

Ref: 2011-027

27 October 2011

To: The President of the Stock Exchange of Thailand

Subject: Submitting the Reviewed Interim Financial Statements for the three months period ended 30 September 2011 and 2010.

We, Precious Shipping Public Company Limited and Subsidiaries (“the Company”), hereby report the Company’s Interim Financial Statements reviewed by Auditors, for the three months period ended 30 September 2011 and 2010 together with the summarized operating results (Form 45-3). The reasons for changes in the operating results are explained below.

As notified earlier, from this accounting year 2011, the Company has adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions. Some of the newly adopted accounting standards have a significant impact on the financial statements (per details provided in Notes to interim financial statements (NFS) nos. 1.2 and 1.4), one of which is “TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates” according to which, the US Dollar is determined as the Functional Currency of the Company and the Thai Baht now becomes the reporting/presentation currency for the purpose of the Financial Statements. Accordingly, the Functional Currency interim financial statements of the Company are also provided as Note Number 24.

In view of the above, since the US Dollar Financial Statements are now included in the Financial Statements reviewed by Auditors, the Company is no longer submitting and reporting the Restated US Dollar Financial Statements separately, as was the case in the past.

For the three months period ended 30 September 2011, the Company and subsidiaries (“the Company”) have earned a consolidated net income of Baht 199.78 million as compared to net income of Baht 217.88 million earned during the same period in 2010. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the third quarter of 2011 has decreased by 15 percent over the Net Vessel Operating Income for the same period of 2010 mainly due to the decrease in average earnings per day per Vessel from USD 12,456 in the third quarter of 2010 to USD 10,455 in this quarter. The lower average daily earnings could be attributed to the fact that some vessels whose long term charters expired during the quarter had to be chartered at prevailing low rates in the weak market in the 3rd Quarter of this year.

The income has been earned from an average of about 22 vessels during the third quarter of 2011 as against an average of 21 vessels in the same period of 2010. The fleet size as on 30 September 2011 was 22 vessels.

2. For the third quarter of 2011, the absolute Vessel running expenses are higher by 10 percent as compared to the same period of 2010 mainly due to the higher number of vessels operated during the third quarter of 2011. While there is a marginal decrease in average Vessel operating expenses per day per Vessel from USD 4,615 in the third quarter of 2010 to USD 4,563 in the third quarter of 2011 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both periods).
3. The Company recorded gains on sales of newbuildings from the gain on Novation of 1 newbuilding contract of Baht 130.68 million in the third quarter of 2011.
4. The finance cost for the third quarter of 2011 has increased by Baht 45.59 million as compared to the same period of 2010 mainly due to the extension fees paid for maintaining a secured debt facility.

For the nine months period ended 30 September 2011, the Company has earned a consolidated net income of Baht 709.70 million as compared to net income of Baht 913.34 million earned during the same period in 2010. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the nine months of 2011 has decreased by about 10 percent over the Net Vessel Operating Income for the same period of 2010 mainly due to the decrease in average earnings per day per Vessel from USD 12,279 for the nine months of 2010 to USD 11,761 for the same period of this year and also the lower exchange rate applied to translate the USD functional currency into Thai Baht in the financial statements.

The income has been earned from an average of about 21 vessels for the nine months of 2011 as against an average of 22 vessels in the same period of 2010. The fleet size as on 30 September 2011 was 22 vessels.

2. For the nine months of 2011, the absolute Vessel running expenses are lower by about 3 percent as compared to the same period of 2010 mainly due to the reduction in the average Vessel operating (running) expenses per day per Vessel from USD 4,803 for the nine months of 2010 to USD 4,665 in the same period of 2011. (including depreciation/amortisation of the Drydocking/Special Survey expenses in both periods.)

3. The Company recorded gains on sales of newbuildings from the gain on Novation of 3 newbuilding contracts of Baht 319.17 million for the nine months of 2011.
4. The Company recorded gain on sale of vessels and equipment of Baht 438.50 million for the nine months of 2010 while there was no sale of any vessel but a small gain on sale of other assets of Baht 1.42 million for the nine months of 2011.
5. The finance cost for the nine months of 2011 has increased by Baht 50.70 million as compared to the same period of 2010 mainly due to the extension fees paid for maintaining a secured debt facility.

Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director