

Ref: 2017-002

8<sup>th</sup> February 2017

**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 2016 and 2015.**

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.1/2017 held on 8<sup>th</sup> February 2017 at 15:00 hours has approved the Audited Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the year ended and as at 31 December 2016 and 2015 which are submitted herewith.

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

For the year ended 31 December 2016, the Company and subsidiaries ("the Company") have incurred a consolidated net loss of Baht 2,664.90 million as compared to net loss of Baht 2,425.78 million incurred during the year 2015. 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 year 2016 has decreased by about 6 percent over the Net Vessel Operating Income for the year 2015 mainly due to the decrease in the average number of vessels from 45 vessels operated during the year 2015 to 40 vessels in the same period of 2016 as a consequence of sale of 13 old vessels during the year 2016. However it may be noted that the average earnings per day per Vessel was USD 6,476 for the year 2016 as against USD 6,266 for the year 2015. The fleet size as on 31 December 2016 was 36 vessels.
2. For the year 2016, the absolute Vessel running expenses are lower by 11 percent as compared to the year 2015, mainly due to the decrease in number of vessels operated during the year as explained above. The average Vessel operating expenses (Opex) per day per Vessel (including depreciation/amortisation of Drydocking/Special Survey expenses) also decreased from USD 4,652 for the year 2015 to USD 4,503 for the year 2016 due to a lower average age of the fleet as a result of the delivery and sale of new and old vessels respectively.

3. The depreciation for the year 2016 is lower by Baht 138.81 million as compared to the year 2015 due to the decrease in the number of vessels.
4. The Company recorded loss on sales of 13 old vessels of Baht 680.29 million for the year 2016, which, for the year 2015 was about Baht 279.03 million for the sale of 3 old vessels.
5. Due to the poor freight market conditions and the consequent drop in sale prices of older ships, the Company recorded loss on impairment of its older vessels that were planned to be sold in the immediate future of Baht 566.56 million on 5 vessels in 2016 as against Baht 840.77 million on 6 vessels in 2015.
6. Finance cost for the year 2016 is higher by Baht 415.46 million as compared to the same period of 2015 mainly due to the increase in interest expenses from issuance of debentures and the one-time write-off of deferred upfront fees and other expenses related to the cancellation of certain loan facilities as a consequence of cancellation of shipbuilding contracts.

Please be informed accordingly.

Yours sincerely,  
Precious Shipping Public Company Limited

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Khalid Moinuddin Hashim  
Managing Director

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Khushroo Kali Wadia  
Executive Director