

Ref: 2012-04

3 February 2012

To: The President of the Stock Exchange of Thailand

Subject: Submitting the Audited Consolidated Financial Statements for the year ended and as at 31 December 2011 and 2010.

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.1/2012 held on 3rd February 2012 at 14.00 hours approved the Audited Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the year ended and as at 31 December 2011 and 2010 (restated in accordance with Note no. 5 of the consolidated financial statements) which are submitted herewith.

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 consolidated financial statements (NFS) Nos. 2 to 5), 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 financial statements of the Company are also provided as Note No. 42.

In view of the above, since the US Dollar Financial Statements are now included in the Financial Statements audited by Auditors, the Company is no longer submitting and reporting the Restated US Dollar Financial Statements separately, as was the case in the past.

The main reasons for changes in the operating results between the two years are explained below.

For the year ended 31 December 2011, the Company and subsidiaries ("the Company") have earned a consolidated net income of Baht 718.52 million as compared to net income of Baht 1,133.73 million earned during the year 2010. The main reasons for the change are as follows:

1. The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the year 2011 has decreased by about 10 percent over the Net Vessel Operating Income for the year 2010 mainly due to the decrease in average earnings per day per Vessel from USD 12,304 for the year 2010 to USD 11,265 for the year 2011 and also because of the lower exchange rate applied to translate the USD functional currency into Thai Baht in the financial statements. The income has been earned from an average of 22 vessels in the year 2011 as against an average of 21 vessels in year 2010. The fleet size as on 31 December 2011 was 25 vessels.
2. For the year 2011, the absolute Vessel running expenses (Opex.) are higher by about 4 percent as compared to the year 2010 mainly due to the higher average number of vessels operated during the year as explained above. However, in fact there is a marginal decrease in average Vessel operating expenses per day per Vessel (Opex.) of USD 112 per day and the Opex. has come down from USD 4,725 for the year 2010 to USD 4,613 in the year 2011 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years).
3. The Company recorded gains on sale of vessels and equipment of Baht 438.38 million for the year 2010 while there was no sale of any vessel but a small gain on sale of other assets of Baht 1.83 million for the year 2011.
4. The Company recorded gains on sales of newbuildings from the gain on Novation of 3 newbuilding contracts of Baht 319.17 million for the year 2011.
5. Finance cost for the year 2011 has increased by Baht 141.47 million as compared to the year 2010 mainly due to the extension fees paid for extending the availability period of one secured debt facility and a one-time charge of the write-off of deferred upfront/legal/extension fees on the USD 58 million portion of one Loan Facility, the availability period of which was not extended by us at the end of 2011.

6. The corporate income tax was Baht 82.61 million for the year 2010 which represented the income tax on gain on sale of vessels as against Baht 3.64 million for the year 2011 which mainly represented the income tax on interest income.

Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khushroo Kali Wadia
Director