

PRECIOUS SHIPPING PUBLIC COMPANY LTD



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“Difficulties come not to obstruct, but to instruct. Within every setback or obstacle lie seeds of an equal or greater benefit or opportunity”

AUDITED RESULTS: The results in Thai Baht, reviewed by Ernst & Young, as well as US Dollars, certified by Ferrier Hodgson, show you the latest financial position of the Company. The earnings per day per ship during Q1 wildly exceeded our expectations whilst operating costs were below our projections. The financial results have been distorted by an unrealised exchange loss, due to the strengthening of the Thai Baht, of USD 0.34 million. Ignoring this unrealised exchange loss, the net operating profit has increased mainly due to increase in earnings per day per ship and in spite of the 9 percent decrease in Vessel operating days during Q1 2003 as compared to Q1 2002. The EBITDA has also increased during the period under comparison.

THE HARD FACTS	Q1, 2003	Q1, 2002
Highest Earnings per day per ship in USD	11,898	10,881
Average Earnings per day per ship in USD	6,474	5,528
EBITDA in million USD	8.14	6.12
Operating Profit in million USD	2.44	0.14
Net Profit (Loss) in million USD	2.05	(1.92)

PROSPECTS over the next 12 months look reasonable but with the usual provisos. The low point in daily earnings on our ships was reached in Q2 2002 at USD 5,497. We expect that we have turned the low point in the current freight cycle and that we may experience similar or better rates in Q2 as we had seen during the current quarter with rates tapering down in the last two quarters. This prospect is based on 5 assumptions: that the impact from SARS does not derail China's appetite for bulk cargoes; that the US economy continues to expand; that oil prices stay at the low mid USD 20 per barrel level; that the reconstruction and rehabilitation of the Iraqi economy proceeds post haste; and that there is no other terrorist incident of the magnitude of September 11.

There was no further **FLEET DISPOSAL** during Q1 and the total fleet strength stayed at the 28 ship mark. As we do not plan to sell any more ships we should see the year 2003 through with our fleet strength being maintained at 28 ships.

SHIP SCRAPPING continued with 56 ships being scrapped while 12 ships were delivered during Q1 in our sector (10 to 30,000 DWT) worldwide. This resulted in shrinkage of 44 ships or 1.40% for the quarter leaving just 3,093 ships in the world fleet in our sector. We hope that scrapping remains at this healthy level as it would help retain pressure on the supply side of our pricing equation.

Sincerely,

Khalid Hashim