

Ref. : 2007-031

2nd August 2007

To : Director and Manager of The Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and six months period ended 30 June 2007 and 2006.

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the three months and six months period ended 30 June 2007 and 2006 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 2007, the Company and subsidiaries ("the Company") have earned a consolidated net income of Baht 829.85 million as compared to net income of Baht 768.57 million earned during the same period in 2006. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net of voyage disbursements and bunker consumption) for the second quarter of 2007 has decreased by about 12 percent over the Net Vessel Operating Income for the same period of 2006 mainly due to the reduction in the average number of vessels operated during the quarter because of the sale of the 10 oldest vessels of the fleet. The income has been realised from an average of 44 vessels during the second quarter of 2007 as against an average of 54 vessels in the same period of 2006, since 9 out of the 10 vessels sold were delivered during the 1st quarter of 2007 and 1 vessel was delivered during the 2nd quarter of 2007. The fleet size as on 30th June 2007 was 44 vessels. Moreover, the lower average US Dollar/Thai Baht exchange rate during the second quarter of 2007 compared to the same period of 2006 has also contributed to the lower vessel operating income of the quarter. However, due to the continued upsurge in the International Freight markets, the average earnings per day per Vessel were USD 12,342 in the second quarter of 2007 as compared to USD 10,519 in the same period of 2006. This represents an increase of about 17 percent over the same period of the previous year.
2. For the second quarter of 2007, the absolute Vessel running expenses are lower by 19 percent as compared to the same period of 2006 mainly due to the reduction in the average number of vessels operated during the quarter as explained in 1 above. However, the average Vessel operating expenses per day per Vessel are USD 3,782 in the second quarter of 2007 as compared to USD 3,613 in the same period of 2006 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This represents an increase of about 5 percent over the same period of the previous year.

3. The Company recorded gain on disposal of vessels and equipment of Baht 205.04 million in the second quarter of 2007. This represents the gain on the sale of 1 vessel, which was delivered in the second quarter of 2007.

For the six months period ended 30 June 2007, the Company has earned a consolidated net income of Baht 2,965.51 million as compared to net income of Baht 1,658.09 million incurred during the same period in 2006. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net of voyage disbursements and bunker consumption) for the first half of 2007 has decreased by about 7 percent over the Net Vessel Operating Income for the same period of 2006 mainly due to the reduction in the average number of vessels operated during the period because of the sale of the 10 oldest vessels of the fleet. The income has accrued from an average of 46 vessels during the first half of 2007 as against an average of 54 vessels in the same period of 2006.. Moreover, the lower average US Dollar/Thai Baht exchange rate during the first half of 2007 compared to the same period of 2006 has also contributed to the lower vessel operating income of the period. However, due to the continued upsurge in the International Freight markets, the average earnings per day per Vessel were USD 12,623 for the first half of 2007 as compared to USD 10,454 for the same period of 2006. This represents an increase of about 21 percent over the same period of the previous year.
2. For the first half of 2007, the absolute Vessel running expenses are lower by 14 percent as compared to the same period of 2006 mainly due to the reduction in the average number of vessels operated during the period as explained above. However, the average Vessel operating expenses per day per Vessel are USD 3,953 for the first half of 2007 as compared to USD 3,550 in the same period of 2006 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of about 11 percent can be attributed mainly to the one-time provision, made out of abundant caution in the first half of 2007, of USD 1.77 million (USD 212 per day per Vessel) in respect of cargo related claims made over a number of previous years, by Charterers, against the Company (respective ship-owning subsidiaries). Hitherto, the Company accounted for such claims on a cash basis, as and when such claims were paid. Therefore, the regular average operating expenses per day per vessel without this one-time charge, is USD 3,741 only.
3. The Company recorded gain on disposal of all the 10 vessels and equipment of Baht 1,558.22 million in the first half of 2007. This represents the gain on sale of 10 vessels, which were delivered in the first half of 2007.

4. The depreciation for the first half of 2007 is lower by Baht 126.28 million due to the decrease in number of vessels as a consequence of the sale of the 10 vessels.
5. Administrative expenses for the first half of 2007 have increased by Baht 93.78 million as compared to the same period of 2006 due to an increase in personnel expenses and a change in accounting policy of accounting for staff bonus from cash basis to accrual basis.
6. The Company recorded exchange loss of Baht 128.32 million for the first half of 2007 as against exchange gain of Baht 138.87 million for the same period of 2006. This is due to the appreciation of the Thai Baht against the US Dollar but the loss is mainly unrealized, as it has arisen only out of the translation of the US Dollar denominated Assets (mainly cash and cash equivalents) in Thai Baht terms in the Balance Sheet.
7. The interest and financial costs for the first half of 2007 have decreased by Baht 62.44 million as compared to the same period of 2006 due to the decrease in amount of loans. Since the end of the year 2006, the Company does not have any loans from banks. The interest and financial costs for this period do not comprise any interest but, is only on account of the commitment fees and other fees paid for maintaining both the secured debt facilities.

We trust you will find the above in order.

Yours sincerely,
For : Precious Shipping Public Company Limited

(Khalid Moinuddin Hashim)
Managing Director

(Khushroo Kali Wadia)
Director