“Where you will be in the future is the result of the choices you make today”

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 Q1 2005 was a staggering USD 46.16 million! The earnings per day per ship during Q1 at USD 15,928 exceeded our wildest expectations. In this quarter, daily operating costs were USD 2,969 but this figure is expected to come down and be around USD 2,825 for the year as a whole. The net operating profit has increased mainly due to an increase in earnings per day per ship along with an increase in Vessel operating days during Q1 2005 as compared to Q1 2004. The EBITDA has also increased quite substantially, actually more than doubling, during the period under comparison. The earnings per share (eps) in Thai Baht stood at 3.60 Baht per share for this quarter. The eps for this quarter are 3 times the number for Q1 of 2004 and greater than the entire eps for the year 2003!

THE HARD FACTS	Q1, 2005	Q1, 2004
Highest Earnings per day per ship in USD	22,700	25,650
Average Earnings per day per ship in USD	15,928	12,526
Operating cost per day per ship in USD	2.969	2,896
EBITDA in million USD	56.21	23.68
Net Profit/(Loss) in million USD (including exchange Gain (loss)) before Extraordinary items	46.16	14.78
Net Profit/(Loss) in million USD	46.16	14.78
Earnings Per Share in Thai Baht	3.60	1.20

PROSPECTS over the next 12 months continue to look amazing. The low point in daily earnings on our ships was reached in Q2 2002 at USD 5,497. The high point is something that we have to discover as time goes on. The earnings achieved in this quarter were the highest ever at USD 15,928 per day per ship.

SHORT TERM VERSUS LONG TERM CHARTERS: The long term charters already booked comprise about 70% of our existing capacity based on 52 ships at a healthy average rate in excess of USD 15,660 per day per ship. Since we calculate 15 days down time per year per ship it means that we have only about 25% of additional capacity left to be fixed for this year, having already fixed 70% on longer term contracts. Though we have faith that the freight markets are going to continue to remain fairly strong for the foreseeable future we felt it prudent to ‘lock-in’ some of these very high charter rates and have a steady guaranteed source of income whilst avoiding the pitfalls of the spot market. This strategy would also allow us to lock in rates when ever the markets are at their high points by putting away the spot ships, and those where the shorter term time charters have expired, on to longer term, time charters, at healthy rates. This policy, which was very successfully employed in 2004, should allow us to remain immune from the current vagaries of the spot market.

THE CHINA FACTOR continues to roll along having a disproportionate impact on the dry bulk markets. Just to give you a flavour of what this means we give you some statistics from the latest CLSA research report entitled 'China Eats the World' for your digestion.

- **China's combined share of world consumption of aluminium, copper, nickel, and iron ore doubled from 1990 (7%) to 2000 (15%). It is currently at 20% and likely to double by 2010.**
- **The increase in China's steel output from 2003 to 2004 (51.3mt) was greater than the entire output of South Korea's industry (47.5mt).**
- **After construction, machinery production is the largest consumer of steel in China. Machinery production grew by 22 times from 1998 to 2002 as China became the world's workshop.**
- **China's steel industry is highly fragmented, with the top 10 firms accounting for 35% of total output in 2004. In the European Union, in contrast, the top six firms produced 74% of all steel.**

In an article in the Financial Times dated 11th April 2005, Michael Lewis, head of commodities research at Deutsche Bank, describes China's economic expansion as on a par with the industrial revolution in Britain in the 1850s, the development of the western United States in the late 19th century and the industrialization of Japan after the second world war. All these past economic events were long lasting in nature and created super economic cycles in their wake. We don't expect China's current economic expansion to be any different from these past events.

THE FLEET Renewal program that began in Q3, 2003 completed with the acquisition of the 52nd ship in Q3 of 2004. What we now have to do is to reduce the average age of our fleet and, if possible, gradually increase the fleet strength whilst minimizing the associated risks of such a strategy.

TOTAL SHAREHOLDER RETURN (TSR): The Bangkok Post in conjunction with LEK Consulting makes out a Scorecard every year to see the TSR from different listed companies on the SET. For the second year in a row, PSL has been in the ranking, being 2nd on a three-year return (206%) and being 4th on a five-year (110%) basis. It just confirms what we have known all along – that PSL is an amazing company with excellent management at all levels.

THE SHARE BUY BACK program has now exited the silent period and the Company has the ability to sell these shares on the open market. This has caused some concern in the minds of the smaller shareholders and this was expressed at the AGM held on the 29th April 2005. In order to clarify any doubts we would simply state that at the moment the Company has no plans to sell these shares. If the situation remains then on 10th October 2007, these shares would automatically be cancelled.

SHIP SCRAPPING has come to a virtual halt. In Q1 2005 only 3 ships were scrapped whilst a total of 22 ships were added resulting in the fleet growing from 3,029 ships at the beginning of the year to 3,049 by the end of Q1 or an increase of 0.66% in the world fleet in our sector. If the freight markets remain as buoyant as they are, and we are reasonably confident of such sustainability, we expect the world fleet in our sector will continue to grow at about this rate for the rest of the year.

Sincerely,

Khalid Hashim