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28th October 2010

To : The President of the Stock Exchange of Thailand

Subject : 3rd 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 Q3 2010 was USD 7.11 million from an average of just 21 ships in the quarter. The earnings per day per ship during Q3 came in at USD 12,456, a touch lower than our forecast for this year of USD 12,500 per day per ship. In this quarter, average daily operating costs per ship were USD 4,615. This figure is expected to average around USD 4,750 per day per ship for the year as a whole.

THE HARD FACTS	**Q3, 2009**	**Q3, 2010**
Vessel Operating Days	2,656	1,932
Highest Earnings per day per ship in USD	33,250	19,315
Average Earnings per day per ship in USD	13,110	12,456
Operating cost per day per ship in USD	5,008	4,615
EBITDA in million USD (excluding gain on sale of ships)	18.35	12.77
Net Profit/(Loss) before Extraordinary items (including exchange Gain (loss)) in million USD	21.03	7.11
Net Profit/(Loss) in million USD	21.03	7.11
Earnings Per Share in Thai Baht	0.68	0.16

PROSPECTS for the freight market are more confused than ever before. Domestic iron ore production figures from China came in at 99.6 MMT vs. 97.6 MMT in July and 76.7 MMT in August 2009. These levels are considered high and detrimental to iron ore imports. YTD domestic iron ore production has reached 682m tons, which is up 28.4% from the same period in 2009. Iron ore imports reached 458 MMT by end September for an annualized total import of 612 MMT or a fall of 2.5% compared to 2009. At the same time we have Steel prices falling which are 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. Chinese steel output has stalled over the past months due to softer steel margins. Soft steel prices may signal that the market has been well supplied. As a consequence of soft margins, about 40% of China’s steel plants have been down for maintenance or idled lately, according to the China Iron & Steel Association. Hebei Iron & Steel Group, China's largest steel mill in terms of production capacity plans to cut annual output by 6% to help meet China’s target to reduce emissions by up to 45% by 2020. In a statement to the Stock Exchange, the company said its raw steel output would fall by 1.5 million tons between September and December. Coal imports into China upto the end of September this year reached 122.90 MMT. However, according to the median estimate of four industry officials and analysts surveyed by Bloomberg News, coal imports into China in SH’10 may drop to 59.5 MMT, from the 81 MMT in FH’10, a decline of 27%. The total number of vessels at anchorage in the world’s main iron ore and coal ports has decreased from 334 in January to 240 in early August according to Clarksons releasing more ships onto the spot market. Global congestion by August had tied up just above 4% of the dry-bulk fleet, versus a 4 year range of 2-7%. China's central bank surprised markets with its first increase of interest rates by 25 bps in nearly three years in a bid to stem rising inflation and resurgent asset prices. Economists expect the rate hike could slow the overall growth of the Chinese economy and could have negative ripple effects on struggling western economies. For the shipping markets, any major slowdown in Chinese growth momentum could lead to demand fundamentals weakening, particularly for dry bulk movements. In the first 9 months of 2010, the dry bulk sector has added 11.2% by DWT of ships with another 8% scheduled for the rest of the year. Even if we factor in a 50% slippage factor, we will still end up with an absolute record increase of about 15+% by DWT for 2010. All this leads us to the conclusion that freight rates should weaken, rather than strengthen, in the near future though the freight market as represented by the BDI has defied gravity and logic for the last 2 years!

THE CHINA FACTOR will continue to have a disproportionate impact on the dry bulk markets. Although 53% of China’s population, around 720m people, are estimated to be living in urban areas in 2010, the country is aiming to increase this number to nearly 60%, or 850m people, by 2020. At the moment only 11 Chinese cities have urban transit rail lines, but construction has begun in 19 others and many more are expected to follow. In Shanghai alone, the number of lines is expected to triple from around 10 at present to over 30 in the next five years, in a bid to ease congestion. On top of this, 134 new airports are due to be built by 2020 and the government aims to have 95% of its population living within 100km of an airport by 2030. A growing urban population and increasing middle class with more money to spend will increase people’s drive to obtain greater average living space. At present, China’s urban population squeezes into 20 sq m per person, against 40 sq m in more developed Asian countries such as Japan and South Korea. China’s Infrastructure investments in Railway lines is expected to go from 80,000 km (2008) to 120,000 km (2020), urban residential housing from 17bn sq m (2008) to 27bn sq m (2020), highways from 60,300 km (2008) to 100,000 km (2020), roads from 2m km (2008) to 3m km (2020), and motor vehicles production from 9.7m (2008) to 20m (2020). It would therefore appear that in the long run the demand side picture will remain reasonably healthy thanks to the China factor.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th September 2010 are shown in the chart below. As can be seen, our forward four year (2010 to 2013) rolling book is currently at the 54.25% level with a visible revenue stream of USD 294 million.

Year	2010	2011	2012	2013
Total Available Days	**7,801**	**9,339**	**11,995**	**14,241**
Fixed T/C Days	**7,599**	**5,175**	**4,489**	**3,984**
%age Fixed T/C Days	**97%**	**55%**	**37%**	**28%**
Av. T/C Rate/Day in USD	**11,954**	**13,982**	**15,145**	**15,868**
Contract value in USD	**$91m**	**$72m**	**$68m**	**$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 is opportunistically driven and will take off once the prices of second hand ships start to reflect more accurately the equilibrium between supply and demand that is expected in the near future. We still plan to acquire 23 additional second hand ships from the market once the BDI has stopped defying gravity and logic and has fallen to levels more commensurate with the huge influx of brand new ships expected in the next few years in the context of a weakening in the demand side of the equation.

The next SET Opportunity Day featuring PSL will be held at the SET building at 1045 hours on the 10th November 2010. This event is normally very well attended with between 70 and 100 participants from the press, analysts, and 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. This meeting is **web cast live by the SET** and if you cannot be there physically you can catch it live via the net.

SHIP SCRAPPING: In Q3 2010, 34 ships were removed against a total of 36 ships that were added resulting in the fleet increasing from 3,116 ships to 3,118 by the end of the quarter 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 especially keeping in mind that almost 48% is, or will be, greater than 27 years of age by the end of 2013.

Sincerely,

Khushroo Kali Wadia
Director