

Ref. : 2010-031

27th October 2010

To : The President of the Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and nine months period ended 30 September 2010 and 2009.

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 2010 and 2009 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 2010, the Company and subsidiaries ("the Company") have earned a consolidated net income of Baht 173.90 million as compared to net income of Baht 703.11 million earned during the same period in 2009. 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 2010 has decreased by about 35 percent over the Net Vessel Operating Income for the same period of 2009 mainly due to the lower number of vessels operated during the third quarter of 2010, due to the sales of the older vessels of the fleet and also because of the decrease in average earnings per day per Vessel from USD 13,110 in the third quarter of 2009 to USD 12,456 in this quarter. Moreover, the lower average US Dollar/Thai Baht exchange rate during the third quarter of 2010 compared to the same period of 2009 has also contributed to the lower vessel operating income of the quarter.

The income has been earned from an average of 21 vessels during the third quarter of 2010 as against an average of 29 vessels in the same period of 2009. No vessel has been sold or acquired during this quarter. The fleet size as on 30 September 2010 was 21 vessels.

2. For the third quarter of 2010, the absolute Vessel running expenses are lower by 40 percent as compared to the same period of 2009 mainly due to the reduction in the average number of vessels operated during the period as explained above and the reduction in average Vessel operating expenses per day per Vessel from USD 5,008 in the third quarter of 2009 to USD 4,615 in the same period of 2010 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years). Moreover, the lower average US Dollar/Thai Baht exchange rate during the third quarter of 2010 compared to the same period of 2009 has also contributed to the lower vessel running expenses of the quarter.

3. There is no gain on sale of vessels and equipment in this quarter while the Company recorded gain on sale of vessels and equipment of Baht 221.90 million in the third quarter of 2009.

For the nine months period ended 30 September 2010, the Company has earned a consolidated net income of Baht 720.28 million as compared to net income of Baht 2,630.42 million earned during the same period in 2009. 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 2010 has decreased by about 50 percent over the Net Vessel Operating Income for the same period of 2009 mainly due to the lower number of vessels operated during the nine months of this year, the lower average US Dollar/Thai Baht exchange rate and also because of the decrease in average earnings per day per Vessel from USD 13,727 for the nine months of 2009 to USD 12,279 for the same period of this year. The income has been earned from an average of 22 vessels during the nine months of 2010 as against an average of 35 vessels in the same period of 2009.

2. For the nine months of 2010, the absolute Vessel running expenses are lower by 47 percent as compared to the same period of 2009 mainly due to the reduction in the average number of vessels operated during the period as explained above, the lower average US Dollar/Thai Baht exchange rate and the reduction in the average Vessel operating (running) expenses per day per Vessel from USD 5,114 for the nine months of 2009 to USD 4,803 in the same period of 2010 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years).

3. The Company recorded gain on sale of vessels and equipment of Baht 390.43 million for the nine months of 2010 while the gain on sale of vessels for the same period of 2009 was Baht 593.41 million.. The gain of 2010 represents the gain on the sale of 5 old vessels, which were delivered in the first half of 2010.

4. The Company recorded net exchange losses of Baht 103.70 million for the nine months of 2010 as against exchange gains of Baht 48.37 million for the same period of 2009. The exchange losses are due to the appreciation of the Thai Baht against the US Dollar, which resulted in a gain on translation of US Dollar Long Term Loans denominated in US Dollars but which was then netted off by the higher loss on translation of the net current assets, most of which are US Dollar denominated.

5. The corporate income tax was Baht 80.53 million for the nine months of 2010 as against Baht 43.62 million for the same period of 2009. This represents the income tax on gain on sale of vessels.

We trust you will find the above in order.

Yours sincerely,

For : Precious Shipping Public Company Limited

(Khushroo Kali Wadia)
Director