Ref : 2009-043

28th October 2009

To : Director and Manager of the Stock Exchange of Thailand

Subject : 3rd 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 Q3 2009 was USD 21.03 million from an average of just 29 ships in the quarter. The earnings per day per ship during Q3 came in at USD 13,110, lower than our forecast for this year of USD 14,000 per day per ship. In this quarter, average daily operating costs per ship were USD 5,008. This figure is expected to average around USD 4,850 per day per ship for the year as a whole.

THE HARD FACTS	Q3, 2008	Q3, 2009
Vessel Operating Days	4,048	2,656
Highest Earnings per day per ship in USD	33,963	33,250
Average Earnings per day per ship in USD	17,611	13,110
Operating cost per day per ship in USD	4,909	5,008
EBITDA in million USD (excluding gain on sale of ships)	46.08	18.35
Net Profit/(Loss) before Extraordinary items (including exchange Gain (loss)) in million USD	42.45	21.03
Net Profit/(Loss) in million USD	42.45	21.03
Earnings Per Share in Thai Baht	1.41	0.68

AWARDS AND ACCOLADES: The year 2009 has still a quarter to go yet we have already been awarded with the Best CEO in the small and medium cap companies category by the Securities Analysts Association of Thailand. Besides, we are also in the running for the Best CEO award in the SET annual awards ceremony scheduled for the 13th of November 2009. The fact that we are being included in the SET awards ceremony on a regular basis speaks volumes for itself.

PROSPECTS for the freight market are more confused than ever before. We have China increasing Iron Ore imports to gravity-defying heights with their Steel production numbers stronger during the first 9 months of this year. At the same time we have Steel prices falling by almost 25% from their peak reached on 4th August 2009 which is expected to crimp future Steel production and hence

Iron Ore imports at a time when supply of new ships from the yards would have reached their highest levels during this year. This leads us to the conclusion that freight rates should weaken, rather than strengthen, in the near future.

THE CHINA FACTOR continues to have a disproportionate impact on the dry bulk markets. After the record USD 1.1 Trillion of new loans in the first half, Chinese banks are expected to curtail credit. China Construction Bank Corp., has recently announced that they will cut new lending by around 70% in the second half 2009 to avoid a surge in bad debt. Chinese iron ore imports hit a record monthly volume in July at 58.08 MMT 31% higher than the same period of 2008. Separately, figures from CISA show that imports by trading companies accounted for 44% of all iron ore imports in the first half of 2009, up from 30% last year. China's imports of iron ore surged to an all-time high of 64.55 MMT in September. This marks a massive jump from the August import total of 49.68 MMT and is significantly higher than imported volumes in the previous record month of July. As a result year-to-date imports of 469.6 MMT are 36% higher than during the same period last year. For 2010, China wants to move to a Calendar Year for Iron Ore contract pricing *at a steep discount.* The three largest sellers on the other hand are looking for a 30 to 35% *price increase* to claw back the 2009 discounts pointing to strong Chinese demand as witnessed by record imports and record steel production numbers! Iron Ore contract pricing for 2010 is going to be filled with fun and games and will have a major impact on the fortunes of the dry bulk freight market. Steel production in China fell in September from a month ago as oversupply led to a decline in prices. Steel prices in China have dropped 25% since reaching a 10-month high on 4 August, as overproduction offset rising demand spurred by government spending.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th September 2009 are shown in the chart below

Year	2009	2010	2011	2012
Total Available Days	11,941	9,009	10,687	12,726
Fixed T/C Days	9,846	5,541	3,695	3,563
%age Fixed T/C Days	82.45%	61.50%	34.57%	28.00%
Av. T/C Rate/Day in USD	14,394	11,949	15,016	15,862
Contract value in USD	$141.7m	$66.2m	$55.5m	$56.5m

As can be seen, our forward four year (2009 to 2012) rolling book is currently at the 51.63% level with a visible revenue stream of USD 319.9 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. Now that the BDI has plunged to almost all time lows, and then recovered such that the market is more confused than ever before, we will have to wait out the current uncertain period before redeploying this strategy in the future when the BDI starts to clearly move in an upward direction. Till such time you should expect the strength of our forward 4 year rolling book to continue to decline. The current figures in the above table do not assume any further sales (see the next paragraph) 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: As of drafting this letter we have sold 20 ships and handed over 19 of them to their respective buyers. We now have a balance of 5 ships still to be sold from our targeted 25 ships disposal plan. We expect that we would have completed these sales by the end of Q1 2010 once the existing long term contracts on these older ships have expired. We now have to complete the renewal part of the rejuvenation plan by buying 25 ships from the second hand market in replacement. For most organizations this would pose quite a challenge. In our case things are a bit different. If you would recall, between September 2003 and September 2004 we went from 28 ships to 52 ships by purchasing 24 ships from the second hand market in the space of just 12 months. That was done at a time when the freight market had just started its really long bull run, so we managed that renewal/purchase program in a rising market. This time around, we wish to, once again, purchase 25 second hand ships when the freight market is going to be range bound between BDI levels of 1,000 and 3,500 points. The expected market environment between now and the end of 2010 would be a much easier environment for us to execute our purchase/renewal program than a rising market. As far as availability of ships is concerned, it is a non-issue. We are literally inundated with very young ships available for sale on a daily basis. If we were to simply go out and accept the asking price of the sellers we could be done with our renewal of 25 ships from the second hand market in less than 3 months! It is just that we expect prices may soften from their current level that is holding back such a decision.

The next SET Opportunity Day featuring PSL will be held at the SET building at 1100 hours on the 10th November 2009. 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: **In Q3 2009, 21 ships were removed against a total of 23 ships that were added resulting in the fleet increasing from 3,110 ships at the beginning of the quarter to 3,112 by the end of Q3 in the world fleet in our sector. If the freight markets continue at their current depressed, but volatile levels, we expect the world fleet in our sector to shrink rapidly.**

Sincerely,

Khalid Hashim