

PRESS RELEASE

GE Shipping announces Q2FY09 results (standalone basis)

- **Q2 FY09 Net profit at Rs.506.15 cr, up 48%**
- **H1 FY09 Net profit at Rs.893.74 cr, up 17%**

- *Declares an interim dividend of Rs. 2.50 per share*

The Board of Directors of The Great Eastern Shipping Company Ltd. (G E Shipping) today approved the Unaudited Financial Results (Provisional) for the second quarter of FY 2008-09, ended September 30,2008. The Board also declared an interim dividend of Rs.2.50 per share.

FINANCIAL PERFORMANCE:

(All figures in Rs. cr.)

Q2FY09	Q2FY08	% change		H1 FY09	H1FY08	% change
992.5	757.46	31.0%	Total Income	1984.99	1511.78	31.3%
646.34	434.01	48.9%	PBDIT	1319.63	863.89	52.8%
646.34	318.17	103.1%	PBDIT (excl gain on sale of ships)	1065.71	669.18	59.3%
506.15	342.79	47.7%	Net Profit	893.74	763.83	17.0%
32.95	22.51		Diluted EPS (in Rs.) not annualised	58.16	50.16	

PERFORMANCE REVIEW OF Q2 FY 2008-09:

The Company has managed to show a strong increase in operating income (PBDIT), which was higher by 49%. Freight and charter hire income was higher by 44% on a q-o-q basis. This has been achieved despite the fact that there was no profit on sale of ships in this quarter and operating revenue days for the quarter were down by 12%. Crude carrier average earnings showed a smart upmove of 38% q-o-q whilst the dry bulk average earnings increased by 78% q-o-q.

REVENUE DAYS	Q2 FY09	Q2 FY08	% change
Owned tonnage	3594	4024	-10.7%
Inchartered tonnage	179	279	-35.8%
Total Oper. revenue days	3773	4303	-12.3%
Repairs/Offhire days	183	231	-20.8%
Total Revenue days	3956	4534	-12.7%
Total owned tonnage (in dwt)	2.85 mn	3.25 mn	
Average age (years)	10.6	11.5	

The Average Time Charter Yields (TCY) earned by the Company's fleet in various categories are as follows:

(all figures in US\$ per day)

Average TCY (\$ per day)	Q2FY09	Q2FY08	% Change
Crude Carriers	53,292	31,836	67
Product Carriers	30,131	19,337	56
Gas Carriers	17,547	15,018	17
Dry Bulk Carriers	48,822	31,173	57

FLEET DEVELOPMENT:

Capital Expansion Plan

The Company has a total capex commitment of around USD 779 mn which translates to approx. Rs.3850 crores at current exchange rates. This will result in addition to the tonnage of about 1.17 mn dwt.

Sale & Purchase Activities during Q2 FY 2008-09:

During the quarter, the Company has contracted to buy the following:

- 2 new building (NB) Suezmax crude carriers-likely delivery Aug 2011 & Oct 2011

FLEET PROFILE: as on date

Categories	No. of ships	Avg age (years)
Crude Carriers	12	8.5
Product Carriers	16	11.7
Gas Carriers	2	25.0
TANKERS TOTAL (78% double hull)	30	9.7
Capesize	1	12.0
Panamax	1	13.0
Supramax	2	6.0
Handymax	5	15.2
Handysize	2	29.5
DRY BULK TOTAL	11	13.8
TOTAL FLEET	41	10.6

MARKET COMMENTARY:

The dry bulk market has seen the sharpest ever fall in history in the last 5 months. The sentiment is severely affected by the credit crunch and the imminent recession across the globe. As a result of this, there has been a significant evaporation in the number of cargoes worldwide.

The tanker market, on the other hand, has shown signs of relative strength. In fact there has been a good bounce back from the dips of August. Fine balance between supply and demand of ships aided by longer haul trades has helped the tanker market to remain strong across all segments. In this quarter, it is the Product tanker market, which has shown reasonable strength as compared to the last few quarters.

The movement of the freight indices in the last 12 months is highlighted below.

	28-Sep-07	31-Mar-08	30-Jun-08	30-Sep-08	22-Oct-08
Baltic Clean Tanker Index	771	883	1465	1399	1134
Baltic Dirty Tanker Index	920	1510	1902	1538	1402
Baltic Dry Index	9474	8081	9589	3217	1221

OUTLOOK

TANKER MARKET

In the near term, production cuts by OPEC and halting of any further conversion projects is likely to have a negative impact on tanker markets. However, there is likely to be some support from the seasonal winter demand in the Northern hemisphere as this to some extent is inelastic. The overall global economic slowdown is likely to have a negative impact on the oil demand growth. The extent of this is fairly uncertain as of now and the net impact would depend on the resilience of some of the Asian and other emerging economies.

DRY BULK MARKET

Prospects for dry bulk shipping in the next six months are inextricably linked with restoration of confidence in the financial markets and stability in the commodity markets. This process is likely to take a few months. Once the iron ore price issue is satisfactorily resolved with suppliers, we can expect resumption of shipments providing the much-needed support to the freight market. There are growing doubts about the ability of new shipyards to deliver all the contracted tonnage because of the credit crisis and the difficulties of financing greenfield shipyards. This will reduce the supply of new tonnage from the earlier projected big numbers.

REVENUE VISIBILITY

As on October 23 2008, the revenue visibility is around Rs.572 crores for the balance part of FY2008-09. Crude tankers and product carriers are covered to the extent of around 57% and 54% of their operating days respectively. In case of dry bulk carriers they are covered to the extent of around 43% of the fleet's operating days. Gas Carriers are covered to the extent of 86% of their operating days for the balance part of FY 09.

DEVELOPMENTS IN THE SUBSIDIARIES:

The wholly owned subsidiary Greatship (India) Limited along with its subsidiaries currently has a fleet of 4 Platform Supply Vessels (PSV) and 2 Anchor Handling Tug cum Supply Vessels (AHTSV).

In addition, it has a committed capital expenditure of USD 787 Mn (approx Rs.3895 cr) for 20 more assets. These include 1 PSV, 8 Multipurpose Platform Supply & Support Vessels, 2 MSVs, 8 AHTSV's and a 350 ft Jack up Rig. These assets are likely to be delivered between FY09 and FY11. The Company has also inchartered one 350 ft Jackup Rig which will be delivered in April 2009.

Greatship (India) Limited, India has also entered into a JV with DOF Subsea ASA, Norway. This JV will focus on subsea project opportunities in the Indian subcontinent. DOF Subsea ASA is a world-wide supplier of subsea services with a presence in all the major offshore hubs in the world.

The Great Eastern Chartering LLC (Sharjah) :

This company is currently operating 4 tankers and 3 dry bulk carriers with an average inchartered duration of 2.2 years.

Place: MUMBAI

Date: October 24, 2008

----- www.greatship.com -----

Q2 FY09 Earnings Call scheduled at 5:00 pm (IST) on Friday, October 24, 2008.

To participate, kindly dial (+91) 22 67914400/99. No pass code required.