

Ref: 2017-017

3rd August 2017

To : The President of the Stock Exchange of Thailand

Subject : Submitting the Reviewed Interim Financial Statements for the three month period ended 30 June 2017 and 2016.

We hereby submit the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and its Subsidiaries (“the Company”) reviewed by EY Office Limited, Auditors, for the three months and six months periods ended 30 June 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 June 2017, the Company has incurred a consolidated net loss of Baht 5.20 million as compared to net loss of Baht 475.44 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 second quarter of 2017 has increased by about 25 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 second quarter of 2017 as against an average of 41 vessels in the same period of 2016, mainly due to the increase in the average earnings per day per Vessel from USD 6,293 in the second quarter of 2016 to USD 9,206 in this quarter as a consequence of the market improvement from the severely prolonged weakness in the dry bulk shipping sector in the previous year. The fleet size as on 30 June 2017 was 36 vessels.
2. For the second quarter 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 ships operated during the second quarter of 2017 as mentioned in the previous paragraph above. The decrease is also on account of that fact that the average Vessel operating expenses (Opex) per day per Vessel (including depreciation/amortization of Drydocking/Special Survey expenses) has decreased from USD 4,529 for the second quarter of 2016 to USD 4,322 in this quarter, mainly on account of lower drydocking and special survey expenses as a consequence of the sale of the old vessels last year.

3. The depreciation for the second quarter of 2017 is lower by Baht 45.45 million as compared to the same period of 2016 due to the decrease in the number of vessels from the sale of the old vessels last year.
4. The Company recorded loss on sale of old vessels and loss on impairment of vessels aggregating Baht 135.64 million in the second quarter of 2016. No such losses have been recorded in this period as our old vessels have already been sold.

For the six months period ended 30 June 2017, the Company has incurred a consolidated net loss of Baht 64.49 million as compared to net loss of Baht 1,686.78 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 first half of 2017 has increased by about 32 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 first half of 2017 as against an average of 43 vessels in the same period of 2016, mainly due to the increase in the average earnings per day per Vessel from USD 5,519 for the first half of 2016 to USD 8,899 for the same period of 2017 as a consequence of the market improvement as explained above.
2. For the first half of 2017, the absolute Vessel running expenses are lower by about 21 percent as compared to the same period of 2016, mainly due to the decrease in number of ships operated during the first half of 2017 as mentioned in the previous paragraph above. The decrease is also on account of that fact that the Opex has decreased from USD 4,523 in the first half of 2016 to USD 4,265 in this period as a consequence of the sale of old vessels last year, the Opex of which were higher than the average of the other vessels in the fleet.
3. The depreciation for the first half of 2017 is lower by Baht 145.67 million as compared to the same period of 2016 due to the decrease in the number of vessels.
4. The Company recorded loss on sale of old vessels and loss on impairment of vessels aggregating Baht 629.44 million for the first half of 2016. No such losses have been recorded in this period.
5. Finance cost for the first half of 2017 is lower by Baht 149.83 million as compared to the same period of 2016 as there was a one-time write-off in the first half of 2016 of Baht 182.25 million on deferred upfront fees and other expenses related to the cancellation of certain loan facilities. However, interest expenses on long term debt (Bank Loans and Debentures) for the first half of 2017 increased by Baht 41.73 million as compared to the same period of 2016 due to the increase in interest expenses from issuance of debentures

Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director

Khushroo Kali Wadia
Director