Ref : 2007-042

6th November 2007

To : Director and Manager of the Stock Exchange of Thailand

Subject : the 3rd 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 Q3 2007 was a respectable USD 25.14 million excluding extraordinary losses! The net profits in Q3 2007 excluding the one-time loss on Financial Instruments were USD 5.10 million more than that in Q2 2007 excluding gain on sale of fixed assets and represent the first significant Q on Q growth of this year in terms of profit from operations. The earnings per day per ship during Q3 came in at USD 13,281, on the higher side of our forecast for this year of between USD 11,000 and USD 13,000 per day per ship. In this quarter, daily operating costs were USD 3,976. This figure is expected to average around USD 3,950 per day per ship for the year.

THE HARD FACTS	Q3, 2007	Q3, 2006
Vessel Operating Days	**4,048**	**4,968**
Highest Earnings per day per ship in USD	**42,750**	**20,479**
Average Earnings per day per ship in USD	**13,281**	**12,261**
Operating cost per day per ship in USD	**3,976**	**3,586**
EBITDA in million USD	**33.42**	**39.11**
Net Profit/(Loss) before Extraordinary items (including exchange Gain (loss)) in million USD	**25.14**	**27.51**
Net Profit/(Loss) in million USD	**18.29**	**27.51**
Earnings Per Share in Thai Baht	**0.53**	**1.03**

PROSPECTS over the next 12 months still look very good compared to long term historical averages. In the current freight cycle, 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 which may be breached in the coming years. To place these numbers in perspective, we must remember that the average for 2003, which was our best year ever before 2004 and 2005, was USD 7,870 per day per ship.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th September 2007 are shown in the chart below

Year	2007	2008	2009	2010	2011
Total Available Days	16,413	16,060	16,060	16,060	16,060
Fixed T/C Days	15,081	11,498	7,141	3,504	692
%age Fixed T/C Days	91.88%	71.59%	44.47%	21.82%	4.31%
Av. T/C Rate/Day in USD	12,816	13,044	10,532	9,723	10,999
Contract value USD Millions	193.3	150.0	75.2	34.1	7.61

When freight rates are moving in an upward direction, as the BDI has been indicating, we can, and have employed this strategy to effectively lock in rates by putting away the spot ships for longer terms. 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.

The One Time Loss that we have provisioned this quarter of USD 6.84 million was a result of the step we undertook by entering into a Treasury Lock transaction (T-Lock) with a Foreign Bank, as a hedge to fix the Treasury Rate (which would have been the basis of pricing of the Bond) for the Bond Issue that would have raised some very long tenor funds at a very reasonable cost.. Due to the after effects of the sub-prime crisis, the extremely favorable conditions which existed in the financial markets have now disappeared or at best have rendered our Bond issue cost-ineffective in terms of pricing, as a result of which, we have to indefinitely put on hold, our plans to issue the Bonds. Consequently, in the absence of the "underlying", we have since unwinded the T-Lock with an actual loss of USD 7.07 million.

The Fleet Rejuvenation Plan continues with the purchase of three Supramax New Buildings from ABG Shipyard Limited, India. The rationale for buying these ships has already been circulated in October to our shareholders alongwith Schedule 1.

THE CHINA FACTOR continues to have a disproportionate impact on the dry bulk markets with their Q3 GDP growth number at a headline 11.5%. Just to give you a flavour of what this means for Dry Bulk Shipping, we quote from an article that appeared in Fairplay International Shipping Weekly issue dated 25 October 2007.

"From now to 2012, CVRD intends to throw nearly $60Bn at these projects. Its targets include increasing iron ore output from 290M tonnes this year to 422M tonnes in five years. That might not sound a lot, just a big pile on the quayside. But it amounts to 800 more Capesize bulkers, or more than two per day. This is almost half as many again as are on order at present."

The Marine Money issue for October 2007 ranked PSL as the No.1 publicly listed shipping company in the whole world! They had made a mistake in their earlier compilation used in the June Ranking Issue but have since corrected the same. The certificate conferring the No.1 title as well as their explanatory note from their latest issue giving the reasons for their error, can be extracted from the following web link: http://www.preciousshipping.com . The methodology used by Marine Money for their rankings was a simple aggregate of the ranks based on 6 criteria: Total return to shareholders, Asset turnover, Profit margin, Return on Equity, Return on Assets and Price to book value.

The next SET Opportunity Day featuring PSL will be held at the SET building at 0900 hours on the 19th November 2007. This event is normally very well attended with between 70 and 100 participants from the press, 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 and clarify any doubts that may exist.

SHIP SCRAPPING that had started to pick up the pace in Q2 has slowed down in this quarter. In Q3 2007, just 3 ships were removed whilst a total of 41 ships were added resulting in the fleet increasing from 3,100 ships at the beginning of the quarter to 3,138 by the end of Q3 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 keep growing at this marginal pace.

Sincerely,

Khalid Hashim