

Ref: 2012-035

30 October 2012

To : The President of the Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and nine months period ended 30 September 2012 and 2011.

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries (“the Company”) reviewed by Auditors, for the three months and nine months period ended 30 September 2012 and 2011 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 September 2012, the Company and subsidiaries (“the Company”) have earned a consolidated net income of Baht 219.23 million as compared to the net income of Baht 199.78 million earned during the same period in 2011. 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 third quarter of 2012 has increased by about 9 percent over the Net Vessel Operating Income for the same period of 2011 mainly due to the increase in number of ships operated during the quarter. The income has been earned from an average of 31 vessels during the third quarter of 2012 as against an average of 22 vessels in the same period of 2011. The fleet size as on 30 September 2012 was 32 vessels.

However, the average earnings per day per Vessel have dropped from USD 10,455 in the third quarter of 2011 to USD 7,957 in this quarter due to the continued weakness in the Dry Bulk Freight Markets.

2. For the third quarter of 2012, the absolute Vessel running expenses are higher by 39 percent as compared to the same period of 2011 mainly due to the increase in number of ships operated during the quarter as explained above.

However, the average Vessel operating expenses (including depreciation/amortization of Drydocking/Special Survey expenses) per day per Vessel have decreased from USD 4,563 in the third quarter of 2011 to USD 4,349 in this quarter due to the lower average age of the Fleet and the continued efforts to bring down Operating Expenses.

3. The Company recorded gain on novation of shipbuilding contracts of Baht 305.10 million in the third quarter of 2012 which represents gain on novation of 2 shipbuilding contracts of Hull Nos. 333 and 315.
4. The depreciation for the third quarter of 2012 is higher by Baht 76.64 million as compared to the same period of the previous year due to the increase in number of vessels.
5. Finance Cost for the third quarter of 2012 is higher by Baht 35.16 million as compared to the same period of the previous year mainly due to the increase in interest expenses as a consequence of the loans drawn for the financing of the ships acquired according to the Company's fleet rejuvenation plan and the write-off of deferred upfront fees and other expenses related to the cancellation of certain loan facilities.

For the nine months period ended 30 September 2012, the Company has earned a consolidated net income of Baht 191.41 million as compared to the net income of Baht 709.70 million earned during the same period in 2011. 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 nine months of 2012 has increased by Baht 9.20 million over the Net Vessel Operating Income for the same period of 2011 mainly due the increase in number of ships operated during the period. The income has been earned from an average of 29 vessels during the nine months of 2012 as against an average of 21 vessels in the same period of 2011.

However, the average earnings per day per Vessel have decreased from USD 11,761 for the nine months of 2011 to USD 8,467 for the same period of 2012 due to the extremely low freight market conditions this year.

2. For the nine months of 2012, the absolute Vessel running expenses are higher by 39 percent as compared to the same period of 2011, mainly due to the increase in number of ships operated during the period as explained above.

However, the average Vessel operating expenses per day per Vessel (including depreciation/amortisation of Drydocking/Special Survey expenses) have decreased from USD 4,665 for the nine months of 2011 to USD 4,439 in the same period of 2012 due the reasons explained above.

3. The Company recorded gain on novation of shipbuilding contracts Baht 305.10 million for the nine months of 2012 which represents gain on novation of 2 shipbuilding contracts which, for the nine months period of 2011 was about Baht 319.17 and represented gain on novation of 3 shipbuilding contracts.

4. The depreciation for the nine months of 2012 is higher by Baht 184.08 million as compared to the same period of the previous year due to the increase in the number of vessels.
5. Finance cost for the nine months of 2012 is higher by Baht 62.94 million as compared to the same period of the previous year mainly due to the increase in interest expenses as a consequence of the loans drawn for financing the ships acquired according to the Company's fleet rejuvenation plan and the write-off of deferred upfront fees and other expenses related to the cancellation of certain loan facilities.

Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director

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Director