

Ref. : 2007-006

16 February 2007

To : Director and Manager of the Stock Exchange of Thailand

Subject: Submitting the Audited Consolidated Financial Statements for the year ended 31 December 2006 and 2005

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. 1/2007 held on 16 February 2007 at 14.30 hours has approved the Audited Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the year ended 31 December 2006 and 2005. The reasons for changes in the operating results are explained below.

For the year ended 31 December 2006, the Company and subsidiaries ("the Company") has earned a consolidated net income of Baht 3,715.12 million as compared to net income of Baht 6,176.61 million earned during the year 2005. The main reasons for changes are as follows:

1. The Net Vessel Operating Income (net from voyage disbursements and bunker consumption) for the year 2006 has decreased by about 23 percent over the Net Vessel Operating Income for year 2005. The average earnings per day per Vessel were USD 11,387 for the year 2006 as compared to USD 14,449 for year 2005. This represents a decrease of about 21 percent which is the main reason for the lower net income in the year 2006 as compared to year 2005. The average earnings per day per Vessel are lower mainly because the Company could not book long term charters at high rates in late 2005/early 2006 as was done in the previous year, when the Company had booked long term charters at higher levels in end 2004/early 2005 when the freight markets had reached record levels. The freight markets did not reach similar levels in early 2006 and in fact started declining from early 2006 until May 2006 which industry experts attributed mainly to the increase in supply of new ships in the dry bulk market and the reduced demand for iron ore from China. However, since June 2006, the freight markets have witnessed a considerable upturn due to the renewed demand from China, which is also reflected directly in the Company's earnings in the second half of 2006 as compared to the first half of 2006.
2. For the year 2006, the absolute Vessel running expenses are higher by 7 percent as compared to year 2005. This is mainly due to higher consumption of spares and lubricant oils as compared to year 2005. This is also marginally due to higher vessel operating days in year 2006 as compared to year 2005. The average Vessel operating expenses per day per Vessel (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years) is USD 3,622 for the year 2006 as compared to USD 3,055 for year 2005. This represents an increase of about 19 percent, mainly due to higher costs of dry docking of the older vessels.

3. The depreciation for the year 2006 is higher by Baht 218.84 million due to the higher costs of dry-docking/special survey of the older vessels as compared to year 2005.
4. 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 net, as reversal of allowance for loss on these investments. The Company had also recorded net loss on sale of these investments of Baht 24.19 million. This had contributed Baht 121.93 million in the Net Income of year 2005.
5. The Company recorded net exchange gain of Baht 122.84 million for the year 2006 as against exchange loss of Baht 161.69 million for the year 2005. This is due to the appreciation of the Thai Baht against the US Dollar. The net exchange gain is already realized, mainly from the repayment of the US Dollar denominated liabilities.
6. The interest and financial costs for the year 2006 have decreased by Baht 248.11 million as compared to year 2005 due to the decreased in amount of loans. As at the end of the year 2006, the Company does not have any loans from banks.

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