

Ref. : 2006-002

16 February 2006

To : Director and Manager of The Stock Exchange of Thailand

Subject : Submitting the Audited Consolidated Financial Statements for the year ended 31 December 2005 and 2004

We, Precious Shipping Public Company Limited, would like to notify the Stock Exchange of Thailand that the Board of Directors' Meeting of the Company no. 1/2006 held on 16 February 2006 at 14.00 hours, has approved the Audited Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the year ended 31 December 2005 and 2004. The reasons for changes in the operating results are explained below.

For the year ended 31 December 2005, the Company and subsidiaries ("the Company") has earned a consolidated net income of Baht 6,176.61 million as compared to net income of Baht 4,749.77 million earned during the same period in 2004. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net from voyage disbursements and bunker consumption) for the year 2005 has increased by about 29 percent over the Net Vessel Operating Income for the same period of 2004. The income has increased because it has accrued from an average of about 53 vessels during the year 2005 as against an average of about 45 vessels in the same period of 2004. The average earnings per day per Vessel were USD 14,449 for the year 2005 which were also higher as compared to USD 13,248 in the same period of 2004. This represents an increase of about 9 percent. The higher average daily earnings have been achieved by the Company inspite of a fall in International Freight market levels from the beginning of the year 2005, as a result of the Company's strategy of fixing long term charters at higher rates when the markets were at higher levels for a majority of the Company's ships, which allowed the Company to lock-in high charter rates and have a steady guaranteed source of income without remaining exposed to the spot market.
2. For the year 2005, the absolute Vessel running expenses are higher by 23 percent as compared to the same period of 2004. This is mainly due to higher Vessel operating days as a result of more vessels operated during the year 2005 as compared to the same period of 2004. The average Vessel operating expenses per day per Vessel are USD 3,055 for the year 2005 as compared to USD 2,810 in the same period of 2004 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years). This represents an increase of about 9 percent, mainly due to higher costs of drydocking the older vessels.
3. The depreciation for the year 2005 is higher by Baht 491.30 million due to the increase in number of vessels as compared to the same period of 2004.

4. In the first and second quarter of 2005, the Company disposed of its investments in joint venture companies for which, the Company had previously set up provision for loss on sale, and had accordingly recorded net Baht 146.12 million and net Baht 24.18 million as reversal of allowance for loss on these investments and net loss on sale of these investments respectively.
5. The Company recorded exchange loss of Baht 161.69 million for the year 2005 as against exchange gain of Baht 56.14 million for the same period of 2004. This is due to the depreciation 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 liabilities in Thai Baht terms in the Balance Sheet.
6. The interest and financial costs for the year 2005 have decreased by Baht 72.38 million as compared to the same period of 2004 due to the decrease in amount of loans.

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