

“The history of the human race is the history of ordinary people who have overcome their fears and accomplished extraordinary things”

RESULTS: 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 Q2 2004 was a staggering USD 27.70 million! The earnings per day per ship during Q2 were slightly higher than Q1 despite the fact that all the shipping indices during the comparative periods had lost as much as 50% of their values! In this quarter, operating costs dropped to below our revised target for the year of USD 2,750 per day per ship and much below the Q1 number of USD 2,896 per day per ship. The average daily operating costs for the year are now expected to be about USD 2,750. 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 Q2 2004 as compared to Q2 2003. The EBITDA has also increased quite substantially, actually more than 3.6 times, during the period under comparison. The earnings per share (eps) in Thai Baht stood at 1.72 Baht per share for this quarter, and were we to have excluded the exchange loss of Baht 271 million, which as you all are aware is not a ‘real’ loss, then the eps for this quarter would have been a staggering Baht 2.24 per share!

We have managed to recover the receivable on sale of an overseas investment, which we had written off in 2002 and have thereby booked a bad debt recovery of USD 1.41 million. We have also managed to sell our dormant investment in a port related subsidiary in respect of which we had made full provision for loss and have now booked a gain on sale of investment of USD .84 million.

THE HARD FACTS	Q2, 2004	Q2, 2003
Highest Earnings per day per ship in USD	21,202	13,166
Average Earnings per day per ship in USD	12,553	7,643
Operating cost per day per ship in USD	2,647	2,707
EBITDA in million USD	36.32	10.08
Net Profit/(Loss) in million USD (including exchange Gain (loss)) before Extraordinary items	27.70	3.28
Net Profit/(Loss) in million USD	27.70	3.54
Earnings Per Share in Thai Baht	1.72	0.54

PROSPECTS over the next 12 months still look pretty amazing. The low point in daily earnings on our ships was reached in Q2 2002 at USD 5,497. In the past the best annual average rates that we had ever seen were under USD 8,000 per day per ship and the worst rates that we had ever seen in the last decade were USD 5,000 per day per ship. As a comparison, the highest rates we have earned in the recent past has been this quarter when we averaged USD 12,553 per ship per day and the lowest was USD 6,474 per day per ship in Q1 of 2003.

SHORT TERM VERSUS LONG TERM CHARTERS: The analysis of the long term charters already booked as of 20th July 2004 comprise about 64% of our existing capacity based on 50 ships at a healthy average rate in excess of USD 12,689 per day per ship. 6% of the ships have been fixed on one year or longer contracts with another 58% on shorter term period contracts with the balance 36% being on the spot market. 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 for the coming year and beyond. 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.

THE CHINA FACTOR: Just to bring into focus what China has meant to the Dry Bulk market, it might be helpful for us to relate a few startling statistics for the year 2003. 86% of all the growth in Iron Ore trade came from China. 50% of all the Cement produced in the world was consumed in China. 36% of all the Steel produced in the world was consumed in China. And, 30% of all the Coal produced in the world was consumed in China. China continues to have a disproportionate impact on the Dry Bulk markets. As we had alluded in our last letter the next rally on the BDI was to have taken place in the 3rd/4th quarter of this year but Christmas has arrived much earlier than anticipated with the BDI touching 4,205 points by the 4th August from the low point of 2,622 points on the 22nd June 2004.

THE FLEET Renewal program has continued and we are physically at 51 ships as of the 3^d August 2004 with one more purchase recently declared to the SET which should be physically taken over by the middle of September 2004. We are now in a consolidation stage where we will focus all our energies on managing these 52 ships to the best of our abilities.

SHARE BUY BACK that commenced in the month of April 2004 has progressed reasonably smoothly. As of the 23rd July 2004 we had bought back a total of 11,852,900 shares equal to 2.28% of paid-up capital at an average price of Baht 33.74 per share inclusive of commission and vat thereon.

INVESTOR RELATIONS as you know has been handled by the Managing Director of the firm personally. To this end we have been attending every single SET Opportunity Day where we present the latest quarterly results and the ongoing plans of the Company at the SET Building. This event is normally very well attended with between 70 and 100 participants from the analysts, fund management and investor communities. Our last such presentation was on the 19th March 2004 where we had a 45 minute presentation followed by almost an hour of question answers. Our next SET Opportunity Day presentation has been fixed for the 23rd of August 2004. We were also just one of 16 companies invited by the SET to a Road Show entitled 'The Jewels in the Crown' that took place at the Fullerton Hotel, Singapore on the 28th and 29th of July 2004. This event was attended by

approximately 100 fund managers from Singapore as well as a few from Hong Kong. We had the pleasure of presenting at this forum and were also invited by Bloomberg Singapore for an interview lasting about 5 minutes that was aired on the 2nd August 2004. In the last 12 months we have been on quite a few road shows visiting fund managers in Singapore, Hong Kong, London, Edinburgh, Amsterdam, Paris and Milan.

The Crystal Night SET Awards 2004 saw PSL getting nominated for two awards; for the Best Performance award to three listed companies in each of the eight industry groups with the best financial status and performance in 2003 as well as their operation in compliance with information disclosure and liquidity of securities; and for Best Liquidity Improvement award to the listed company that had made the most amount of progress in prominently employing financial instruments in the capital market to enhance its security-trading liquidity in the year 2003 as compared to 2002. We won the award for Best Liquidity Improvement and our Chairman, Dr. Admiral Amnad Chandanamatta, was there to receive the trophy from H.E. Dr. Somkid Jatusripittak, the Minister of Finance. This event took place on the 26th July 2004.

SHIP SCRAPPING has come to a virtual halt. During this quarter a total of 12 new ships were delivered whilst a total of 11 old ships were removed resulting in net positive growth of 1 ship to 3,004 ships. This is the first quarter when we have had positive growth in this sector in the last decade. We expect that scrapping will, more or less, become a thing of the past as the strength of the freight markets make it attractive for owners to extend the lives of even their oldest ships.

Sincerely,

Khalid Hashim