

“Make voyages. Attempt them. There's nothing else. - Tennessee Williams”

REVIEWED RESULTS: The attached results in Thai Baht, reviewed by Ernst & Young, as well as US Dollars, certified by Ferrier Hodgson, show you the latest financial position. The earnings per day per ship during Q1 improved to USD 5,528 very much in line with our expectations. The number as per our projections for 2002 was USD 5,771. As a comparison, the earnings per day per ship during 2001 averaged USD 5,855, with Q4 being the low point at USD 5,254. The daily operating expenses for Q1 was USD 2,603 per day per ship marginally exceeding our projection of USD 2,590. This increase in costs has reduced the bottom line by about USD 0.04 million. The attached results have been distorted by one-time charges made that include USD 0.12 million from sale of assets undertaken as part of our restructure agreement. The results have been further distorted by provisions of about USD 0.93 million related to the non-core investments that have to be divested as part of our restructure plan. The bottom line has been further hurt by an unrealised exchange loss, due to the strengthening of the Thai Baht, of USD 0.94 million. Ignoring these one-time charges, including the unplanned increase in daily operating expenses and extraordinary gains made during the quarter, the net operating profits for Q1 was USD 0.11 million with a consolidated EBITDA of USD 6.11 million.

BENCH MARKING: Based on public information, we have tried to bench mark ourselves against our peers and have the following for your perusal. Thoresen Thai had an average income for 2001 (year ended September) of USD 4,200 per day per ship as against ours of USD 5,855. Thoresen's expectations are for this number to remain unchanged for 2002 and improve by 10% to USD 4,600 in 2003. Whilst Thoresen had an average spread of 2.75% over Libor on their borrowings, our average spread has not exceeded 1.50%. When we compare EBITDA as a percentage of revenue, then we see that PSL has a ratio of 36.13% compared to Regional Container Lines 18.2% and Thoresen's 19.2% (year ended September 2001). When looking at Total Debt (total liabilities) to EBITDA we see that PSL has a ratio of 3.65 years as compared to RCL at 5.43 years. We are not sure whether we would be able to continue to provide such bench marking in future letters as it largely depends on the amount of public information available from our peers.

We had warned in our Q2, 2001 news letter that PROSPECTS over the next 12 months did not look encouraging. The results in Q3 and Q4, 2001 clearly evidence this down turn in the freight market. Rates have gone from a high point of USD 6,197 in Q2, 2001 to USD 5,837 in Q3 to the low point of USD 5,254 in Q4 with an upturn in Q1, 2002 to USD 5,528. We expect that we have reached the low point in the freight cycle and that we may experience similar rates as in Q1 in the next quarter where after we should see better rates in the second half of 2002. There was further FLEET DISPOSAL during Q1 with one more ship being disposed and the total fleet strength dropped to 30 ships. During 2002 a further 2 to 3 units will be disposed once the targeted ships reach the end of their economical lives. This should see us ending the year with a fleet strength of about 28 ships.

SHIP SCRAPPING continued with 27 ships being scrapped while 12 ships were delivered during Q1 in our sector worldwide. This resulted in shrinkage of 0.46% in the world fleet in our sector for the quarter. We hope that the scrapping rates pick up as it would help redress the balance between supply and demand.

Sincerely,



Khalid Hashim