

Ref. : 2010-025

27th July 2010

To : Director and Manager of The Stock Exchange of Thailand

Subject : Submitting the Interim Consolidated Financial Statements for the three months and six months period ended 30 June 2010 and 2009.

We hereby report the Interim Consolidated Financial Statements of Precious Shipping Public Company Limited and Subsidiaries for the three months and six months period ended 30 June 2010 and 2009 together with the summarized operating results (Form 45-3). The reasons for changes in the operating results are explained below.

For the three months period ended 30 June 2010, the Company and subsidiaries ("the Company") have earned a consolidated net income of Baht 157.36 million as compared to net income of Baht 1,084.22 million earned during the same period in 2009. 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 second quarter of 2010 has decreased by about 51 percent over the Net Vessel Operating Income for the same period of 2009 mainly due to the lower number of vessels operated during the second quarter of 2010, due to the sales of the older vessels of the fleet and also because of the decrease in average earnings per day per Vessel from USD 13,320 in the second quarter of 2009 to USD 11,949 in this quarter. The lower average daily earnings could also be attributed to the fact that some vessels whose long term charters expired during the quarter had to be chartered at prevailing rates which are lower than that prevailing when the charters were fixed.

The income has been earned from an average of 21 vessels during the second quarter of 2010 as against an average of 35 vessels in the same period of 2009. One (1) vessel has been sold and delivered during the second quarter of 2010. One (1) second-hand vessel has been acquired during this quarter. The fleet size as on 30 June 2010 was 21 vessels.

2. For the second quarter of 2010, the absolute Vessel running expenses are lower by 47 percent as compared to the same period of 2009 mainly due to the reduction in the average number of vessels operated during the period as explained above and the reduction in average Vessel operating expenses per day per Vessel from USD 4,990 in the second quarter of 2009 to USD 4,824 in the same period of 2010 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.)

3. The Company recorded gain on sale of vessels and equipment of Baht 63.91 million in the second quarter of 2010 which represents the gain on the sale of 1 vessel as against the gain on sale of vessels and equipment of Baht 384.02 million in the second quarter of 2009 which represented the gain on the sale of 8 vessels.
4. The corporate income tax was Baht 55.44 million for the second quarter of 2010 as against Baht 8.86 million for the same period of 2009. This represents the income tax on gain on sale of vessels.

For the six months period ended 30 June 2010, the Company has earned a consolidated net income of Baht 546.38 million as compared to net income of Baht 1,927.31 million incurred during the same period in 2009. 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 first half of 2010 has decreased by about 54 percent over the Net Vessel Operating Income for the same period of 2009 mainly due to the lower number of vessels operated during the first half of this year and also because of the decrease in average earnings per day per Vessel from USD 13,952 for the first half of 2009 to USD 12,193 for the same period of this year due to the reason explained in 1 above.
The income has been earned from an average of 22 vessels during the first half of 2010 as against an average of 39 vessels in the same period of 2009. Five (5) vessels have been sold and delivered during the first half of 2010.
2. For the first half of 2010, the absolute Vessel running expenses are lower by 50 percent as compared to the same period of 2009 mainly due to the reduction in the average number of vessels operated during the period as explained above and the reduction in the average Vessel operating (running) expenses per day per Vessel from USD 5,151 for the first half of 2009 to USD 4,895 in the same period of 2010. (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.)
3. The Company recorded gain on sale of vessels and equipment of Baht 390.43 million in the first half of 2010. This represents the gain on the sale of 5 vessels, which was delivered in the first half of 2010
4. The Company recorded net exchange losses of Baht 77.67 million for the first half of 2010 as against exchange gains of Baht 38.74 million for the same period of 2009. The increase in exchange losses is due to the appreciation of the Thai Baht against the US Dollar, which resulted in a gain on translation of US Dollar Long Term Loans denominated in US Dollars but which was then netted off by the loss on translation of the net current assets.

5. The corporate income tax was Baht 79.89 million for the first half of 2010 as against Baht 48.15 million for the same period of 2009. This represents the income tax on gain on sale of vessels..

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