the first half of 2016 as against an average of 45 vessels in the same period of 2015.
2. For the first half of 2016, the absolute Vessel running expenses are lower by about 1 percent as compared to the same period of 2015, mainly due to the decrease in number of ships operated during the quarter as mentioned above. The decrease is also on account of that fact that the Opex has decreased from USD 4,629 in the first half of 2015 to USD 4,523 in this period as a consequence of the sale of old vessels as explained above.
3. The Company recorded loss on sales of six old vessels of Baht 354.09 million during the first half of 2016, compared to a loss on sale of 1 old vessel of Baht 12.63 million in the first half of 2015.
4. Due to the poor market conditions as explained above, the Company recognized an impairment loss of Baht 275.34 million for the first half of 2016 in respect of 3 vessels expected to be sold in 2016.
5. Finance cost for the first half of 2016 is higher by Baht 308.54 million as compared to the same period of 2015 mainly due to the one-time write-off of Baht 182.25 million of deferred upfront fees and other expenses related to the cancellation of certain loan facilities as a consequence of cancellation of shipbuilding contracts and also due to the increase in interest expenses from the issuance of debentures.

Please be informed accordingly.

Yours sincerely,  
Precious Shipping Public Company Limited

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Khushroo Kali Wadia  
Director

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Jaipal Mansukhani  
Director