Ref : 2008-026

31st October 2008

To : Director and Manager of the Stock Exchange of Thailand

Subject : 3rd Quarter of 2008 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 2008 was a fantastic USD 42.45 million and almost 69% higher than the number for the same period of the previous year. The net profit in Q3 2008 was USD 4.85 million higher than that in Q2 2008 and represents another significant Q-on-Q growth for this year in terms of profit from operations. The earnings per day per ship during Q3 came in at a whopping USD 17,611, well in excess of our forecast for this year of between USD 15,000 and USD 16,000 per day per ship and is the highest ever daily quarterly earnings per day per ship ever achieved by us. In this quarter, daily operating costs were USD 4,909. This figure is expected to average around USD 4,800 per day per ship for the year as a whole.

THE HARD FACTS	**Q3, 2007**	**Q3, 2008**
Vessel Operating Days	4,048	4,048
Highest Earnings per day per ship in USD	42,750	33,963
Average Earnings per day per ship in USD	13,281	17,611
Operating cost per day per ship in USD	3,976	4,909
*EBITDA in million USD	33.42	46.08
Net Profit/(Loss) before Extraordinary items (including exchange Gain (loss)) in million USD	25.14	42.45
Net Profit/(Loss) in million USD	18.29	42.45
Earnings Per Share in Thai Baht	0.53	1.41

*After depreciation of capitalized drydocking and special survey expenses.

The Reasons behind the Collapse of the Baltic Dry Index (BDI) is explained in the note that was reproduced in the Asian edition of the latest Marine Money magazine and it is available on our webpage at http://www.preciousshipping.com/News/PSLNewsArticles/tabid/94/Default.aspx. According to the WTO, annual trade conducted via Letters of Credit (more commonly known as LC's) is about USD 12.25 Trillion, representing 90% by value of all goods transported across the globe. Please keep this number in mind when reading the attached note.

PROSPECTS for the freight market, over the next 12 months, look like a repeat of the disastrous situation prevailing in the mid 1980's when 8 year old ships were sent to the scrap yard, zero rate time charters were fairly common and brand new ships were laid up never having earned a single dollar of revenue for their owners. 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 is achieved in this quarter (Q3 2008) at USD 17,611 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 the current super-cycle, was USD 7,870 per day per ship and if we had our existing fleet in the mid 1980's then we would have been earning something less than USD 3,000 per day per ship. When our current earnings per day per ship are looked at from the current spot market point of view, where 'zero' time charters are no longer the exception, our current earnings remarkably take on an altogether different hue and perspective. We believe that due to the unique position we are in, because of our strategy of fixing long term charters at reasonably high levels, with our current forward book (explained hereunder) and a strong Balance Sheet, we should be able to escape the absolute carnage being witnessed in the shipping world and come out relatively unscathed.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th September 2008 are shown in the chart below

Year	**2008**	**2009**	**2010**	**2011**
Total Available Days	16,104	16,060	16,524	18,076
Fixed T/C Days	15,509	10,663	5,109	3,208
%age Fixed T/C Days	96.31%	66.39%	30.92%	17.75%
Av. T/C Rate/Day in USD	16,089	15,502	13,113	17,590
Contract value in USD	$249.5m	$165.3m	$67.0m	$56.4m

When freight rates move in an upward direction, as the BDI had done till the end of May 2008, we employed this strategy to effectively lock 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. 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 dwindle.

The Fleet Rejuvenation Plan: We have the best chance of replacing the 25 aging ships from our current fleet of 44 ships with younger, better geared, economical and larger units from the second-hand market over the next 1-2 year period. This is the opportunity that we have been patiently waiting for, and where we can utilize the credit lines of USD 500 million that we have had for the last few years, for this purpose. These credit lines expire at about the end of each year and we need to get the same renewed by our bankers. To date, we have managed to get two such annual extensions, and despite the current tight credit conditions, we hope to get these credit lines extended for another 12 to 18 months. We are already in dialogue with our bankers on this subject.

THE CHINA FACTOR continues to have a disproportionate impact on the dry bulk markets. As per preliminary trade data available, China's iron ore imports totaled 39.2 million MT in September, a year-on-year rise of 6 million MT. This represents only the third time monthly imports have been above 39 million MT and occurred despite persistently high stockpiles at China's ports. Year-to-end September imports of 346.5 million MT are 22% up on the same period in 2007. If the price of Iron Ore for the next contract period is expected to be substantially lower, which is what it seems by all present indications, then China will lift minimal amounts of Iron Ore leading up to and including 31st March 2009 where after there will be an increase in imports. If the economic situation worldwide, including the financial infrastructure, is looking better by that time, then the increase in Iron Ore imports into China starting from 1st April 2009 could surge.

The next SET Opportunity Day featuring PSL will be held at the SET building at 0900 hours on the 5th November 2008. 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, state of the freight markets and also clarify any doubts that may exist.

SHIP SCRAPPING that had almost ground to a standstill in Q2 has started to show some evidence of life. In Q3 2008, just 5 ships were removed whilst a total of 56 ships were added resulting in the fleet increasing from 3,192 ships at the beginning of the quarter to 3,243 by the end of Q3 in the world fleet in our sector. If the freight markets continue at their current extremely depressed, but volatile levels, we expect the world fleet in our sector to start to shrink rapidly.

Sincerely,

Khalid Hashim