

Ref. : 2005-031

4<sup>th</sup> November 2005

To : Director and Manager of The Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and nine months period ended 30 September 2005 and 2004

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the three months and nine months period ended 30 September 2005 and 2004 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 2005, the Company and subsidiaries ("the Company") have earned a consolidated net income of Baht 1,387.54 million as compared to net income of Baht 1,216.53 million earned during the same period in 2004. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net from voyage disbursements and bunker consumption) for the third quarter of 2005 has increased by about 9 percent over the Net Vessel Operating Income for the same period of 2004. The income has increased because it has accrued from an average of about 54 vessels during the third quarter of 2005 as against an average of about 51 vessels in the same period of 2004. The average earnings per day per Vessel were USD 13,406 in the third quarter of 2005 which were also higher as compared to USD 13,199 in the same period of 2004. This represents an increase of about 2 percent. The higher average daily earnings have been achieved by the Company inspite of a significant fall in International Freight market levels from the beginning of this year until the end of 3<sup>rd</sup> quarter, as a result of the Company's strategy of fixing long term charters at higher rates when the markets were at higher levels for a majority of the Company's ships, which allowed the Company to lock-in high charter rates and have a steady guaranteed source of income without remaining exposed to the spot market.
2. For the third quarter of 2005, the absolute Vessel running expenses are higher by 4 percent as compared to the same period of 2004. This is due to higher Vessel operating days as a result of more vessels operated during the quarter as compared to the same period of 2004. The average Vessel operating expenses per day per Vessel are USD 3,029 in the third quarter of 2005 as compared to USD 2,774 in the same period of 2004 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years). This represents an increase of about 9 percent, mainly due to higher costs of drydocking the older vessels.

For the nine months period ended 30 September 2005, the Company has earned a consolidated net income of Baht 4,790.69 million as compared to net income of Baht 2,730.86 million earned during the same period in 2004. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net from voyage disbursements and bunker consumption) for the nine months of 2005 has increased by about 45 percent over the Net Vessel Operating Income for the same period of 2004. This is despite slightly lower average US Dollar/Thai Baht exchange rate during the nine months of 2005 compared to the same period of 2004. The income has increased because it has accrued from an average of about 53 vessels during the nine months of 2005 as against an average of about 42 vessels in the same period of 2004. The average earnings per day per Vessel were USD 14,936 for the nine months of 2005 which were also higher as compared to USD 12,813 in the same period of 2004. This represents an increase of about 17 percent. The higher average daily earnings have been achieved by the Company inspite of a fall in International Freight market levels from the beginning of this year, as a result of the Company's strategy of fixing long term charters at higher rates when the markets were at higher levels for a majority of the Company's ships, which allowed the Company to lock-in high charter rates and have a steady guaranteed source of income without remaining exposed to the spot market.
2. For the nine months of 2005, the absolute Vessel running expenses are higher by 29 percent as compared to the same period of 2004. This is mainly due to higher Vessel operating days as a result of more vessels operated during the nine months of 2005 as compared to the same period of 2004. The average Vessel operating expenses per day per Vessel are USD 2,992 for the nine months of 2005 as compared to USD 2,769 in the same period of 2004 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years). This represents an increase of about 8 percent, mainly due to higher costs of drydocking the older vessels.
3. The depreciation for the nine months of 2005 is higher by Baht 429.33 million due to the increase in number of vessels as compared to the same period of 2004.
4. In the first and 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 net Baht 146.12 million and net Baht 24.18 million as reversal of allowance for loss on these investments and net loss on sale of these investments respectively.
5. The Company recorded exchange loss of Baht 161.39 million for the nine months of 2005 as against exchange loss of Baht 391.59 million for the same period of 2004. This is due to the depreciation of the Thai Baht against the US Dollar but the loss is fully unrealized as it has arisen only out of the translation of the US Dollar denominated liabilities in Thai Baht terms in the Balance Sheet.

We trust you will find the above in order.

Yours sincerely,  
**For : Precious Shipping Public Company Limited**

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(Khalid Moinuddin Hashim)  
Managing Director

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(Khushroo Kali Wadia)  
Director