

PRECIOUS SHIPPING PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
AUDIT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006

Report of Independent Auditor

To the Shareholders of Precious Shipping Public Company Limited

I have audited the accompanying consolidated balance sheets of Precious Shipping Public Company Limited and subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Precious Shipping Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of 5 subsidiaries (2006: 4 subsidiaries) incorporated overseas which are included in these consolidated financial statements. The assets and revenues of these subsidiaries as included in the consolidated financial statements constitute 3.7% and 5.7% of the consolidated total assets as at 31 December 2007 and 2006, respectively, and 2.0% and 1.7% of the consolidated total revenues for the years then ended, respectively. The financial statements of these subsidiaries were audited by other auditors, whose reports have been furnished to me, and my opinion, in so far as it relates to the amounts included for those subsidiaries in the consolidated financial statements, is based solely on the reports of these other auditors.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits and the reports of other auditors, as referred to in the first paragraph, provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Precious Shipping Public Company Limited and subsidiaries and of Precious Shipping Public Company Limited as at 31 December 2007 and 2006, and the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method. The Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok: 12 February 2008