

**“Be prepared, and listen, for opportunity knocks ever so gently”**

**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, 2006 was USD 18.25 million. Now, before everyone starts to think that this is the end of the world, I would remind them that in 2003, our best year ever prior to 2004 and 2005, we had an annual net profit of USD 24.79 million. So when viewed in a historical context, the net profit for this quarter is brilliant. The earning per day per ship during Q1 was USD 10,391. In this quarter, operating costs were USD 3,492 per day per ship. We have revised the expectations for the average daily operating costs for this year to around USD 3,500. This increase in operating cost is a result of higher Lubricating Oil prices, higher steel costs, higher wage bills and a general inflationary increase in other costs. The earnings per share (eps) in Thai Baht for this quarter were 1.76 Baht per share.

<b>THE HARD FACTS</b>	<b>Q1, 2006</b>	<b>Q1, 2005</b>
<b>Highest Earnings per day per ship in USD</b>	<b>14,875</b>	<b>22,700</b>
<b>Average Earnings per day per ship in USD</b>	<b>10,391</b>	<b>15,928</b>
<b>Operating cost per day per ship in USD</b>	<b>3,492</b>	<b>2,969</b>
<b>EBITDA in million USD</b>	<b>30.31</b>	<b>56.21</b>
<b>Net Profit/(Loss) in million USD (including exchange Gain (loss)) before Extraordinary items</b>	<b>18.25</b>	<b>46.16</b>
<b>Net Profit/(Loss) in million USD</b>	<b>18.25</b>	<b>46.16</b>
<b>Earnings Per Share in Thai Baht</b>	<b>1.76</b>	<b>3.60</b>

**PROSPECTS** over the next 12 months continue to look good when viewed against historical averages. The low point in daily earnings on our ships was reached in Q2 2002 at USD 5,497. The high point was achieved in Q1 2005 at USD 15,928 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 2004 and 2005, was USD 7,870 per day per ship.

**LONG TERM VERSUS SHORT TERM CHARTERS:** The long term charters already booked comprise about 24% of our existing capacity based on 54 ships at a healthy average rate in excess of USD 12,200 per day per ship. When freight rates are moving in an upward direction we can employ this strategy to effectively lock in rates by putting away the spot ships at healthy rates for longer terms. Unfortunately, this strategy becomes very difficult to execute when freight rates are moving downwards or when markets are flattish. This policy was very successfully employed in 2004 and 2005 and allowed us to ride out the volatile nature of the spot market with relative ease during those years.

**THE CHINA FACTOR** continues to roll along having a disproportionate impact on the dry bulk markets. Their GDP grew by a phenomenal 10.2% in Q1 when everyone was expecting a much slower pace. We expect more of the same from China and this will add to the volatility of the spot freight market.

**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 third year in a row, PSL has been in the ranking, being 1st on a three-year return (159%) and being 2nd on a five-year (100%) basis. It just confirms what we have known all along – that PSL is an amazing company with excellent management at all levels.

**SHIP SCRAPPING** has slowly started to pick up the pace. In Q1 2006, 27 ships were removed whilst a total of just 14 ships were added resulting in the fleet reducing from 3,075 ships at the beginning of the year to 3,062 by the end of Q1 or a net decrease of 0.42% in the world fleet in our sector. If the freight markets continue at their current, but volatile, levels we expect the world fleet in our sector to remain at the same level as when we started this year.

Sincerely,

Khalid Hashim