

Ref. : 2008-024

31st October 2008

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 2008 and 2007.

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 2008 and 2007 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 2008, the Company and subsidiaries (“the Company”) have earned a consolidated net income of Baht 1,462.85 million as compared to net income of Baht 560.16 million earned during the same period in 2007. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the third quarter of 2008 has increased by about 30 percent over the Net Vessel Operating Income for the same period of 2007 mainly due to the increase in average earnings per day per Vessel from USD 13,281 in the third quarter of 2007 to USD 17,611 in this quarter as a consequence of the continuation of the long term charters fixed by Company when the markets were at high levels during the latter part of 2007 and the earlier part of 2008. The income has been earned from an average of 44 vessels during the third quarter of 2008 similar to that in the same period of 2007.
2. For the third quarter of 2008, the absolute Vessel running expenses are higher by 18 percent as compared to the same period of 2007. The average Vessel operating expenses per day per Vessel are USD 4,909 in the third quarter of 2008 as compared to USD 3,976 in the same period of 2007 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of 23 percent can be attributed mainly due to higher expenses on account of crew wages, lubricants and drydocking and special survey expenses of the older vessels.
3. The depreciation for the third quarter of 2008 is lower by Baht 190.48 million as compared to the same period of the previous year due to a change in the estimated residual value of the vessels (from 1st January 2008) by increasing the assumed scrap price to USD 400 per tonne from USD 135 per tonne (residual value is calculated by multiplying scrap steel weight of the vessel (Light Displacement Tonnage) with assumed scrap steel price per tonne). This change in estimate was made in line with prevailing scrap steel prices in the market which have significantly increased from old estimations.

4. The Company recorded one time loss on financial instruments of Baht 235.27 million in the third quarter of 2007 and there is no such loss in this period.

For the nine months period ended 30 September 2008, the Company has earned a consolidated net income of Baht 3,711.48 million as compared to net income of Baht 3,525.67 million incurred during the same period in 2007. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) for the nine months of 2008 has increased by about 18 percent over the Net Vessel Operating Income for the same period of 2007 mainly due to the increase in average earnings per day per Vessel from USD 12,834 for the nine months of 2007 to USD 16,546 for the same period of 2008 as a consequence of the continuation of the long term charters fixed by Company when the markets were at high levels during the latter part of 2007 and the earlier part of 2008. This profitability is inspite of the income having been earned from an average of only 44 vessels during the nine months of 2008 as against an average of 45 vessels in the same period of 2007.
2. For the nine months of 2008, the absolute Vessel running expenses are higher by 3 percent as compared to the same period of 2007. The average Vessel operating expenses per day per Vessel are USD 4,767 for the nine months of 2008 as compared to USD 3,963 in the same period of 2007 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years) for reasons mentioned in 2 above.
3. The Company recorded gain on sale of 10 ships of Baht 1,558.22 million for the nine months of 2007 and no ships have been sold in this year and therefore, there are no capital gains on sale of vessels in this period.
4. The depreciation for the nine months of 2008 is lower by Baht 571.01 million as compared to the same period of the previous year mainly due to the change in the estimated residual value of the vessels as explained above.
5. The Company recorded one time loss on financial instruments of Baht 235.27 million in the third quarter of 2007 and there is no such loss in this period.
6. The Company recorded exchange gain of Baht 21.63 million for the nine months of 2008 as against exchange loss of Baht 157.16 million for the same period of 2007. The exchange gain is due to the depreciation of the Thai Baht against the US Dollar, which resulted mainly from the translation of the US Dollar cash balances and other current assets into Thai Baht.

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