

Ref : 2007-021

8th May 2007

To : Director and Manager of the Stock Exchange of Thailand

Subject : 1st Quarter of 2007 Management Discussion and Analysis (MD&A)

THE RESULTS in Thai Baht, reviewed 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 Q1, 2007 was USD 61.18 million including USD 36.31 million being the gain on sale of 9 of our oldest ships. The net profit without the extraordinary gains from the sale of 9 of our oldest ships, therefore, is USD 24.87 million. The net profit in Q1 2006 was USD 18.25 million, so, despite a reduction in average number of ships from 54 in Q1 2006 to 48 in Q1 2007 we have still managed to increase our net profit by 36%! The earnings per day per ship during Q1 2007 was USD 12,874. The average operating expenses per day per ship was USD 4,117 in Q1 2007 as compared to USD 3,492 in Q1 2006 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years.) This increase of 18 percent can be attributed mainly to the one-time provision, made out of abundant caution, of USD 1.73 million (USD 401 per day per ship) in respect of cargo related claims made over a number of previous years, by Charterers, against the Company (respective ship-owning subsidiaries). Hitherto, the Company accounted for such claims on a cash basis, as and when such claims were paid. Therefore, the regular average operating expenses per day per ship without this one-time charge is USD 3,716 only. This increase in operating cost is a result of higher Lubricating Oil prices, higher steel costs, higher wage bills and a general inflationary increase in other costs. The earnings per share (eps) in Thai Baht for this quarter was 4.18 Baht per share.

THE HARD FACTS	Q1, 2007	Q1, 2006
Highest Earnings per day per ship in USD	21,680	14,875
Average Earnings per day per ship in USD	12,874	10,391
Operating cost per day per ship in USD	4,117	3,492
EBITDA in million USD	34.41	30.31
Net Profit/(Loss) in million USD (including exchange Gain (loss)) before Extraordinary items	61.18	18.25
Net Profit/(Loss) in million USD	24.87	18.25
Earnings Per Share in Thai Baht	4.18	1.76

PROSPECTS over the next 12 months continue to look extremely good when viewed against historical averages. The low point in daily earnings on our ships was reached in Q2 2002 at USD 5,497. The high point was achieved in Q1 2005 at USD 15,928 per day per ship. To place these numbers in perspective, we must remember that the average for 2003, which was our best year ever before 2004 to 2006, was just USD 7,870 per day per ship.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 31st March 2007 comprise about 84% of our existing capacity of year 2007 based on an average of about 45 ships at a healthy average rate of about USD 12,088 per day per ship. When freight rates are moving in an upward direction we can employ this strategy to effectively lock in rates by putting away the spot ships at healthy rates for longer terms. Unfortunately, this strategy becomes very difficult to execute when freight rates are moving downwards or when markets are flat. This policy was very successfully employed in 2004 and 2005 and allowed us to ride out the volatile nature of the spot market with relative ease during those years. We hope to utilize the same policy to tide over any upheavals in the current spot markets.

Dividends: The Board of Directors, at their most recent meeting, declared an interim dividend of Baht 0.50 per share from the results of Q1 of the Company. The reason was the cash on hand from the sale of the older ships and from the operations of the Company, and that future acquisitions of second-hand ships, if any, would be funded from the debt facilities that were already available. As such, this might become a regular feature on a quarterly basis depending on the results and the availability of cash to fund the same.

THE CHINA FACTOR continues to roll along having a disproportionate impact on the dry bulk markets. Their GDP grew by a phenomenal 11% in Q1 when everyone was expecting a much slower pace. We expect more of the same from China and this will add to the volatility of the spot freight market.

The next SET Opportunity Day where PSL will be presenting will be held at the SET building at 1030 hours on the 21st May 2007. This event is normally very well attended with between 70 and 100 participants from the analysts, fund management and investor communities. We hope that many of you will attend this event where the Company will get a chance to thoroughly discuss the current results.

SHIP SCRAPPING has started to slow down from the pace set in Q1 2006. In Q1 2007, 13 ships were removed whilst a total of 18 ships were added resulting in the fleet increasing from 3,084 ships at the beginning of the year to 3,089 by the end of Q1 or a net increase of 0.16% in the world fleet in our sector. If the freight markets continue at their current, but volatile, levels we expect the world fleet in our sector to increase by a marginal amount over the level at the start of this year.

Sincerely,

Khalid Hashim