

Ref: 2017-023

30th October 2017

To : The President of the Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and nine months period ended 30 September 2017 and 2016.

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries (“the Company”) reviewed by EY office Limited, Auditors, for the three months and nine months period ended 30 September 2017 and 2016 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 September 2017, the Company has incurred a consolidated net loss of Baht 174.09 million as compared to the net loss of Baht 859.65 million incurred during the same period in 2016. 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 third quarter of 2017 has increased by about 19 percent as compared to the same period of 2016 in spite of the fact that the income was earned from an average of 36 vessels during the third quarter of 2017 as against an average of 39 vessels in the same period of 2016, mainly due to the increase in the average earnings per day per Vessel from USD 6,955 in the third quarter of 2016 to USD 9,399 in this quarter as a consequence of the sustained market improvement from the severely prolonged weakness in the dry bulk shipping sector in the previous year. The fleet size as on 30 September 2017 was 36 vessels.
2. For the third quarter of 2017, the absolute Vessel running expenses are lower by 12 percent as compared to the same period of 2016 mainly due to the decrease in number of vessels operated during the third quarter of 2017 as mentioned in the previous paragraph. The decrease is also on account of the fact that the average Vessel operating expenses (Opex) per day per Vessel (including depreciation/amortization of Drydocking/Special Survey expenses) has slightly decreased from USD 4,455 in the third quarter of 2016 to USD 4,435 in this quarter.
3. The Company recorded loss on sale of old vessels and loss on impairment of vessels aggregating Baht 615.37 million for the third quarter of 2016. No such losses have been recorded in this quarter.
4. The Company recorded interest on unsecured corporate loans and other expenses per Settlement Agreements as a result of the arbitration award in relation to the dispute with Sanfu shipyard, of Baht 102.56 million in this quarter.

5. Administrative expenses for the third quarter of 2017 are higher by Baht 48.93 million as compared to the same period of 2016 mainly due to the professional fees and other expenses related to the arbitrations with Sanfu and Sainty shipyards.

For the nine months period ended 30 September 2017, the Company has incurred a consolidated net loss of Baht 238.58 million as compared to the net loss of Baht 2,546.43 million incurred during the same period in 2016. The main reasons for the changes are as follows:

1. The absolute Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the nine months of 2017 has increased by about 27 percent over the Net Vessel Operating Income for the same period of 2016 in spite of the fact that the income was earned from an average of 36 vessels during the nine months of 2017 as against an average of 42 vessels in the same period of 2016, mainly due to the increase in the average earnings per day per Vessel from USD 5,975 for the nine months of 2016 to USD 9,068 for the same period of 2017 as a consequence of the sustained market improvement as explained above.
2. For the nine months of 2017, the absolute Vessel running expenses are lower by 18 percent as compared to the same period of 2016, mainly due to the decrease in number of vessels operated during the period as mentioned above in the previous paragraph. The decrease is also on account of the fact that the Opex has decreased from USD 4,501 for the nine months of 2016 to USD 4,322 in the same period of 2017, mainly on account of lower drydocking and special survey expenses as a consequence of the sale of the old vessels last year.
3. The Company recorded loss on sale of old vessels and loss on impairment of vessels aggregating Baht 1,244.80 million for the nine months of 2016. No such losses have been recorded in this period.
4. The Company recorded interest on unsecured corporate loans and other expenses per Settlement Agreements as mentioned in item no. 4 above, of Baht 102.56 million in the nine months period of 2017.
5. Administrative expenses for the nine months period of 2017 are higher by Baht 54.21 million as compared to the same period of 2016 mainly due to the professional fees and other expenses related to the arbitrations with the two shipyards as mentioned above.

Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director

Khushroo Kali Wadia
Director