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29th July 2009

To : Director and Manager of the Stock Exchange of Thailand

Subject : 2nd 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 Q2 2009 was USD 29.32 million. The earnings per day per ship during Q2 came in at USD 13,320 compared with our estimate of USD 14,000 for the year. In this quarter, daily operating costs were USD 4,990 and this figure is expected to average around USD 4,850 per day per ship for this year. The EBITDA for the quarter came in at USD 23.32 million. The earnings per share (eps) in Thai Baht stood at Baht 1.04 per share for this quarter.

THE HARD FACTS	Q2, 2009	Q2, 2008
Highest Earnings per day per ship in USD	33,250	30,800
Average Earnings per day per ship in USD	13,320	16,511
Operating cost per day per ship in USD	4,990	4,736
EBITDA in million USD	23.32	42.48
Net Profit/(Loss) in million USD (Before Tax)	29.57	37.91
Net Profit/(Loss) in million USD	29.32	37.60
Earnings Per Share in Thai Baht	1.04	1.19

PROSPECTS for 2009 do not look good. In its latest forecast for 2009, the IMF expects global trade to shrink by 11% and World GDP to decrease by 1.3%. Next year, a very shallow recovery is expected, with trade barely growing (+0.5%). Total crude steel production according to the World Steel Association for the first six months of 2009 was 549 MMT, a 21.3% decrease over the same period of 2008 out of which Asia produced 360 MMT of crude steel in which, China's contribution was 266.6 MMT. 300 million US consumers spend a total of USD 10 Trillion, a quarter of global consumption. 2.5 billion consumers in China and India, which are both mastering the crisis relatively well, spend about USD 1.8 Trillion. Thus a drop in the US consumption rate or an increase in their savings rate by 1% requires an increase in consumption in China and India by more than 5% to balance out world consumption. As the rate of increase in savings of 5.7% exhibited by the American consumers in the first four months of 2009 is expected to peak at between 6 and 8% this would require Asia to up it's consumption somewhere between 30 and 40%.

This is something that will not happen and will continue to hurt world trade. With world trade shrinking, statistics by Lloyds Marine Intelligence Unit indicate that 80% of the unemployed vessels are aged 20 years or over as charterers choose newer tonnage, which should sound the death knell for the older ships in the world fleet.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th June 2009 comprise about 78% of our existing capacity for the year 2009 at an average rate of USD 14,543 per day per ship. The breakup is shown in the table below.

Year	**2009**	**2010**	**2011**	**2012**
Total Available Days	**12,292**	**10,684**	**12,236**	**14,190**
Fixed T/C Days	**9,638**	**5,371**	**3,695**	**3,563**
%age Fixed T/C Days	**78.41%**	**50.27%**	**30.20%**	**25.11%**
Av. T/C Rate/Day in USD	**14,543**	**11,966**	**15,016**	**15,862**
Contract value in USD	**$140.2m**	**$64.3m**	**$55.5m**	**$56.5m**

It is our intention to continue to charter out our ships on long term period contracts. This policy was very successfully employed in the past few years and allowed us to ride out the volatile nature of the spot market with relative ease during that time. We hope to utilize the same policy to tide over any upheavals in the current spot markets.

The Fleet Rejuvenation Plan has begun in earnest with the disposal of 16 ships of which 13 have been physically handed over to their buyers before the end of Q2. In the month of July an additional 2 ships have been handed over to their buyers and the 16th ship should be handed over to its buyer sometime before the end of August 2009. We still have another 9 ships to be sold from the initially targeted 25 ships, and once their long term contracts expire, we will set about that task with the same earnestness that we have shown with the earlier sales. So far the 13 sold ships that have already been delivered to their buyers have resulted in a net profit of about USD 10.55 million. Once second hand ship 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 25 of them have been replaced.

Dividends: Dividends were paid out for each of the four quarters of 2007 and 2008 and, cash flows and profitability permitting, we hope to maintain the same tempo in the years to come. We have already paid out a dividend for Q1, 2009 in line with, and in support of, this trend.

THE CHINA FACTOR continues to roll along having a disproportionate impact on the dry bulk markets. China's economy grew by 7.9% annually in Q2'09, quicker than many economists had anticipated. The growth rate marked an acceleration from 6.1% in the previous quarter. Healthier GDP growth occurred in spite of subdued exports and was boosted by the country's stimulus package. China imported a record 57 MMT of iron ore in April, representing a 33% increase year-on-year. May imports reached 53.5 MMT and in June hit the second highest level on record at 55.29 MMT. In the first six months of the year, total imports reached 297.31 MMT, for a staggering annualized total of 595 MMT or 33.9% up on last year. China continues to buck the general global decline in iron ore trade, which, for example, saw Japan's iron ore imports plummet during the first quarter 2009 to just 22.6mt, down 34.5% y-o-y. The Japanese economy shrank at a dramatic rate over the first quarter of the year, contracting by 15.2% on an annualized basis. Iron ore imports to the EU-27 in the first quarter of 2009 shrank to 14.5mt, down 61.0% compared to the same period in 2008. The collapse in global Iron Ore prices has apparently rendered almost 90% of China's domestically mined Iron Ore uneconomic. Domestic Iron Ore is now being replaced by imports from Brazil and Australia. This sort of shift to imported Iron Ore creates a shipping demand spike that not only soaks up all available tonnage but also results in congestion at load and discharge ports further tightening supply of available ships. As of 15th June 2009 a total of 154 Cape size vessels were waiting to berth at load and discharge ports in Australia, Brazil and China. This equates to around 18% of the world's Cape size fleet being tied up in congestion. This is the prime reason behind the BDI moving in an upward direction and the reason why Cape size rates have moved up so quickly from their lows reached in November/December 2008. Of course once the spike in demand for Iron Ore from China abates, congestion starts to ease and releases more ships into the supply side, more new ships are delivered from the ship yards and even less ships are sold for scrap, this entire rise in the BDI could be reversed pretty quickly.

The Marine Money June/July 2009 'ranking' issue had PSL as the 7th best shipping company in the whole world based on results for 2008. The methodology used by Marine Money for their rankings was a simple aggregate of 6 criteria: Total return to shareholders, Asset turnover, Profit margin, Return on Equity, Return on Assets and Price to book value. But for the 1st and the 6th ratio, which are a function of the Share Price where we fared poorly, we would have comfortably been very close to the Top and the No.2 Shipping Company in the world.

The next SET Opportunity Day where PSL will be presenting will be held at the SET building at 0900 hours on the 5th August 2008. 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 that had picked up the pace has, once again, started to slow down as a result of the strength of the freight market. In Q2 2009, 60 ships were removed whilst a total of 28 ships were added resulting in the fleet decreasing from 3,142 ships at the beginning of the quarter to 3,110 by the end of Q2 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 shrink at the current pace of between 5 to 7% per annum. That will be the best possible news to bring supply and demand back into some semblance of order.

Sincerely,

Khalid Hashim