

Ref: 2011-020

27 July 2011

To : The President of the Stock Exchange of Thailand

Subject : Submitting the Reviewed Interim Financial Statements for the three months period ended 30 June 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 June 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 22.

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 June 2011, the Company and subsidiaries (“the Company”) have earned a consolidated net income of Baht 401.29 million as compared to net income of Baht 221.09 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 second quarter of 2011 has increased by 0.22 percent over the Net Vessel Operating Income for the same period of 2010 mainly due to the increase in average earnings per day per Vessel from USD 11,949 in the second quarter of 2010 to USD 12,782 in this quarter.

The income has been earned from an average of about 21 vessels during the second quarter of 2011 which is equal to that in the same period of 2010. The fleet size as on 30 June 2011 was 22 vessels after the delivery of the first newbuilding vessel on 14 June 2011.

2. For the second quarter of 2011, the absolute Vessel running expenses are lower by 7 percent as compared to the same period of 2010 mainly due to the reduction in average Vessel operating expenses per day per Vessel from USD 4,824 in the second quarter of 2010 to USD 4,545 in the second quarter 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 2 newbuilding contracts of Baht 188.49 million in the second quarter of 2011.

For the six months period ended 30 June 2011, the Company has earned a consolidated net income of Baht 509.92 million as compared to net income of Baht 695.46 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 first half of 2011 has decreased by about 8 percent over the Net Vessel Operating Income for the same period of 2010 mainly due to the lower exchange rate applied to translate the USD functional currency into Thai Baht in the financial statements.

There is a slight increase in average earnings per day per Vessel from USD 12,193 for the first half of 2010 to USD 12,454 for the same period of this year. The income has been earned from an average of 21 vessels during the first half of 2011 as against an average of 22 vessels in the same period of 2010.

2. For the first half of 2011, the absolute Vessel running expenses are lower by 8 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 4,895 for the first half of 2010 to USD 4,719 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 2 newbuilding contracts of Baht 188.49 million in the first half of 2011.
4. The Company recorded gain on sale of vessels and equipment of Baht 438.50 million in the first half of 2010 while there was no sale of any vessel but a small gain on sale of other assets of Baht 1.38 million in the first half of 2011.

5. Administrative expenses and Management remuneration in the first half of 2011 have decreased by Baht 18.22 million and Baht 9.65 million respectively, as compared to the same period of 2010 mainly due to the lower provision for staff bonus as a consequence of the lower net profit in the first half of 2011 based on which the staff bonus provision is made.

Please be informed accordingly.

Yours sincerely,  
Precious Shipping Public Company Limited

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Mr.Khalid Moinuddin Hashim  
Managing Director

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Mr.Khushroo Kali Wadia  
Director