

Ref. : 2006-014

8th August 2006

To : Director and Manager of The Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and six months period ended 30 June 2006 and 2005

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the three months and six months period ended 30 June 2006 and 2005 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 2006, the Company and subsidiaries (“the Company”) have earned a consolidated net income of Baht 768.57 million as compared to net income of Baht 1,579.69 million earned during the same period in 2005. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net of voyage disbursements and bunker consumption) for the second quarter of 2006 has decreased by about 32 percent over the Net Vessel Operating Income for the same period of 2005. Moreover, it may be noted that the income has accrued from an average of 54 vessels during the second quarter of 2006 as against an average of 52 vessels in the same period of 2005. The average earnings per day per Vessel were USD 10,519 in the second quarter of 2006 as compared to USD 15,638 in the same period of 2005. This represents a decrease of 33 percent which is the main reason for the lower net income in the second quarter of 2006 as against that of the same period of 2005. The average earnings per day per Vessel have decreased mainly due to the decline in the international freight market levels, which industry experts are attributing mainly to the increase in supply of new ships in the dry bulk market.
2. For the second quarter of 2006, the absolute Vessel running expenses are higher by 10 percent as compared to the same period of 2005 mainly due to higher consumption of spares and crew wages. The average Vessel operating expenses per day per Vessel are USD 3,613 in the second quarter of 2006 as compared to USD 2,974 in the same period of 2005 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of 21 percent can be attributed mainly to the higher costs of drydocking/special survey expenses in respect of the older vessels in the fleet.
3. The Company recorded exchange gain of Baht 14.72 million for the second quarter of 2006 as against exchange loss of Baht 191.88 million for the same period of 2005. This is due to the appreciation of the Thai Baht against the US Dollar but the gain is mainly

unrealized as it has arisen only out of the translation of the US Dollar denominated liabilities in Thai Baht terms in the Balance Sheet.

4. The depreciation for the second quarter of 2006 is higher by Baht 75.06 million due to the increase in number of vessels and higher cost of drydocking/special survey as compared to the same period of 2005.
5. In the second quarter of 2005, the Company disposed of its investments in joint venture companies for which, the Company had previously set up provision for loss on sale, and had accordingly recorded Baht 49.24 million as reversal of allowance for loss on these investments. The Company also recorded net loss on sale on these investments of Baht 24.19 million.
6. The interest and financial costs for the second quarter of 2006 have decreased by Baht 40.73 million as compared to the same period of 2005 due to the decrease in amount of loans.

For the six months period ended 30 June 2006, the Company has earned a consolidated net income of Baht 1,658.09 million as compared to net income of Baht 3,403.14 million incurred during the same period in 2005. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net of voyage disbursements and bunker consumption) for the first half of 2006 has decreased by about 31 percent over the Net Vessel Operating Income for the same period of 2005. Moreover, it may be noted that the income has accrued from an average of 54 vessels during the first half of 2006 as against an average of 52 vessels in the same period of 2005. The average earnings per day per Vessel were USD 10,454 in the first half of 2006 as compared to USD 15,782 in the same period of 2005. This represents a decrease of 34 percent which is the main reason for the lower net income in the first half of 2006 as against that of the same period of 2005. The average earnings per day per Vessel have decreased mainly due to the decline in the international freight market levels, which industry experts are attributing mainly to the increase in supply of new ships in the dry bulk market.
2. For the first half of 2006, the absolute Vessel running expenses are higher by 14 percent as compared to the same period of 2005 mainly due to higher consumption of spares and crew wages. The average Vessel operating expenses per day per Vessel are USD 3,550 in the first half of 2006 as compared to USD 2,971 in the same period of 2005 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of 19 percent can be attributed mainly to the higher costs of drydocking/special survey expenses in respect of the older vessels in the fleet.

3. The Company recorded exchange gain of Baht 138.87 million for the first half of 2006 as against exchange loss of Baht 186.42 million for the same period of 2005. This is due to the appreciation of the Thai Baht against the US Dollar but the gain is mainly unrealized as it has arisen only out of the translation of the US Dollar denominated liabilities in Thai Baht terms in the Balance Sheet.
4. The depreciation for the first half of 2006 is higher by Baht 155.52 million due to the increase in number of vessels and higher cost of drydocking/special survey as compared to the same period of 2005.
5. In the first half of 2005, the Company disposed of its investments in joint venture companies for which, the Company had previously set up provision for loss on sale, and had accordingly recorded Baht 146.12 million as reversal of allowance for loss on these investments. The Company also recorded net loss on sale on these investments of Baht 24.19 million.
6. The interest and financial costs for the first half of 2006 have decreased by Baht 65.26 million as compared to the same period of 2005 due to the decrease in amount of loans.

We trust you will find the above in order.

Yours sincerely,
For : Precious Shipping Public Company Limited

(Khalid Moinuddin Hashim)
Managing Director

(Khushroo Kali Wadia)
Director