***"We have all become risk experts and are afraid of our own shadow at this point. Move on. The world is going to be fine."* JP Morgan CEO, Jamie Dimon.**

Our Key Performance Indicators:

The results, audited by EY Office Ltd., show you the latest financial position of the Company. The earnings per day per ship during Q4 came in at USD 5,955, taking the annual figure to USD 6,266. Please take a look at the Market Segmentation report that shows you the relative performance of the PSL fleet's earnings per day per ship compared to the Index ships. In this quarter, daily operating costs were USD 4,718, which has taken the annual costs to USD 4,652 per day per ship, or marginally higher than our target of USD 4,600 for the year but still lower than the actual of the previous year. The EBITDA was USD 1.76 million during Q4 and USD 13.97 million for the year. In Q4 we made a net loss of USD 42.16 million. The earnings per share (eps) in Thai Baht stood at Baht (0.97) for this quarter and Baht (1.82) for the year. To put our annual loss for 2015 of USD 69.41 million into perspective, please keep in mind that the average BDI for this year at 719 was just 4 points higher than the lowest in BDI history. Please note that during 2015, the Company performed impairment reviews in respect of the vessels expected to be sold in 2016 and recognised an impairment loss of USD 23.45 million based on fair value (net of direct selling expenses), which is included in the net loss in Q4 and the net loss for 2015. The Company estimated the fair value of vessels based on an average of latest selling price of vessels sold in the recent past. However, actual results might differ from these estimates depending on the future economic environment and the specific timing of each sale. We have given below the results of some of the other listed companies as a comparison.

THE HARD FACTS	2015	2014	Q4 2015	Q4 2014
Highest Earnings per day per ship in USD	15,000	19,702	15,000	15,000
Average Earnings per day per ship in USD	6,266	8,096	5,955	8,032
Operating cost per day per ship in USD	4,652	4,695	4,718	4,824
EBITDA in million USD	13.97	41.61	1.76	11.05
Net Profit/(Loss) in million USD before Income Tax	(69.36)	(2.47)	(42.15)	(0.46)
Net Profit/(Loss) in million USD	(69.41)	(2.54)	(42.16)	(0.63)
Earnings Per Share in Thai Baht	(1.82)	(0.08)	(0.97)	(0.02)

Awards and Accolades: Precious Shipping won the IRMA South East Asia 2015 award for "Best in Sector: Industrials" category in Investor Relations. PSL was one of the recipients of the Thailand Sustainability Investment Awards, at the SET Sustainability Awards 2015 held by the Stock Exchange of Thailand. We were finalists for the Seatrade Maritime Awards Asia 2015 for the Ship Manager Award. We were also finalists for the Lloyd's List Asia Awards 2015 in the 'Dry Bulk Operator of the Year' and 'Investment in the Future' categories.

The Fleet Rejuvenation Plan has progressed well with 45 ships in the water (including 1 X 38K Handy delivered on 6th January 2016). Another 11 X 64K brand new Ultras (based on un-cancelled Shipbuilding Contracts) are due in the next 12 months. We have sold 3 ships during 2015, 1 ship in February 2016 and plan to sell another 11 older ships during 2016/2017.

Update on disputes with Sainty Marine Shipyard: As of date, 6 ships were delayed and not delivered within the maximum period allowed under the relevant Shipbuilding Contracts with Sainty Marine. Therefore, the Company exercised its contractual right and cancelled the relevant shipbuilding contracts. Further, there were 3 shipbuilding contracts which have been purportedly cancelled by Sainty Marine, which cancellations have been disputed by us. Arbitration proceedings have been initiated by Sainty Marine for 7 out of the 9 aforementioned cancellations. Therefore, there are 3 remaining un-cancelled Shipbuilding Contracts against which Sainty Marine is supposed to deliver the ships in 2016.

Market Segmentation: During Q4, the Baltic Handy Size Index (BHSI) averaged 322 points derived from the average Time Charter (TC) rate of USD 4,692. Compared to that, our Handies earned USD 6,333 and beat the BHSI TC rate by 34.97%. During Q4, the Baltic Supramax Index (BSI) averaged 553 points derived from the average Time Charter (TC) rate of USD 5,779. Compared to that, our Supramaxes earned USD 4,831 and underperformed the BSI TC rate by 16.4%. Our target has been to outperform both the indexes.

The SET Opportunity Day where PSL will be presenting will be held at the SET building at 1010 hours on Tuesday the 16th February 2016. We hope that many of you will attend this event where the Company will get a chance to thoroughly discuss the 2015 results and the prospects for 2016. For those of you who cannot attend physically, the SET live web casts the presentation giving you a chance to be present via the web.

Ship Scrapping has had the second best year in history with a total of 32.09 MDWT of ships being scrapped during 2015 across all sectors in the dry bulk market as compared to 16.72 MDWT in 2014. The existing age profile of the world fleet together with the lowest levels ever of the BDI should result in the world dry bulk fleet growing at the slowest pace since the turn of the century with record scrapping expected in 2016. This will help redress the imbalance between supply and demand.

Long Term versus short term Charters: The long term charters already booked as of 31st December are shown in the chart below. As can be seen, our current and forward four year rolling book is currently at the 13% level with a visible revenue stream of USD 167.3 million.

Year	2015	2016	2017	2018	2019
Total Available Days	16,593	17,922	18,250	18,250	18,250
Fixed T/C Days	2,641	2,562	2,555	2,240	2,190
%age Fixed T/C Days	16%	14%	14%	12%	12%
Av. T/C Rate/Day in USD	13,548	13,713	13,713	13,849	13,875
Contract value in million USD	35.8	35.1	35.0	31.0	30.4

It is our intention to continue to charter out our ships on long term period contracts whenever practical and economically viable.

BDI Developments:

In our last quarterly news letter we had stated that *"the scrapping rates in Q3 2015 have come off significantly as compared to the FH and as a consequence, the BDI has come off during the month of October. We suspect that the yearend rally, if any, will be tame compared to previous years unless scrapping increases dramatically in Q4. We also suspect that the prospects for the FH of 2016 may not look too good with new supply still coming on stream but scrapping taking a back seat in SH 2015. We will need another big record for scrapped ships during all of 2016 if we are to see balance return with reasonably healthy rates towards the end of 2016."* We could not have been more prescient with the BDI touching a new low of 471 points on the 16th December 2015. Our views and prognosis for the inverse relationship between scrapping and the BDI for 2016 remains unchanged.

Key Supply Side Developments:

Supply Side developments in the world bulker fleet makes for interesting reading. We started 2015 with 770.34 MDWT and have increased to 788.42 MDWT for a 2.35% net fleet growth during 2015. A further 11.79% (92.96 MDWT) is scheduled for delivery in 2016. If we were to apply a slippage factor of 45% (it was actually 46.03% in 2015) to these scheduled deliveries and further assume that scrapping reaches 36 MDWT (it was 32.09 MDWT in 2015) per annum we would be left with a net fleet growth of 1.92% (803.55 MDWT) in 2016 and another 0.12% (804.48 MDWT) in 2017. Net fleet growth is finally heading in the right direction.

Vessel Values: An incredible example of how volatile the bulker market has become is the reported sale of 4 Supras built 2005 to 2008 for region $27m en bloc. The ships were purchased by a Turkish Owner in late 2007 and early 2008 for just under $200m! (Compass)

The 171,000-dwt bulker RZS Fortune (built 1996) has been sold for demolition for $6.2m. The vessel was bought at the peak of the market in November 2007 at a massive $106m. (TradeWinds)

Key Demand Developments:

The China Factor continues to have a disproportionate impact on the dry bulk markets. **China's GDP growth numbers** have been slowing: 7% in Q1, 7% in Q2, 6.9% in Q3 and 6.8% in Q4 for an annual average of 6.9%. However, despite the macroeconomic numbers, **China's Iron Ore import**, according to preliminary Custom's data, was an astonishing 953.37 MMT in 2015 or about 2.17% higher than the 933.11 MMT in 2014! Volume of imported Iron Ore in China during 2016 is contingent on import pricing parity versus domestic production and transportation costs. Provisional **Chinese steel production** for 2015 was about 800.53 MMT or 1.57% less than the phenomenal figure of 813.30 MMT in 2014. **China's Coal imports** totaled 204.18 MMT in 2015 or 30% lower than the 291.63 MMT imported in 2014 losing its title as the largest importer in the world to India where they imported 223.99 MMT in 2015. Coal imports are contingent on import pricing parity versus domestic coal production/transportation costs. In a country that currently produces and consumes some 3.7 BMT of Coal per annum even a small change in China's coal imports could have a significant impact on the Dry Bulk freight markets. **Chinese steel exports** have skyrocketed by 19.87% to 112.41 MMT in 2015 compared to the record busting exports of 93.78 MMT in 2014 all of which is carried by geared ships from the Handy to the Ultramax sectors.

The International Energy Agency cut its five-year coal demand forecast for a third year as it said the "**golden age of coal in China seemed over"** amid a slowdown in the world's second-biggest economy. Coal use will rise by 0.8 percent a year through 2020 to 5.8 BMT of coal equivalent, less than the 2.1 percent predicted last year for the following five years, the Paris-based agency said in its Medium-Term Coal Market Report. Half of the increase will come from India and a quarter from Southeast Asia, offsetting declining consumption in the U.S. and Europe, the group said. The fuel's role in total electricity generation is poised to fall for the first time in two decades to 37 percent in 2020 from 41 percent now, the IEA said. The global climate deal in Paris will likely spur increased use of renewables, while an abundance of shale gas means the fuel's decline is inevitable in the U.S., it said. Chinese demand last year fell by 2.9 percent to 3.9 billion tons in its first annual drop since 1999, according to the report. Even though India overtook the U.S. as the second largest user last year and will become the largest importer of thermal coal, the nation is unlikely to replace China as its energy-intensive industry is smaller. (Bloomberg)

China - Peak Coal Production and Consumption: Given the significant efforts being made by the Chinese government in trying to tackle air pollution, which is by now considered a social emergency, the development of renewable energy sources, and the challenges coming from a slowing economy and shift from heavy industry to services, peak coal production and consumption in the country has probably arrived. Nevertheless, seaborne imports will still have (relatively) fair game competing for a shrinking but still huge 3 billion tonnes coal market, against a high cost, inefficient and environmentally-disastrous domestic mining industry. (Banchero Costa)

China's Steel mills — which produce about half of worldwide steel output — are battling against oversupply and sinking prices as local consumption shrinks for the first time in a generation amid a property-led slowdown. If anyone doubted the magnitude of the crisis facing the world's largest steel industry, listening to Zhu Jimin would put them right, fast. Demand is collapsing along with prices, banks are tightening lending and losses are stacking up, according to the deputy head of the China Iron & Steel Association. (Bloomberg)

"China was committed to eliminating surplus steel capacity with 77.8 MMT already shuttered and more closures planned. Overcapacity was a global problem, not just a Chinese problem" said Xi Jinping on his visit to the UK. (Reuters)

China's leaders signaled they will take further steps to support growth, including widening the fiscal deficit and stimulating the housing market, to put a floor under the economy's slowdown. Monetary policy must be more "flexible" and fiscal policy more "forceful" as leaders create "appropriate monetary conditions for structural reforms," according to statements released at the end of the government's Central Economic Work Conference by the official Xinhua News Agency. It said the fiscal deficit ratio should be raised gradually. Officials also pledged assistance for rural residents seeking to buy homes in urban areas and encouraged cheaper residential prices, which would help shrink a glut of unsold properties. The government will promote “consolidation of property developers” and encourage them to change marketing strategies, Xinhua reported. Outdated restrictions on home ownership will be removed, according to the report. The latest round of economic data showed signs the economy is stabilizing after policy makers unleashed several rounds of monetary and fiscal stimulus. (Bloomberg)

China’s imports of sugar have been surging this year, with the country importing as much as 3.7 million tonnes in the first 9 months of 2015. This is 55 percent more than in the same period last year. Already last year, China was the largest importer of sugar in the world ahead of the United States and the European Union, accounting for about 10 percent of global volumes. (Banchero Costa)

On 3rd January 2014 Australian **Coal** Prices stood at $84 PMT, a year later it had slipped to $51; whilst **Iron Ore** has endured a calamitous fall from $135 PMT to stand at $39. **BDI** has endured an even sharper comparative fall from 2,036 in January 2014 to stand at a record low of 474!! **So will we see any relief from this dire freight market in 2016?** Until commodities and in particular the **oil price** find a floor, the potential size of the 2016 order-book and overcapacity will continue to haunt the Dry Bulk Market. However any rise in commodity prices could be the precursor to a change in sentiment and direction in our markets. (Howe Robinson Research)

The thermal coal industry’s hopes of Indian demand growth helping absorb global oversupply are being dashed by a jump in domestic production from the world’s second largest importer. India is looking to more than double its total coal output to 1.5 BMT by the end of this decade, with 500 MMT coming from the private sector. State run Coal India’s output grew 32 MMT to 494.2 MMT in the fiscal year 2014/15, the biggest volume rise in its four-decade history. Speaking at the Coaltrans world coal conference in Barcelona, Sabyasachi Mishra, head of minerals sourcing at Tata International, said demand for imported coal would be flat at around 163 MMT per year going forward. (Reuters)

Clarksons estimates **global coal trade** to increase by 2% year on year in 2016 on the back of **increasing Indian import demand**, partly offsetting weaker Chinese intake. Clarksons suggests that global seaborne minor bulk trade will grow by 2% to reach 1.5 BMT next year, which could help freight rates find a bottom in the coming months. (Lloyd’s List)

Despite significant growth in absolute volumes, **steel consumption per capita in India** still remains extremely low, indicating huge growth potential. Steel consumption per capita in India is 59 kg per capita, compared to 1,118 kg per capita in Korea, 510 kg per capita in China and 331 kg per capita in the U.S. The Indian government has announced a series of plans to increase spending on construction and infrastructure projects, which are expected to drive steel demand going forward. For example, in the 12th Five Year Plan the government stated their intention to spend USD 1 trillion on infrastructure projects. (Banchero Costa)

A symptom of the above challenges is that dry bulk shipping companies are currently struggling. Just to name a few that have been in the shipping press recently:

Owners and their woes:

- **China COSCO** has booked a loss of CNY 1.71bn ($269m) in Q3 compared to earnings of CNY 1.6bn in the corresponding quarter last year which saw both its container and dry bulk division end the period with lower volumes. (TradeWinds)
- **Chongqing Chuanjiang Shipping**, one of the major Yangtze River shipping firms, has announced that it has gone into bankruptcy due to debt issues. (Splash247.com)
- **China's dry-bulk shipping industry** will likely see a surge in bankruptcies this year as freight rates hit record lows and the country's demand for imports wanes, consultancy Shanghai International Shipping Institute said. (Reuters)
- **Mercator Lines** posted a loss of $21.77m, in the first half ended 30 September 2015, a larger deficit from the loss of $13.42m in the same period of 2014. First half revenue decreased by 44% year-on-year to $17.2m. (SeaTrade)
- **Scorpio Bulkers** had a net loss of $18.1 million for the three months ended September 30, 2015. (Scorpio Bulkers Inc)
- **Scorpio Bulkers'** foray into cape sizes started with a bang but has ended with a whimper. From a high point of 28 cape size vessels under construction the company has now exited the segment and will have recorded losses of about $400m on the sale. These are not just accounting losses. They are net cash outflows generated in a course of approximately two years. (Lloyd's List)
- Major Japanese tonnage provider **United Ocean Group (UOG)** has filed for receivership in the Tokyo District Court, owing creditors a total of ¥140bn ($1.18bn) and is Japan's third major shipping bankruptcy in the past two years. (TradeWinds)
- New York-based **Genco Shipping & Trading** reported a net loss of $66.6m for Q3 of 2015. Those results included an impairment of $27.2m as Genco wrote down the value of its stake in Jinhui Shipping & Transportation. (TradeWinds)
- **Eagle Bulk** has posted a net loss of $20.4m for Q3 of 2015 amid continuing weakness in dry cargo freight markets. (Lloyd's List)
- Athens-based **Star Bulk Carriers** sank to a Q3 loss of $41.97m. (SeaTrade)
- **J. Lauritzen,** the privately owned Danish dry bulk and small LPG carrier operator, has posted deep losses for both Q3 of USD16 million and the first nine months of 2015 a loss of USD160.7 million and says no signs of an improvement of the markets have appeared. Lauritzen repeated a forecast for full-year EBITDA to be negative in the range of USD50 to USD30 million. Net loss is estimated to remain unchanged at USD200 to USD170 million. (IHS Maritime)
- Oslo-listed **Western Bulk** has reported a $10.2m net loss, excluding one-time items, in the third quarter of 2015. (Lloyd's List)
- **Golden Ocean** posted a Q3 2015 net loss of $40.6m, compared with a loss of $6.2m for the same period a year ago. (Platts)
- Mid-sized South Korean dry bulk shipping company **SW Shipping** that applied for court protection on 20 November 2015 said during a hearing on 1 December that it owes KRW64.7 billion (USD55.6 million) to around 220 creditors. (IHS Maritime)
- Hong Kong-based dry bulk shipping company **Jinhui Shipping & Transportation** has reported major losses amounting to USD32.4 million in 3Q15. (IHS Maritime)

- George Economou-led dry cargo shipping company **DryShips** has reported a net loss of \$820m for Q3 of 2015, a minor comeback compared with the staggering net loss of \$1.4bn for Q2. (Lloyd's List)

Shipyards and their woes:

- South Korea's top three shipyards, **Hyundai, Samsung** and **Daewoo,** are estimated to have racked up a record operating loss of more than 8 trillion Won (US\$6.66 billion) in 2015. In 2014, their combined operating losses hovered above 2 trillion Won. (YonHap)
- Struggling South Korean mid-tier shipbuilder **SPP Shipbuilding** has been put up for sale by creditor banks after more than five years of failed restructuring. (IHS Maritime)
- **Fujian Crown Ocean Shipbuilding** has suspended operations and has been unable to pay its employees due to financial difficulties. (Splash247.com)
- Zhoushan Intimidate People's Court has announced that it has accepted an application from Zhejiang Shipping Group to liquidate its shipyard subsidiary **Wuzhou Shipyard**, making it the first state-run shipyard to go bankrupt in a decade. (Splash247.com)

Sincerely,

Khalid Hashim

PRECIOUS SHIPPING PLC

No. 116/2015 13 November 2015

Company Rating: BBB

Issue Ratings:
Senior unsecured BBB-

Outlook: Stable

Rating Rationale

TRIS Rating assigns the company rating of Precious Shipping PLC (PSL) at “BBB” and also assigns the "BBB-" rating to PSL's up to Bt4,000 million in senior unsecured debentures. The ratings reflect PSL’s long track record and competitive position in dry-bulk shipping business, plus its ability to control its costs. However, these strengths are partially offset by the volatility of shipping industry and the slowdown of global economy amid bulk carrier oversupply situation. The ratings also take into consideration PSL's weakened profitability and the large capital investments needed for new fleet acquisition. The issue rating is one notch below the company's rating reflecting the subordination of senior unsecured debentures to PSL's secured bank loans. The outstanding balance of the bank loans was 42.5% of PSL's total assets as at the end of September 2015.

PSL was established in 1989 and listed on the Stock Exchange of Thailand in 1993. PSL is a shipping company, owning and operating dry-bulk ships as a tramp shipper. At the end of October 2015, PSL had 47 vessels with a total of 1.68 million deadweight tonnage (DWT) in its fleet, comprising 18 small handy vessels, 12 handymax vessels, four cement carriers, nine supramax vessels and four ultramax vessels. At the end of September 2015, PSL’s major shareholder comprised Ms. Nishita Shah and group, holding 43.29% of PSL's shares, followed by Mr. Khalid Moinuddin Hashim with 8.43% of shares.

PSL’s above average business profile is supported by its long track record and established competitive position in dry-bulk shipping business, as well as its ability to control its costs. PSL’s operating performance fluctuated over the past five years due largely to the prolonging down cycle economy and imbalance of demand and supply in the shipping industry. The Baltic Dry Index (BDI), used as a reference for the time charter (TC) rate, has decreased from an average of 2,758 point in 2010 to an average of 746 point for the first nine months of 2015. PSL’s average TC rate has declined from US$12,304 per ship per day in 2010 to US$6,373 per ship per day for the first nine months of 2015. PSL's TC rate dropped at a slower pace as PSL had secured long-term contracts at high TC rates during the period. In terms of cost, PSL has managed to control its average operating cost (opex) in the range of US$4,481-US$4,725 per ship per day over the same period. PSL claims this figure is lower than the industry average. Affecting by declining TC rate, PSL’s operating margin (operating income before depreciation and amortization as percentage of revenue) decreased from 59.68% in 2010 to 19.96% in the first nine months of 2015. PSL's financial profile was further pressured by a rise in borrowings to finance its fleet rejuvenation program. PSL’s total debt increased from US$221.7 million in 2011 to US$384.9 million at the end of September 2015. Thanks to its strong equity base and a US$63 million capital increase in June 2015, PSL’s capital structure remained acceptable. At the end of September 2015, the ratio of debt to capitalization was 43.53%. However, liquidity weakened. The ratio of funds from operations (FFO) to total debt has stayed below 10% since 2012.

Going forward, PSL will continue its fleet rejuvenation plan. The company plans to sell up to 20 old and less economical ships while acquiring 21 new ships. This will reduce the average fleet age from approximately 10 years to approximately five years. The fleet adjustment will increase PSL's total capacity, average fleet size, and efficiency. During 2015-2018, TRIS Rating expects PSL’s revenue to grow by at least 7%-10% annually, driven by larger vessel sizes, a

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gradual recovery in the global economy, and expected improving in shipping demand and supply situation. With PSL's prudent cost management, the operating margin is expected to improve and stay over 30%.

Over the next 12 months, the outlook for the dry bulk shipping industry is expected to remain fragile. PSL will need additional financing to support the new fleet acquisitions and make its scheduled debt repayments. PSL plans to spend US$400-US$460 million on new vessels during the next 12-18 months, which will necessitate new borrowings. As a result, the ratio of debt to capitalization is expected to peak in 2015-2016. The ratio should stay below 50% on a sustained basis.

Rating Outlook

The “stable” outlook reflects PSL's competitive position in the dry bulk shipping industry and its financial discipline management. The fleet rejuvenation plan is expected to support PSL's cost advantage. The rating upside case is driven by the stronger-than-expected operating performance and improved liquidity. The ratio of FFO to total debt is expected to stay over 25% on sustained basis. The rating downside case will be triggered if the market conditions remain unfavorable and PSL’s operating performance and liquidity continue to deteriorate.

Precious Shipping PLC (PSL)

Company Rating:	BBB
Issue Rating:	
Up to Bt4,000 million senior unsecured debentures due 2020	BBB-
Rating Outlook:	Stable

KEY RATING CONSIDERATIONS

Strengths/Opportunities

- Proven competitive position in dry-bulk shipping
- Prudent cost management

Weaknesses/Threats

- Volatility of shipping industry
- Slowdown of global economy
- Excess supply of vessels in the industry
- Weaker financial profile

CORPORATE OVERVIEW

PSL was established in 1989, owning and operating dry-bulk ships on a tramp basis, without fixed routes or schedule. The company was listed on the Stock Exchange of Thailand (SET) in 1993. At the end of September 2015, PSL’s major shareholder comprised Ms. Nishita Shah and affiliates, holding 43.29% of PSL's shares, followed by Mr. Khalid Moinuddin Hashim with 8.43%.

At the end of October 2015, PSL had 47 vessels with a total of 1.68 million DWT, in its fleet. Table 1 shows PSL's various vessel types. Major transported products are primary commodities and raw materials such as iron ore, coal, steel, minerals, and grains.

Table 1: PSL's Fleet as at End of Oct 2015

Vessels Type	No. of Vessels
Small Handy	18
Handymax	12
Cement Carriers	4
Supramax	9
Ultramax	4

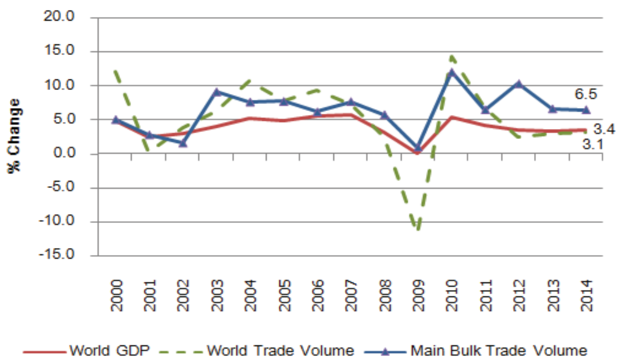
Source: PSL

BUSINESS ANALYSIS

- ***Dry-bulk shipping industry fluctuates along with world economy***

The activity level in the dry-bulk shipping industry is a function of demand for commodities, world economic conditions, and trade flows. Historically, the dry-bulk shipping industry tends to grow at a slightly faster pace than world gross domestic product (GDP). During the past few years, the world economy and global trade has been slowing, inevitably affecting demand for main bulk shipping. During 2013 and 2014, world GDP grew by about 3.3%, world trade volume grew by about 3%, while main bulk shipping grew by about 6.5%.

Chart 1: World GDP and World Trade Volume VS Main Bulk Trade Volume during 2000-2014



Note: Main bulk trade is represented by five main bulk products, i.e., iron ore, grain, coal, bauxite/alumina, and phosphate rock.

Sources: 1) United Nations Conference on Trade and Development (UNCTAD) (review of maritime transport, various issues & 2015)

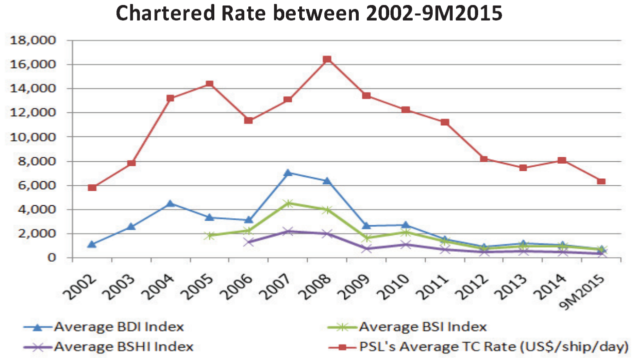
2) International Monetary Fund (IMF)

From the latest projection by the International Monetary Fund (IMF), world GDP is expected to fall slightly in 2015, forecasted to grow by 3.1%, and then gradually improve to 3.6% in 2016 and 3.8% in 2017. The volume of trade worldwide is expected to grow by 3.2% in 2015, 4.1% in 2016, and 4.6% in 2017. Demand for dry-bulk shipping is expected to remain soft in 2016, taking into account the excess fleet capacity and slower economic growth worldwide especially as a result of China's growth control policy. Demand could rebound strongly in 2017 based on expectations that the global economy recovers and commodity prices remain low.

- ***Competitive position in dry-bulk shipping***

PSL's above average business profile is supported by its long track record and established competitive position in the dry-bulk shipping industry, as well as its ability to control costs.

Chart 2: Average BDI, BHSI, and BSI VS PSL's Average Time Chartered Rate between 2002-9M2015



Source: PSL

The dry-bulk shipping industry is fragmented and competitive. PSL's market share by vessel capacity is estimated to be less than 3% of the industry. However, with its long experience and track record, PSL has shown satisfactory operating performance through a number of industry cycles.

PSL's revenue is impacted by the industry demand and supply situation represented by various indices. The Baltic Dry Index (BDI) is a composite of the Baltic capesize, panamax, supramax, and handysize indices. The BDI is used as a reference for the overall time charter (TC) rate. The Baltic Handysize Index (BHSI) represents the industry handysize TC rate, and the Baltic Supramax Index (BSI) represents the industry supramax TC rate.

PSL's TC rate fluctuated over the past five years due largely to the prolonging down cycle economy and an excess supply in the shipping industry. The BDI has decreased from an average of 2,758 in 2010 to an average of 746 for the first nine months of 2015. PSL's average TC rate has declined from US$12,304 per ship per day in 2010 to US$6,373 per ship per day for the first nine months of 2015. PSL's TC rate dropped at a slower pace than many of its competitors as PSL had secured long-term contracts at high TC rates during the period.

At present, PSL has secured long-term charter contracts of four cement carriers and two handysize ships and one supramax ship at an average TC rate of approximately US$13,800 per ship per day, which will help secure income of approximately US$31-US$35 million per annum during 2015-2019.

- ***Fleet rejuvenation will boost efficiency***

PSL is rejuvenating its fleet. The company plans to sell up to 20 old and less economical ships while acquiring 21 new ships. The average fleet age will fall from approximately 10 years to approximately five years. The rejuvenation plan will increase PSL's total capacity as most of the new vessels are the ultramax size, with an average tonnage of 64,000 DWT. The average size of PSL's fleet will increase from 34,604 DWT per ship to approximately 48,000 DWT per ship post rejuvenation. The rejuvenation will increase operating efficiency as new vessels are more fuel-efficient and have lower maintenance costs. In addition, the fleet rejuvenation will support PSL to comply with the tightening environmental regulations and restrictions required in the shipping industry.

- ***Freight rates remain under pressure from market imbalance***

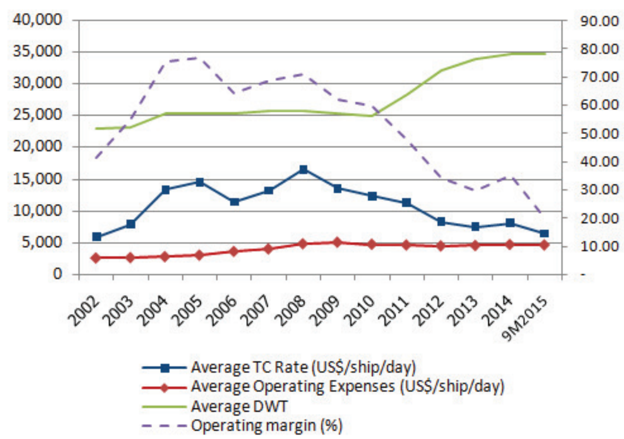
The imbalance between demand and capacity in the shipping industry is expected to continue and keep freight rates low. Dry-bulk shippers are usually price takers. As a result, overcapacity in the industry is the main factors keeping freight rates low. The situation is expected to continue for the next couple of years as a number of new ships will enter the market while the demolition rate moves slower. The demand-supply adjustment is expected to take some time to favor operators in the industry. However, the situation can turn favorable if new built vessel deliveries are postponed or cancelled and scrapping rate is high enough to materially adjust the excess capacity.

FINANCIAL ANALYSIS

- ***Low TC rate squeezes profits***

TC rates move along with market conditions. However, PSL's operating expenses, excluding dry dock and special survey expenses, are quite stable. As a result, PSL's profitability is fluctuated largely along with the TC rates.

Chart 3: PSL's Average TC Rate, Operating Expenses and Operating Margin during 2002-9M2015



Source: PSL

PSL's operating margin (operating income before depreciation and amortization as percentage of revenue) decreased from 59.68% in 2010 to 19.96% in the first nine months of 2015, following the decline in TC rates.

During 2015-2018, TRIS Rating expects PSL's revenue to grow by at least 7%-10% annually, driven by larger vessel sizes, a gradual recovery in the global economy, and a narrowing of the demand-capacity imbalance. With PSL's prudent cost management, the operating margin is expected to improve and stay over 30%.

- ***Weaker cash flow protection***

PSL's cash flow protection has weakened as its profit margin narrowed while its debt service obligations rose. The ratio of FFO to total debt has stayed below 10% since 2012. The earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage ratio dropped from 5.99 times in 2010 to 1.52 times for the first nine months of 2015.

TRIS Rating expects PSL's liquidity to continue to be weak in 2015, taking into account the unfavorable market conditions. As the industry rebounds, the company's liquidity is expected to improve. TRIS Rating's base case forecast assumes PSL's FFO will range from US$30-US$70 million per annum during 2016-2018 to provide the company a cushion to meet its debts service obligations.

PSL's liquidity profile is partly supported by its negative working capital requirement as charter rates are paid up front by charterers. In addition, the disposal of some vessels will help support PSL's flexibility if needed, taking into consideration that ships are relatively liquid assets.

- ***Capital structure will weaken***

PSL's financial profile was further pressured by a rise in borrowings to finance its fleet rejuvenation program. PSL's total debt increased from US$221.7 million in 2011 to US$384.9 million at the end of September 2015. Thanks to its strong equity base and a US$63 million capital increase in June 2015, PSL's capital structure remained acceptable. At the end of September 2015, the ratio of debt to capitalization was 43.53%.

Over the next 12 months, the outlook for the dry bulk shipping industry is expected to remain fragile. PSL will need additional financing to support the new fleet acquisitions and make its scheduled debt repayments. PSL plans to spend US$400-US$460 million on new vessels during the next 12-18 months. PSL also plans to sell up to 20 old and less economical ships over the same period and expects proceeds of US$65-US$100 million, depending on market conditions. The company requires new borrowings for its capital spending plans. As a result, the ratio of debt to capitalization is expected to peak in 2015-2016. The ratio should stay below 50% on a sustained basis in order to maintain PSL's credit quality.

Financial Statistics and Key Financial Ratios*

Unit: US$ million

		---------------------- Year Ended 31 December ------------------				
	Jan-Sep 2015	2014	2013	2012	2011	2010
Total sales	92.9	141.0	125.1	112.7	100.7	92.7
Gross interest expense	12.2	15.4	14.9	13.9	14.4	9.4
Net income (loss) from operations	(26.1)	(4.7)	(13.8)	(5.1)	13.2	22.3
Funds from operations (FFO)	(3.9)	27.4	17.6	(6.0)	36.6	33.4
Capital expenditures	85.9	216.5	101.6	203.4	144.5	84.0
Total assets	905.3	846.7	777.4	784.5	722.4	662.1
Total debt	384.9	361.4	282.6	296.0	221.7	163.0
Shareholders' equity including minority interest	499.4	463.7	476.4	472.9	484.6	484.6
Operating income before depreciation and amortization as % of sales	19.96	34.98	29.89	34.04	47.68	59.68
Pretax return on permanent capital (%)	(1.32) **	1.34	0.22	1.22	4.10	5.44
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	1.52	3.23	2.60	2.77	3.43	5.99
FFO/total debt (%)	1.15 **	7.58	6.21	(2.03)	16.50	20.51
Total debt/capitalization (%)	43.53	43.80	37.23	38.50	31.39	25.17

*   *Consolidated financial statements*
** *Annualized with trailing 12 months*

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4 Thai listed firms sweep awards from international IR magazine

BANGKOK, January 13, 2016 - The Stock Exchange of Thailand (SET) has announced that four SET listed firms namely KBANK, PSL, PTTEP and PTTGC have recently won investor relations awards from IR magazine, granting prestigious awards to recognize listed firms across the world that perform excellent jobs of investor relations, as such underlining Thai listed firms' potential and commitment to drive investor relations function and have earned recognition from investors in Asia.

SET President Kesara Manchusree said the fact that four Thai listed firms have been granted investor relations awards from IR magazine was an honor on their excellence in investor relations. The IR Magazine Awards have been granted to listed firms categorized by region such as Europe, America, Southeast Asia, among other.

"The IR awards for Southeast Asia have selected companies from Singapore, Indonesia, Malaysia, Thailand and the Philippines. For the 2015 awards, 14 Thai listed firms have been nominated for the awards among 45 candidates in Southeast Asia. Each of the four Thai listed firms has been selected as winner in each category, namely Kasikornbank pcl (KBANK) receiving Best IR by a Thai Company category; Precious Shipping pcl (PSL) receiving Best in Industrials Sector category, PTT Exploration and Production pcl (PTTEP) receiving Best in Energy Sector category; PTT Global Chemical pcl (PTTGC) receiving Best in Materials Sector category," Kesara stated.

The enhancement of IR functions among Thai listed firms reflects their commitment to continuously drive investor relations practices. SET has been focusing on enhancing listed firms' capabilities. For knowledge enhancement, SET has organized IR training to promote IR knowledge among IR professionals of listed companies, comprising of eight courses in three levels. In addition, SET has been providing one-on-one consultation for listed firms in IR aspects. For communication channel, SET has organized quarterly "Opportunity Day" activity where listed firms meet directly with investors, and continuous outbound roadshows where listed firms can meet with institutional investors in various financial hubs such as Singapore, Hongkong, Japan, London, New York, etc., as well as holding "Thailand Focus 2015" and "Thai Corporate Day," grand events which enabling foreign funds to get insights from top executives in the public and private sectors, and meet directly with listed companied.

The IR Magazine Awards & Conference South East Asia 2015 ceremony took place in Singapore in December 2015. The winners' selection procedure was based on opinion survey among institutional investors in various aspects, covering corporate governance practices, quality of financial reports, investors' meetings, sustainable practices and others.
For more information, please visit www.irmagazine.com .

SET "Towards the 5th Decade of Sustainable Wealth for Thais"

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