

## PRESS RELEASE

### GE Shipping announces Q3FY09 results (standalone basis)

- **Q3 FY09 Net profit at Rs.241.03 cr, down 17.9%**
- **9m FY09 Net profit at Rs.1134.77 cr, up 7.3%**
  
- *Declares a 2<sup>nd</sup> 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 third quarter of FY 2008-09, ended December 31, 2008. The Board also declared a second interim dividend of Rs.2.50 per share.

*(all figs in Rs.cr)*

<b>Q3FY09</b>	<b>Q3FY08</b>	<b>% change</b>		<b>9m FY09</b>	<b>9m FY08</b>	<b>% change</b>
<b>728.77</b>	653.32	11.5%	<b>Total Income</b>	<b>2549.22</b>	2086.47	22.2%
<b>331.49</b>	339.31	-2.3%	<b>PBDIT</b>	<b>1486.58</b>	1124.57	32.2%
<b>304.44</b>	290.28	4.9%	<b>PBDIT (excl gain on sale of ships)</b>	<b>1205.61</b>	880.83	36.9%
<b>(14.85)</b>	22.42	-166.2%	<b>Exceptional items*</b>	<b>(153.42)</b>	186.49	-182.3%
<b>241.03</b>	293.57	-17.9%	<b>Net Profit</b>	<b>1134.77</b>	1057.4	7.3%
<b>15.79</b>	19.1		<b>Diluted EPS (in Rs.) not annualised</b>	<b>74.36</b>	69.04	

**\*Note : Exceptional item includes**

- 1) Compensation (paid)/received on cancellation of vessel construction/sale contracts**
- 2) Exchange gain/(loss) on revaluation of foreign currency loan liabilities under AS-11 (upto Q1FY09)**

**PERFORMANCE REVIEW OF Q3 FY 2008-09:**

In the tough world trade environment, the Company has managed to achieve an increase in the total income by 12% q-o-q. Operating profit (PBDIT) was also resilient and stayed marginally positive. However, due to a reduction in other income and a marginal increase in interest and some exceptional items, Net Profit was down by 18%. Freight and charter hire income was higher by 16% q-o-q, despite the fact that operating revenue days for the quarter were down by 12.8%. The earnings of the crude carrier fleet, which were up by 60% q-o-q, led this strong performance. Product tanker earnings were up 19% while dry bulk earnings were down 32% q-o-q.

<b>REVENUE DAYS</b>	<b>Q3 FY09</b>	<b>Q3 FY08</b>	<b>% change</b>
Owned tonnage	3,517	3,980	(11.6)
Inchartered tonnage	110	184	(40.2)
<b>Total Oper. revenue days</b>	<b>3,627</b>	<b>4,164</b>	<b>(12.8)</b>
Repairs/Offhire days	336	202	66.3
<b>Total Days</b>	<b>3,963</b>	<b>4,366</b>	<b>(9.2)</b>
<b>Total owned tonnage (in dwt)</b>	<b>2.93mn</b>	<b>3.14mn</b>	
<b>Average age (years)</b>	<b>9.7</b>	<b>10.7</b>	

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

*(all figures in US\$ per day)*

<b>Average TCY (\$ per day)</b>	<b>Q3FY09</b>	<b>Q3FY08</b>	<b>% Change</b>
Crude Carriers	37,653	23,564	60%
Product Carriers (incl Gas)	23,120	19,352	19%
Dry Bulk Carriers	30,816	45,148	(32)%

## **FLEET DEVELOPMENT:**

### **Capital Expansion Plan**

The Company has a total capex commitment of around USD 594 mn which translates to approx. Rs.2910 crores at current exchange rates. This will result in addition to the tonnage of about 0.90 mn dwt.

### **Sale & Purchase Activities during Q3 FY 2008-09:**

- During the quarter, the Company took delivery of 2 new building Long Range One (LR1) Product Tankers – “Jag Aabha” and “Jag Aanchal”.

- The Company delivered to buyers:

- Its 1984 built Handymax dry bulk carrier “Jag Rishi”
- Its 1977 built Handysize dry bulk carrier “Jag Vidya”

- The Company has contracted to sell a 1984 built Handymax dry bulk carrier “Jag Rani” with likely delivery in Q4FY09.

-During the quarter, the Company had contracted to sell its 2003 built “Jag Rahul”, a Supramax dry bulk carrier with delivery in January 2009. The sale of the vessel was not concluded on account of buyer’s default. The vessel continues to be a part of the Company’s fleet.

- The Company cancelled 2 New Building Contracts it had placed with a Chinese Shipyard in the year 2007 for the construction of two Supramax Bulk Carriers of approx 57,000 dwt each.

## **MARKET COMMENTARY:**

The last nine months saw the dry bulk market go through one of the most volatile phases of all time. The Baltic Dry Index touched a high of 11793 in May 2008 and thereafter saw a low of 663 in December 2008. At that point, the situation was such that most categories of dry bulk ships were not even breaking even on operating expenses. Though the fall in the market has been checked for now, the lack of credit lines is still hampering normal resumption of trade.

The tanker market has surprised most observers by continuing its strong streak. This was largely aided by the fact that there was a large contango in the oil prices, which caused a substantial demand for storage by some large oil trading companies. Since onshore storage capacity is limited, modern VLCC's and Suezmaxes were the obvious choice.

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

	24-Dec-07	31-Mar-08	30-Jun-08	30-Sep-08	24-Dec-08	29-Jan-09
<b>Baltic Clean Tanker Index</b>	<b>1086</b>	<b>883</b>	<b>1465</b>	<b>1399</b>	<b>838</b>	<b>592</b>
<b>Baltic Dirty Tanker Index</b>	<b>2143</b>	<b>1510</b>	<b>1902</b>	<b>1538</b>	<b>1243</b>	<b>623</b>
<b>Baltic Dry Index</b>	<b>9143</b>	<b>8081</b>	<b>9589</b>	<b>3217</b>	<b>774</b>	<b>1036</b>

**FLEET PROFILE: as on date**

<b>Categories</b>	<b>No. of ships</b>	<b>Avg age (years)</b>
Crude Carriers	12	8.5
Product Carriers	18	9.5
Gas Carriers	2	25.0
<b>TANKERS TOTAL (80% double hull)</b>	<b>32</b>	<b>9.2</b>
Capesize	1	12.0
Panamax	1	13.0
Supramax	2	6.0
Handymax	4	13.2
Handysize	1	28.0
<b>DRY BULK TOTAL</b>	<b>9</b>	<b>12.2</b>
<b>TOTAL FLEET</b>	<b>41</b>	<b>9.7</b>

## **OUTLOOK**

### **TANKER MARKET**

The Calendar year has begun on a slightly softer note as compared to the last few months of 2008, but earnings have still been healthy by historical standards. Tanker freight rates have traditionally shown a strong correlation with OPEC production, and the OPEC cuts may begin to have an effect during the course of the year. In the meantime, the effect of winter delays and the tanker demand generated by the strong contango in oil prices are expected to keep rates volatile.

### **DRY BULK MARKET**

The uncertainty in the dry bulk trade continues as the global financial markets are still extremely unsettled, and every new economic forecast is bleaker than the last one. With economies going through a rough patch, we have seen a substantial reduction in steel production all over the world. This is likely to reduce demand for coal and iron ore imports on the one hand and also reduce the volume of steel export trade resulting in a double hit for dry bulk trade.

### **REVENUE VISIBILITY**

As on January 29 2008, the revenue visibility is around Rs.340 crores for the balance part of FY2008-09. Crude tankers and product carriers are covered to the extent of around 74% and 67% of their operating days respectively. In case of dry bulk carriers they are covered to the extent of around 56% of the fleet's operating days. Gas Carriers are covered to the extent of 100% 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 5 Platform Supply Vessels (PSV) and 2 Anchor Handling Tug cum Supply Vessels (AHTSV).

In addition, it has a committed capital expenditure of USD 759 Mn (approx Rs.3719 cr) for 19 more assets. These include two AHTSVs in Sri Lanka, four AHTSVs in Batam,

four MPSVs in Singapore, two MSVs in India, four ROVSVs in Sri Lanka, two 150 TBP AHTSVs in Batam, and a premium 350' jack up rig in Singapore. 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 March 2009.

**The Great Eastern Chartering LLC (Sharjah) :**

This company is currently operating 3 tankers and 2 dry bulk carriers with remaining average inchartered duration of 1.9 years.

Place: MUMBAI

Date: January 30, 2009

----- [www.greatship.com](http://www.greatship.com) -----

For further details, please call the Corporate Communication cell at +91-22-6661-3104.

**Q3 FY09 Earnings Call scheduled at 5:00 pm (IST) on Friday, January 30, 2009.**

To participate, kindly dial (+91) - 22 - 67934400.