“True wisdom is less presuming than folly. The wise man doubteth often, and changeth his mind; the fool is obstinate, and doubteth not; he knoweth all things but his own ignorance.” Akhenaton

THE RESULTS in Thai Baht as well as US Dollars, reviewed by Ernst & Young, show you the latest financial position of the Company. The net profit for Q2 2011 was USD 13.23 million. The earnings per day per ship during Q2 came in at USD 12,782 compared with our estimate of USD 11,500 for the year. In this quarter, daily operating costs were USD 4,545 and this figure is expected to average around USD 4,600 per day per ship for this year and in line with our forecasts. The EBITDA for the quarter came in at USD 12.73 million. The earnings in Thai Baht stood at Baht 0.39 per share for this quarter.

THE HARD FACTS	Q2, 2010	Q2, 2011
Highest Earnings per day per ship in USD	16,247	23,411
Average Earnings per day per ship in USD	11,949	12,782
Operating cost per day per ship in USD	4,824	4,545
EBITDA in million USD	10.96*	12.73
Net Profit/(Loss) in million USD (before Tax)	8.56*	13.24
Net Profit/(Loss) in million USD	6.82*	13.23
Earnings Per Share in Thai Baht	0.21*	0.39

***from restated Income Statement.**

PROSPECTS: Dry bulk ships scrapped in the first half of this year consist of 52 Capesizes, 32 Panamaxes, 19 Supramaxes, 22 Handymaxes and 86 Handysizes equivalent to 14 MDWT as opposed to 2.7 MDWT during the same period last year. As more and more new ships hit the water from the various ship yards around the world, they will load and discharge their cargoes from the same ports. Unless there is an increase in the capacity of these ports or new port capacity is added, congestion will continue and increase with the increase in demand for raw materials. Congestion has accounted for 10.25% of the existing dry bulk capacity as an average for the first half of this year with July running at close to 11% which must rank as a new record. These high levels of congestion will, to a certain degree, help to absorb the tremendous increase that is taking place in the supply side with brand new ships hitting the water every day.

Chinese Iron Ore imports for 2010 were 619 MMT. If we were to annualize Iron Ore imports in the first six months (334.53 MMT) then it looks like we are heading for a 670 MMT year for 2011 or a growth rate of 8%. But before you get too excited, please keep in mind that power constraints, as well as the Chinese Government’s desire to shut down the smaller and less efficient steel mills will reduce this total. The other factor that will have a significant bearing on quantum of imports is Iron Ore prices and credit availability in China. The way current import prices have been behaving, steel mills are encouraging the local mining industry to step up to the plate and increase production which will have an adverse impact on Iron Ore imports. Tighter liquidity in China continues to dent demand. Some Chinese steel mills are opting to buy from domestic mines because the ore is cheaper and financing terms are easier. Muted steel demand is also hurting their appetite for iron

ore as steel mills are not seeing robust demand for their products. Stockpiles of imported iron ore at major Chinese ports reached a record high of 95+ MMT. The Chinese Government however is pressing ahead with constructing '36 million affordable houses' before the end of 2015. This should help to underpin Iron Ore imports to some extent. Chinese Coal imports are set to rise to meet the expected peak in electricity consumption this summer. They also need to alleviate power shortages emanating from their hydro power generating sector due to the drought conditions prevailing along their rivers. To put this in perspective, reports suggest that power shortages in China this summer could reach around 35 Gigawatts which is more than the entire generating capacity of Argentina! However, if we were to annualize the total Coal imports into China based on the first 6 months we would get just 142 MMT which is about 14% *less* than the 165 MMT for last year. Steel production in China, on the other hand, has been racing ahead in 2011. The annualized total based on the production figures for the first 6 months would be 706 MMT or 13% higher than the 626 MMT for last year.

Looking at how the bulker fleet has developed is depressing. We started 2011 with 554 MDWT. In H01 2011 the fleet grew by 6% to 587 MDWT with a further 15% (89 MDWT) scheduled for delivery in the balance of 2011 and another 19% (110 MDWT) scheduled for delivery in 2012. Even if we were to apply a slippage factor of 40% to these scheduled delivery numbers and further assume that scrapping reaches as high as 4% (22 MDWT of which 14 MDWT has already been accounted in the H01'11 numbers leaving a balance of 8 MDWT for H02'11) per annum we would still be left with a fleet of 632 MDWT or a net growth of 14% (78 MDWT) in 2011 and another 10% net growth (65 MDWT) in 2012 with more to come in 2013! To absorb that increase in supply will be the real challenge, and that is something that we do not believe the demand side will be able to achieve despite the news in the previous paragraphs.

A symptom of the above challenge is that some well known and public shipping names are currently struggling with The Containership Company (TCC), Yanghai Shipping Co (YSC Line), Swee Joo, Ningbo and Hengfu Shipyards (China), NewLead Holdings (formerly Aries Maritime) and Omega Navigation Enterprises being the latest casualties to join Korea Line, Samho Shipping, Sekwang Heavy and Beluga as names that will fade away before the end of 2011/2012.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th June 2011 comprise about 58% of our existing capacity for the year 2011 at an average rate of USD 12,438 per day per ship. The breakup is shown in the table below.

Year	2011	2012	2013	2014	2015
Total Available Days	7,692	11,138	14,626	15,695	15,695
Fixed T/C Days	4,618	3,108	2,889	2,883	2,555
%age Fixed T/C Days	58%	28%	20%	18%	16%
Av. T/C Rate/Day in USD	12,438	13,858	14,658	14,759	14,580
Contract value in USD	$57m	$43m	$42m	$43m	$37m

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 and future markets.

The Fleet Rejuvenation Plan is slowly but surely being realized. We took delivery of our first 34K DWT new building from ABG in the middle of June. We still have another 14 bulkers and 3 Cement ships from ABG to be delivered over the next three years. We also have four 57K DWT ships to be delivered during 2012 from China. Add to that the approximately 20 ships that we plan to buy from the secondhand market and that would complete our rejuvenation plan when we should have a total of about 65 ships with an average age in single digits and an average size close to 30K DWT.

Dividends were paid out for each of the four quarters of 2007, 2008, 2009 and 2010. Cash flows and profitability permitting, we hope to maintain the same tempo in the years to come. We have already paid out a dividend for Q1, 2011 in line with, and in support of, this trend.

The Marine Money June/July 2011 'worldwide ranking' issue had PSL as the 45th best shipping company in the whole world based on results for 2010. The methodology used by Marine Money for their rankings was a simple aggregate of 6 criteria: Total return to shareholders, Asset turnover, Profit margin, Return on Equity, Return on Assets and Price to book value. As our fleet rejuvenation plan is realized we will hopefully be back in, and stay in, the top 10 ranks in the years to come. However, we were also ranked number 10 in the Financial Strength ranking which indicates that we continue to remain financially strong and well poised to implement our fleet rejuvenation plan successfully without undue risks or strain on our financial position. Attached is the letter from Marine Money and the relevant pages from the Ranking issue for your perusal.

The next SET Opportunity Day where PSL will be presenting will be held at the SET building at 0900 hours on the 8th August 2011. This event is normally very well attended with between 70 and 100 participants from the analysts, 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. For those of you who cannot attend physically, the SET webcasts the Opportunity Day presentation live, giving you a chance to be present via the web.

SHIP SCRAPPING has continued to accelerate. In Q2 2011, 55 ships were removed whilst a total of 38 ships were added resulting in the fleet decreasing from 3,116 ships at the beginning of the quarter to 3,099 by the end of Q2 in the world fleet in our sector. If the freight market, as represented by the BDI, falls towards the 1,000 point level, we expect scrapping rates to further accelerate with 7 to 10% of the existing ships being scrapped per annum in our sector. That will be the best possible news to bring supply and demand back into some semblance of order.

Sincerely,

Khalid Hashim