Ref : 2010-027

28th July 2010

To : Director and Manager of the Stock Exchange of Thailand

Subject : 2nd Quarter of 2010 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 2010 was USD 6.06 million. The earnings per day per ship during Q2 came in at USD 11,949 compared with our estimate of USD 12,500 for the year. In this quarter, daily operating costs were USD 4,824 and this figure is expected to average around USD 4,750 per day per ship for this year and in line with our forecasts. The EBITDA for the quarter came in at USD 11.05 million. The earnings in Thai Baht stood at Baht 0.16 per share for this quarter.

THE HARD FACTS	**Q2, 2010**	**Q2, 2009**
Highest Earnings per day per ship in USD	16,247	33,250
Average Earnings per day per ship in USD	11,949	13,320
Operating cost per day per ship in USD	4,824	4,990
EBITDA in million USD	11.05	23.32
Net Profit/(Loss) in million USD (before Tax)	7.78	29.57
Net Profit/(Loss) in million USD	6.06	29.32
Earnings Per Share in Thai Baht	0.16	1.04

PROSPECTS: The IMF has revised their projected world growth in 2010 to 4.6%. This represents an upward revision of about 0.6% to reflect stronger activity during the first half of the year. The forecast for 2011 however remains unchanged at 4.5%. India, ranked below developing country Ivory Coast for the quality of its infrastructure, is planning to spend USD 1 trillion in the five years starting 2012 to narrow the gap with China. India spent 6.5% of its GDP in 2009 on infrastructure, compared with about 11% by China. ICAP Shipping reported that collective port congestion volume in Australia, Brazil, China and India grew comfortably exceeding the 50m DWT level meaning that about 12% of the entire worlds dry bulk fleet was tied up in queues as of end May 2010. That was the good news.

Demand for steel in China is declining in line with prices because of rising automobile inventories and government curbs on property loans, according to China’s third largest steel maker Wuhan Iron & Steel Group. Chinese Iron Ore imports, down for the fourth consecutive month in June, takes the half-year total to 309 MMT for an annualized rate of 618 MMT, which if it happens, would be lower than last year's record of 628 MMT as Chinese steel mills warned of production cuts and falling profits in the third quarter. This will be the first year that we would witness a decline in Iron Ore imports into China since 1998 and will come at a time when stock piles of Iron Ore at Chinese ports have reached all time highs. This can only spell bad news in general for the Dry Bulk market but more specifically for the Cape and Panamax size ships that are involved mainly in the Iron Ore and Coal trades.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th June 2010 comprise about 92% of our existing capacity for the year 2010 at an average rate of USD 12,035 per day per ship. The breakup is shown in the table below.

Year	**2010**	**2011**	**2012**	**2013**
Total Available Days	8,019	9,716	11,995	14,241
Fixed T/C Days	7,347	4,521	4,012	3,984
%age Fixed T/C Days	92%	47%	33%	28%
Av. T/C Rate/Day in USD	12,035	14,645	15,703	15,868
Contract value in USD	$88m	$66m	$63m	$63m

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. We hope to utilize the same policy to tide over any upheavals in the current spot markets.

The Fleet Rejuvenation Plan that began in 2007/8 with the contracting of 18 brand new ships has continued with 3 Cement Ships being ordered from ABG Shipyard in India. We have bought 2 second hand ships, in November 2009 and February 2010, taking our existing fleet to 21 ships. We have still to buy another 23 second hand ships from the market. Once second hand ship prices come down to attractive enough levels we will complete our rejuvenation plan. After completion of our rejuvenation plan we should have a total of 65 ships with an average age in single digits and an average size close to 30,000 DWT.

Dividends: Dividends were paid out for each of the four quarters of 2007, 2008 and 2009 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, 2010 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. The Chinese economy expanded 11.1% in the first half of 2010 compared to the same period last year, with a considerable slowdown in the second quarter of the year to just 10.3%. The number for the first six months was a step down from the 11.9% rate posted for the first quarter alone. That strong figure reflected the impact of the huge monetary stimulus that Beijing launched in late 2008 as a result of the global financial crisis. The difference between the January-June and January-March numbers suggested that activity slowed significantly in recent months after the authorities introduced measures to try and cool the housing market. With Iron Ore imports expected to contract for the very first time since 1998 and Coal imports showing a similar declining trend, it is no wonder that the BDI traded to a 14-month low at 1,700 points on the 15th July 2010. The BDI at that point was down 35 days in a row and had lost 60% from its peak in late May. A combination of slower iron ore activity, weaker coal imports into China, easing port congestion and the end of South America's grain export season have weighed on freight rates in recent weeks.

The Marine Money June/July 2010 ‘worldwide ranking’ issue had PSL as the 6th best shipping company in the whole world based on results for 2009! 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. This is what Marine Money had to say about PSL in that issue: “*But perhaps even more impressive was Precious Shipping’s showing. In the six years the company has been ranked, Precious has been in the top ten, five of those years and the one year it missed it landed in 14th place. Consistency and transparency are its watchwords and the source of Precious Shipping’s 6th place finish in the overall rankings and a 5th place finish in the financial strength rankings. It almost seems that it would not be an official rankings if Precious Shipping weren’t at or near the top. While everyone thinks bigger is better, this company goes against the tide and sticks with its knitting, servicing its worldwide client base with its fleet of Handysize bulk carriers that are time chartered. What makes the finish even more remarkable is that it took place in the midst of a fleet renewal program, with 20 ships exiting the fleet during the year.*”

The next SET Opportunity Day where PSL will be presenting will be held at the SET building at 0900 hours on the 9th August 2010. 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 had started to slow down as a result of the strength of the freight market till end May 2010. In Q2 2010, 35 ships were removed whilst a total of 33 ships were added resulting in the fleet decreasing from 3,118 ships at the beginning of the quarter to 3,116 by the end of Q2 in the world fleet in our sector. If the freight market, as represented by the BDI, falls towards the 1,000 point level, we expect scrapping rates to accelerate and the world fleet in our sector to shrink between 7 to 10% per annum. That will be the best possible news to bring supply and demand back into some semblance of order.

Sincerely,

Khalid Hashim