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4th May 2009

To : Director and Manager of the Stock Exchange of Thailand

Subject : 1st Quarter of 2009 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, 2009 was USD 25.56 million before tax which compares with the net profit of USD 33.39 million in Q1 2008. Despite a reduction in average number of ships from 44 in Q1 2008 to 42 in Q1 2009 and an absolutely diabolical macro economic environment hammering the demand side of our business, we have still managed to almost match our fantastic performance in Q1 2008. The earnings per day per ship during Q1 2009 were USD 14,485, slightly better than our prediction of USD 14,000 for the year. When compared with the USD 15,493 in Q1 2008 it showed a marginal decline of 6.5% against the backdrop of the largest fall in rates ever experienced by the Shipping or any other market in the world. The average operating expenses per day per ship were USD 5,284 in Q1 2009 much higher than our prediction of USD 4,400 for the year. When compared to USD 4,639 in Q1 2008 (including depreciation/amortisation of the Drydocking/Special Survey expenses in both years) it shows an increase of 13.9% in operating cost as a result of higher steel costs, higher wage bills, one time higher insurance costs (USD 251 equal to 5.41%) and a general inflationary increase in other costs. We expect that this number will average something like USD 4,850 for the fleet during 2009 due to the factors already mentioned. The earnings per share (eps) in Thai Baht for this quarter are 0.81 Baht per share.

THE HARD FACTS	Q1, 2009	Q1, 2008
Highest Earnings per day per ship in USD	33,250	48,450
Average Earnings per day per ship in USD	14,485	15,493
Operating cost per day per ship in USD	5,284	4,639
EBITDA in million USD	32.03	37.70
Net Profit/(Loss) in million USD (before tax)	25.56	33.39
Net Profit/(Loss) in million USD	24.36	33.40
Earnings Per Share in Thai Baht	0.81	0.97

PROSPECTS over the next 12 months look extremely poor especially if one were to examine the macro environment on the economic front.

The Economist Intelligence Unit said that the current crisis will be the worst since 1929-32. This is reflected in the following string of unenviable records. The arguments for just how bad things are:

- **All major economies in the Western world will report negative growth in 2009 – the first time ever**
- **There is a 30% chance that every industrialised economy in the world reports zero or negative growth in 2009 (with the exception of China and India)**
- **The global production figures for November-December were catastrophic – some of the worst in history in peace time**
- **If China's GDP falls below 4% in 2009, this will be another nail in the coffin of global growth**
- **Trillions more dollars and Euros in bank recapitalisation and guarantees will be needed**
- **Zero interest rates and Keynesian public spending program are the only tools which can save the global economy**
- **The granting of new credit globally is at its lowest level since 1929**
- **Governments will soon be forced into taking unconventional economic measures – this is starting**
- **Governments/central banks are starting to guarantee mortgages and even consumer spending/loans**
- **There is still a 30% and growing chance that most of the global financial sector will be nationalized in 2009-10**
- **Banks should be nationalized, hedge funds closed and short-selling made illegal.**
- **Worst of all lipstick sales are rising**

In its latest World Economic Outlook, the IMF has drastically slashed its forecasts of global economic growth in 2009. The IMF, which had predicted growth of 0.5% in January, now estimates that the world economy will shrink by 1.3% in 2009, the first global contraction for over sixty years. The Fund has forecast that the global economy will return to modest growth in 2010, with global output increasing by 1.9%.

The World Steel Association released its latest short-term outlook for global steel demand. It forecasts a global decline in apparent steel use of 14.9%, led by a 36.6% drop in the US and a 28.8% drop in the EU; among large steel consumers, only

India is expected to show a growth in demand (1.7%), while demand in China is forecast to drop 5%."

The World Trade Organisation (WTO) has projected global trade to decline by 9% in terms of volume in 2009. The magnitude of the global economic downturn is expected to cause the biggest contraction in world exports in recent history.

Microsoft the software giant has been a key indicator of the rise of the tech economy over the last 30 years. Its software is so entrenched that it provides a clear guide to global economic activity. In the first three months of 2009, Microsoft accrued revenue of $13.65 billion which was 6% lower than for the first quarter of 2008. That is the first fall in Microsoft's revenues in its entire history. Microsoft's CFO offered a bleak forecast for the year ahead, saying, "while we'd all like to think the economic recovery will be soon and painless, we unfortunately think it will be slow and painful." That is how bad, how global, and how multi-sector this recession has been and perhaps will be.

LONG TERM VERSUS SHORT TERM CHARTERS: As can be seen, our forward four year (2009 to 2012) rolling book is currently at the 39.13% level with a visible revenue stream of USD 317 million. When freight rates move in an upward direction, as the BDI had done till the end of May 2008, we effectively locked in rates by putting away the spot ships for longer term charters at healthy rates. This policy was very successfully employed over the last few years and allowed us to ride out the volatile nature of the spot market with relative ease.

Year	2009	2010	2011	2012	2013
Total Available Days	13,613	13,239	14,791	16,752	18,620
Fixed T/C Days	9,789	5,371	3,564	3,354	3,254
%age Fixed T/C Days	71.91%	40.57%	24.10%	20.02%	17.48%
Av. T/C Rate/Day in USD	14,714	12,135	15,217	15,878	16,063
Contract value in USD	$144.0m	$65.2m	$54.2m	$53.6m	$52.3m

We have fixed ship No.1 through to No.6 out of our 12 New Building 34,000 DWT ships to one of our existing customers for a period of 84 months +/- 1 month. The EBITDA from these contracts would amount to approximately USD 26/27 million per ship. We have also fixed the first of our 54,000 DWT new building for a min 60 max 64 month contract, the EBITDA from which would be between USD 39 and USD 43 million. The cost of this ship is USD 38 million.

Now that the BDI has plunged to almost all time lows we will have to wait out the current low period before reemploying this strategy in the future when the BDI starts to move in an upward direction. Till such time you should expect the strength of our forward 4 year rolling book to continue to decline.

Please also bear in mind that as we sell our oldest 25 ships over the next 12/18 months period the 'total available days' row will keep changing as ship sales take place. To date we have announced the sale of 10 ships and have physically handed over 8 of them to their new owners. One of these 8 ships has actually gone to the scrap yard whilst the rest have gone for further trading. The current figures in the above table do not assume any further sales of any of our existing ships nor any purchases as replacements for the sold ships barring the 18 brand new ships that we have already contracted at ABG.

The Fleet Rejuvenation Plan has begun in earnest with the disposal of the 10 ships mentioned above. Once second hand prices come down to attractive enough levels we will start replacing the older ships that we have already sold and those that we will continue to sell till all the 25 oldest ships in our existing fleet have been replaced. This is not the end of the rejuvenation plan as this is something that has to be under constant review to replace the existing ageing ships in our fleet.

Dividends: Dividends were paid out for each of the four quarters for the years 2007 and 2008. Cash flows and profitability permitting, we hope to maintain the same tempo in the years to come.

THE CHINA FACTOR continues to roll along having a disproportionate impact on the dry bulk markets. During 2008 China had imported 444 MMT of Iron Ore but the annualized figures based on Q1 2009 imports would take this figure to a whopping 522 MMT. However, Chinese iron ore imports in 2009 are expected to fall by 60 MMT from 2008 levels according to China Iron & Steel Association VP Luo Bingsheng. China's coal imports in February rose for the third consecutive month, up by 63% from the previous month to 4.88 Mt, hitting a 22-month peak. Imports of 7.87 Mt during the first two months of the year were up by 11% year-on-year. That, I am afraid, is all the good news that we have from the physical markets.

According to the latest data from the Japan Iron and Steel Federation year to date production totaled 11.86 MMT, this brings the annualized rate to 71.16 MMT, far below crude steel output in 2008 of 118.74 MMT.

World steel production in the first quarter was 264 MMT, down 23.5% from the same period in 2008 and 2% lower than the fourth quarter 2008. China showed a slight increase of 1.4% over 2008 while all the other major steel producing countries showed a decrease in the first quarter compared to last year.

The next SET Opportunity Day where PSL will be presenting will be held at the SET building at 1100 hours on the 4th May 2009. 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 continues at a brisk pace. In Q1 2009, 87 ships were removed whilst a total of just 10 ships were added resulting in the fleet shrinking from 3,219 ships at the beginning of the year to 3,142 by the end of Q1 or a net decrease of 2.39% in the world fleet in our sector. If the freight markets continue at their current low, but volatile, levels we expect the world fleet in our sector to continue to decrease at this pace. This is the best piece of news for ship-owners who have been faced with bad news on the demand front with impending doom forecast by all the pundits based on the massive new building order book that looms on the horizon of the dry bulk market.

Sincerely,

Khalid Hashim