

Ref. : 2008-003

12<sup>th</sup> February 2008

To : Director and Manager of the Stock Exchange of Thailand

Subject: Submitting the Audited Consolidated Financial Statements for the year ended 31 December 2007 and 2006.

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.1/2008 held on 12 February 2007 at 14.00 hours has approved the Audited Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the year ended 31 December 2007 and 2006. The main reasons for changes in the operating results are explained below.

For the year ended 31 December 2007, the Company and subsidiaries ("the Company") have earned a consolidated net income of Baht 4,156.16 million as compared to net income of Baht 3,715.12 million earned during the year 2006. 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 year 2007 has decreased by about 13 percent over the Net Vessel Operating Income for the same period of 2006 mainly due to the reduction in the average number of vessels operated during the year because of the sale of the 10 oldest vessels of the fleet. The income has been realized from an average of 45 vessels during the year 2007 as against an average of 54 vessels in the same period of 2006, because of the sale and delivery of 10 vessels in the first half of the year 2007. The fleet size as on 31<sup>st</sup> December 2007 was 44 vessels. Moreover, the lower average US Dollar/Thai Baht exchange rate during the year 2007 compared to the same period of 2006 has also contributed to the lower vessel operating income. However, due to the continued upsurge in the International Freight markets particularly during the second half of the year, the average earnings per day per Vessel were USD 13,147 for the year 2007 as compared to USD 11,387 in the same period of 2006. This represents an increase of about 15 percent over the same period of the previous year.
2. For the year 2007, the absolute Vessel running expenses are lower by 17 percent as compared to the same period of 2006 mainly due to the reduction in the average number of vessels operated during the year as explained in 1 above. However, the average Vessel operating expenses per day per Vessel were USD 4,005 for the year 2007 as compared to USD 3,622 in the same period of 2006 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of about 11 percent can be attributed mainly to the one-time provision, made out of abundant caution in the

year 2007, of USD 1.85 million (USD 110 per day per Vessel) in respect of cargo related claims made over a number of previous years, by Charterers(hitherto, the Company accounted for the aforesaid cargo related claims on a cash basis, as and when the claims were paid), against the Company (respective ship-owning subsidiaries) and also higher Drydocking/Special Survey expenses, particularly on the older vessels.. Therefore, the regular average operating expenses per day per vessel without the one-time charge, is USD 3,895 only.

3. Other income for 2007 included gain on sale of 10 ships, which were delivered in the first half of 2007, of Baht 1,558.22 million.
4. Other expenses included:
  - 4.1 Loss on Derivatives Contracts of Baht 241.97 million. The Company had entered into Treasury Lock Contracts with a local branch of a Foreign Bank with the intention of locking in the Treasury rate, which would have been the basis of pricing of the Debentures, for an aggregate principal amount of USD 200 million, which would have served as a hedging tool to fix the interest rate on the Debentures, had the Debentures been issued. The aforesaid Contracts have been unwound in October 2007, which has resulted in an aggregate final loss of USD 7.1 million (Baht 241.97 million).
  - 4.2 Exchange loss of Baht 175.17 million which is due to the appreciation of the Thai Baht against the US Dollar. The loss resulted mainly from the translation of the US Dollar cash balances into Thai Baht.
5. The Company (respective subsidiaries) provided for Corporate income tax of Baht 215.57 million on the gain on sale of vessels and equipment explained in 3 above.

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**