

Ref : 2005-006

25th February 2005

To : Director and Manager of the Stock Exchange of Thailand

Subject : Management Discussion and Analysis (MD&A) for the year end 2004

RESULTS: The results in Thai Baht, audited by Ernst & Young, as well as US Dollars, certified by Baker Tilly, show you the latest financial position of the Company. The net profit for Q4 2004 was a good USD 36.76 million. The earnings per day per ship during Q4 were more than 8% higher than Q3. In this quarter, operating costs were USD 2,900 per day per ship. The average daily operating costs for the year worked out to USD 2,810. We expect that the daily operating costs per day per ship for 2005 should not exceed USD 2,850. The net operating profit has increased mainly due to an increase in earnings per day per ship along with an increase in Vessel operating days during Q4 2004 as compared to Q4 2003. The EBITDA has also increased quite substantially, actually more than 3 times, during the period under comparison. The earnings per share (eps) in Thai Baht stood at 3.95 Baht per share for this quarter, and were we to have excluded the exchange gain of Baht 447.73 million, which as you all are aware is not a 'real' gain, then the eps for this quarter would have still been a good Baht 3.07 per share

THE HARD FACTS	Q4, 2004	Q4, 2003
Highest Earnings per day per ship in USD	22,700	20,566
Average Earnings per day per ship in USD	14,282	9,524
Operating cost per day per ship in USD	2,900	2,721
EBITDA in million USD	50.03	16.19
Net Profit/(Loss) in million USD (including exchange Gain (loss)) before Extraordinary items	36.75	10.95
Net Profit/(Loss) in million USD	36.75	10.95
Earnings Per Share in Thai Baht	3.95	0.99

PROSPECTS over the next 12 months still look pretty good. The fundamentals on the supply and demand side would suggest that this market could sustain itself for a while longer.

Debt continues to be repaid and pre-paid quite rapidly. We expect that we should be debt free by the end of 2005 from the surplus cash-flows being generated from our expanded fleet. Considering that we are beginning the year 2005 with a total of just under USD 193 million in outstanding debt due to KTB it will indeed be a remarkable achievement to have become debt free by the end of the year. This of course presumes that we do not expand our capacity any further by purchase of ships from the second-hand market.

TIME CHARTER ANALYSIS: The analysis of the long term charters already booked, as of 17th February 2005, comprise in excess of 60% of our theoretical maximum annual capacity for 2005 based on 52 ships at a healthy average rate just below USD 15,500 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. This strategy would also allow us to lock in rates when ever the markets are at their high points by putting away the spot ships, and those where the shorter term time charters have expired, on to longer term, time charters, at healthy rates.

THE CHINA FACTOR continues to exert its influence on the freight markets. Despite all the 'slow down' talks over the last few months, the steel production for 2004 reached a good figure of about 270 million tons. This would be some 23% more than the already phenomenal figure of 220 million tons reached during 2003. The current opinion from Macquarie's is that for 2005 China will produce a good 310 to 320 million tons of steel out of a total installed capacity of about 350 million tons. Macquarie feel that this shortfall, between expected production and installed capacity, will only be due to a lack of available ships for carrying the required amount of raw materials.

THE FLEET Renewal program has been completed. We are now in a consolidation stage where we will focus all our energies on managing these 52 ships to the best of our abilities.

INVESTOR RELATIONS: The next SET Opportunity Day will be on the 1st March 2005. This event is normally very well attended with between 70 and 100 participants from the analysts, fund management and investor communities. We will also continue to go on road shows to meet existing and potential shareholders to tell them about the very exciting story at PSL. We hope to match the efforts made during 2004 with an equally robust program in 2005.

SHIP SCRAPPING has come to a halt. During this quarter a total of 21 ships were delivered whilst a total of 6 ships were removed resulting in net positive growth of 15 ships to 3,029 ships. We expect that scrapping will, more or less, become a thing of the past as the strength of the freight markets make it attractive for owners to extend the lives of even their oldest ships.

Sincerely,

For: Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director