

Ref. : 2004-006

25 February 2004

The Stock Exchange of Thailand

Stock Exchange of Thailand Building

9th Floor, 62 Ratchadapisek Road,

Klongtoey, Bangkok 10110

Attention: Director and Manager

Re: Management Discussion and Analysis on the results of Q4, 2003

“Life is change. Growth is optional. Choose wisely”

AUDITED RESULTS: The results in Thai Baht, audited by Ernst & Young, as well as US Dollars, certified by Baker Tilly FAS (Thailand) Limited, show the latest financial position of the Company. The net profit for the year was a staggering USD 24.786 million! The earnings per day per ship during Q4 exceeded our wildest expectations whilst operating costs were marginally above our projections. The net operating profit has increased mainly due to increase in earnings per day per ship along with a marginal increase in Vessel operating days during Q4 2003 as compared to Q4 2002. The EBITDA has also increased quite substantially during the period under comparison.

THE HARD FACTS	Q4, 2003	Q4, 2002
Highest Earnings per day per ship in USD	20,566	13,826
Average Earnings per day per ship in USD	9,524	6,607
Operating cost per day per ship in USD	2,721	2,563
EBITDA in million USD	16.18	9.00
Net Profit/(Loss) in million USD (including exchange Gain(loss)) before Extraordinary items	10.95	3.33
Net Profit/(Loss) in million USD	10.95	5.03

PROSPECTS over the next 12 months are looking the most positive they have ever been in living memory. 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 we should experience better rates in Q1, and during the whole of 2004, than we had during Q4, 2003. This prospect is based on the usual assumption of a ‘normal’ year ahead in geo-political and economic terms.

SHORT TERM VERSUS LONG TERM CHARTERS: In the past we only did all our business on a short term or spot basis. However since the freight markets have climbed into uncharted territories we have changed the way we conduct our business. Instead of doing all

our business on a spot basis, we are doing more and more of our business on a longer term time charter basis. If we were to multiply the number of ships that we have today by 365 days to give us the total available days that we could charter out our ships for one year from today, then we would say that the long term charters already booked would take up about 65% of these available days at a healthy average rate in excess of USD 12,750 per day per ship. Though we have faith that the freight markets are going to continue to remain fairly strong for the foreseeable future we felt it prudent to 'lock-in' some of these very high charter rates and have a steady guaranteed source of income for the coming year and beyond.

THE FLEET Renewal programme that began in Q3, 2003 continued into the 4th Quarter. Two more purchases were made and including one more purchase made in Q1, 2004, would not only exhaust the entire KTB facility of USD 35 million, earmarked for fleet renewal, but would require an additional USD 19 million of funding. This additional funding requirement could be either met out of our pool of free cash flow, after suitably gearing it up to enhance the total funds available, or could simply come out of additional credit facilities that we would arrange with our bankers. The Fonthida Naree (28,400 DWT, built 1995, purchase price USD 12.5 million) would likely join our fleet in the last few days of February 2004 and the Rattana Naree (28,400 DWT, built 2002, purchase price USD 18.95 million) sometime in March 2004. This would take care of the ships that have already been purchased so far. We are actively on the lookout for additional second-hand ships which would be funded from a combination of internal cash generation and debt raising capability that the Company enjoys.

SHIP SCRAPPING continued with 37 ships being scrapped while 9 ships were delivered during Q4 in our sector (10 to 30,000 DWT) worldwide. This resulted in shrinkage of 28 ships or 0.92% for the quarter leaving just 3,028 ships in the world fleet in our sector at the end of 2003. Scrapping which had noticeably slowed down during Q2 has started to pickup pace despite the extremely strong freight market. We can but hope that this pace is retained for the foreseeable future.

Yours sincerely,
For : **Precious Shipping Public Company Limited**

Khalid Hashim
Managing Director