

Ref: 2018-016

7th November 2018

To : The President of the Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and nine months periods ended 30 September 2018 and 2017.

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries (“the Company”) reviewed by EY office Limited, Auditors, for the three months and nine months periods ended 30 September 2018 and 2017 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 2018, the Company has earned a consolidated net profit of Baht 106.57 million as compared to the net loss of Baht 174.09 million incurred during the same period in 2017. 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 2018 has increased by about 18 percent as compared to the same period of 2017. The increase is mainly due to the increase in the average earnings per day per Vessel from USD 9,399 in the third quarter of 2017 to USD 11,239 in this quarter as a consequence of the continued strength of the Dry Bulk Freight Markets. The fleet size as on 30 September 2018 was 36 vessels.
2. For the third quarter of 2018, the absolute Vessel running expenses are lower by 1 percent as compared to the same period of 2017, mainly due to the lower exchange rate used in translation from US Dollar to Thai Baht during this quarter as compared to the third quarter of 2017. However, the average Vessel operating expenses (Opex) per day per Vessel (including depreciation/amortisation of Drydocking/Special Survey expenses) have increased from USD 4,435 in the third quarter of 2017 to USD 4,695 in this quarter, mainly on account of higher drydocking and special survey expenses.
3. In the third quarter of 2017 the Company recorded Baht 102.56 million for the one-time interest on unsecured corporate loans and other expenses per Settlement Agreements as a result of the arbitration award in relation to the dispute with Sanfu Shipyard. There is no such transaction in this quarter.

For the nine months period ended 30 September 2018, the Company has earned a consolidated net profit of Baht 306.17 million as compared to the net loss of Baht 238.58 million incurred during the same period in 2017. The main reasons for the 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 2018 has increased by about 14 percent over the Net Vessel Operating Income for the same period of 2017. The increase is mainly due to the increase in the average earnings per day per Vessel from USD 9,068 for the nine months of 2017 to USD 10,992 for the same period of 2018 as a consequence of the sustained improvement in the Dry Bulk Freight market.
2. For the nine months of 2018, the absolute Vessel running expenses are lower by 5 percent as compared to the same period of 2017, mainly due to the lower exchange rate used in translation from US Dollar to Thai Baht. However, the average Vessel operating expenses (Opex) per day per Vessel (including depreciation/amortisation of Drydocking/Special Survey expenses) have increased from USD 4,322 for the nine months of 2017 to USD 4,566 in the same period of 2018, mainly on account of higher drydocking and special survey expenses.
3. Administrative expenses for the nine months of 2018 are higher by Baht 38.38 million as compared to the same period of 2017, mainly due to the professional fees and other expenses related to the ongoing arbitrations with Sainty Shipyard.

Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director

Khushroo Kali Wadia
Director