

Ref. : 2008-020

31<sup>st</sup> July 2008

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 2008 and 2007.

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 2008 and 2007 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 2008, the Company and subsidiaries (“the Company”) have earned a consolidated net income of Baht 1,238.68 million as compared to net income of Baht 829.85 million earned during the same period in 2007. 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 second quarter of 2008 has increased by about 21 percent over the Net Vessel Operating Income for the same period of 2007 mainly due to the increase in average earnings per day per Vessel from USD 12,342 in the second quarter of 2007 to USD 16,511 in this quarter as a consequence of the continued high level in the International Freight markets and because of the renewals/extensions of the older time charter contracts at current and higher market levels. The income has been earned from an average of 44 vessels during the second quarter of 2008 and in the same period of 2007.
2. For the second quarter of 2008, the absolute Vessel running expenses are higher by 3 percent as compared to the same period of 2007. The average Vessel operating expenses per day per Vessel are USD 4,736 in the second quarter of 2008 as compared to USD 3,782 in the same period of 2007 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of 25 percent can be attributed mainly due to higher Drydocking/Special Survey expenses, particularly on the older vessels and on account of increased crew wages.
3. The Company recorded capital gain on sale of 1 ship of Baht 205.04 million in the second quarter of 2007 and no ships were sold in this quarter and therefore there are no capital gains booked in this quarter.

4. The depreciation for the second quarter of 2008 is lower by Baht 176.35 million as compared to the same period of the previous year due to a change in the estimated residual value of the vessels (from 1<sup>st</sup> January 2008) by increasing the assumed scrap price to USD 400 per tonne from USD 135 per tonne (residual value is calculated by multiplying scrap steel weight of the vessel (Light Displacement Tonnage) with assumed scrap steel price per tonne). This change in estimate was made in line with current scrap steel prices in the market which have significantly increased from previous estimation.
5. Administrative expenses for the second quarter of 2008 have decreased by Baht 41.76 million as compared to the same period of 2007 due to the absence of any adjustments which were made for a change in accounting policy of accounting for staff bonus from cash basis to accrual basis in the second quarter of 2007.

For the six months period ended 30 June 2008, the Company has earned a consolidated net income of Baht 2,248.63 million as compared to net income of Baht 2,965.51 million incurred during the same period in 2007. 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 first half of 2008 has increased by about 12 percent over the Net Vessel Operating Income for the same period of 2007 mainly due to the increase in average earnings per day per Vessel from USD 12,623 for the first half of 2007 to USD 15,990 for the same period of 2008 as a consequence of the continued high level in the International Freight markets and because of the renewals/extensions of the older time charter contracts at current and higher market levels. This is inspite of the income having been earned from an average of only 44 vessels during the first half of 2008 as against an average of 46 vessels in the same period of 2007.
2. For the first half of 2008, the absolute Vessel running expenses are lower by 4 percent as compared to the same period of 2007 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 4,687 for the first half of 2008 as compared to USD 3,953 in the same period of 2007 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of 19 percent can be attributed mainly due to higher Drydocking/Special Survey expenses, particularly on the older vessels and on account of increased crew wages.
3. The Company recorded gain on sale of all the 10 ships of Baht 1,558.22 million in the first half of 2007 and no ships were sold in the this year and therefore there are no capital gains on sale of vessels in this period.

4. The depreciation for the first half of 2008 is lower by Baht 380.53 million as compared to the same period of the previous year mainly due to the change in the estimated residual value of the vessels as explained above.
5. Administrative expenses for the first half of 2008 have increased by Baht 39.40 million as compared to the same period of 2007 due to an increase in personnel expenses.
6. The Company recorded exchange loss of Baht 28.41 million for the first half of 2008 as against exchange loss of Baht 128.32 million for the same period of 2007. This is due to the appreciation of the Thai Baht against the US Dollar. The exchange loss for the first half of 2008 is mainly realized while the exchange loss for the first half of 2007 was mainly unrealized, as it had arisen only out of the translation of the US Dollar denominated net Current Assets (mainly cash and cash equivalents) in Thai Baht terms in the Balance Sheet.

We trust you will find the above in order.

Yours sincerely,  
**For : Precious Shipping Public Company Limited**

**(Khushroo Kali Wadia)**  
**Director**