"I'm a great believer in luck, and I find the harder I work, the more luck I have." - Thomas Jefferson

THE RESULTS reviewed by Ernst & Young, show you the latest financial position of the Company. The net profit for Q3 2012 was USD 7.01 million from an average of 30.7 ships in the quarter. The earnings per day per ship during Q3 came in at USD 7,957, higher than our forecast for this year of USD 7,150 per day per ship. Please keep in mind that Q3 is traditionally the worst quarter for the dry bulk market. In this quarter, average daily operating costs per ship were USD 4,349. This figure is expected to average around USD 4,400 per day per ship for the year as a whole. Earnings for the quarter were 0.21 Baht per share.

THE HARD FACTS	Q3, 2011	Q3, 2012
Vessel Operating Days	2,024	2,824
Highest Earnings per day per ship in USD	17,873	17,221
Average Earnings per day per ship in USD	10,455	7,957
Operating cost per day per ship in USD	4,563	4,349
EBITDA in million USD (excluding Gain on Novations)	9.25	7.49
Net Profit/(Loss) before Extraordinary items (including exchange Gain (loss)) in million USD	2.28	(2.75)
Net Profit/(Loss) in million USD	6.59	7.01
Earnings Per Share in Thai Baht	0.19	0.21

PROSPECTS for the freight market in the long run remain reasonably healthy thanks to China. The current situation, however, is more confused than ever before with a weakening in GDP numbers for the EU as well as the US and the conflicting information on China presented below.

Chinese Steel inventory in end August 2012 showed 15 MMT in line with the average of 2010-2011 and actually down 4.5% when measured as days of production, compared to 2011 inventories. Chinese steel prices, that had trended down for more or less one year, has turned hitting a two month high in early October. Increased profitability is needed to persuade steel mills to import more iron ore which would spur demand for dry bulk shipping services. Another change during 2012 has been the falling iron ore price, down from an average of USD168 PMT in 2011, to a low of USD 87 before rising to USD 120 by mid October. As a result of falling international prices for iron ore, the China Metallurgical Mining Enterprise Association estimates local iron ore production to drop by about 10% compared to the previous year.

Reuters reported in early September that China has given approval for 30 infrastructure projects, adding to 25 rail projects already approved citing the official China Securities Journal. This news reminds us of the USD 586 billion stimuli in 2009, raising steel demand by 100 MMT annually. Based on the 2009 effect, we expect 25 MMT additional steel demand over the next 12 months, or incremental iron ore demand of 40 MMT. Decreasing steel inventories, and demand stimuli from the Chinese government, should support steel prices; help profitability in Chinese steel mills; and increase iron ore imports into China.

China's GDP growth numbers have dropped from 8.1% in Q1 to 7.6% in Q2 to 7.4% in Q3. However, despite the slowing macroeconomic numbers, Chinese Iron Ore imports reached 552.34 MMT by end September for an annualized total import of 736 MMT or an increase of 7.3% compared to the 686 MMT in 2011. Chinese Steel production reached 534.57 MMT by end September for an annualized total of 713 MMT or an increase of 4.2% compared to the 684 MMT in 2011. Coal imports into China reached 203.4 MMT by end September for an annualized total of 271 MMT or an increase of 48% over the 183 MMT imported in 2011. In a country that currently produces and consumes just under 4.0 BMT of Coal per annum, with the figure expected to grow to 4.1 BMT by 2015, even a small change in their Coal requirements via imports could have a dramatic impact on the Dry Bulk freight markets.

South Korean coal imports may well exceed expectations in 2012 as the country continues to move away from nuclear power. It is little known that one major reactor (Kori 1) was closed down in March due to safety factors and another (Wolsong 1) is scheduled for mothballing in November.

The World Bank has cut the growth forecast for the Chinese economy this year to 7.7%. This represents a large revision from the 8.2% forecast it made in May, 2012. The report on East Asian and Pacific economies revealed that there were concerns that China could slow even further although the risk of a hard landing remained small.

In early October, the IMF cut its global growth forecast for the second time since April and warned US and European policymakers that failure to fix their economic ills would prolong the slump. Global growth is too weak to bring down unemployment and what little momentum exists is coming primarily from central banks, the IMF said in its World Economic Outlook. For 2012, the IMF now expects global output to grow 3.3%, down from its July estimate of 3.5%.

The Supply Side numbers are finally showing light at the end of the proverbial dark tunnel. Dry bulk ships scrapped in the first 3 quarters of this year consist of 48 Capesizes, 79 Panamaxes, 63 Supramaxes, 86 Handymaxes and 266 Handysizes, equivalent to 24.44 MDWT. In the first 9 months of 2012, the dry bulk sector added 8.8% by DWT (54.89 MDWT) with another 8.8% (54.65 MDWT) scheduled for delivery in the last quarter. If we apply a 30% slippage factor to expected deliveries and assume an additional 8.25 MDWT of ships scrapped in Q4, we will end up with an increase of about 13.6% by DWT to reach 707 MDWT for this year. 2013 has 63.49 MDWT of ships scheduled for delivery; add the 30% slippage in expected deliveries from the Q4'12 numbers of 16.4 MDWT; assume annual scrapping of 35 MDWT; apply a 30% slippage in expected annual deliveries and we would end 2013 with a world fleet of 728 MDWT for a growth rate of just 3% over the 707 MDWT expected at the end of 2012. The tsunami of new building deliveries is finally coming to an end!

According to Clarksons Research, at the end of 2008 there were 955 active shipyards, an increase from 354 yards at the start of 2000. By the end of 2012 the number of active newbuilding yards would have dropped to 538, a drop of over

40%. By the time we reach the bottom of the cycle in 2013 we could see the number of active shipyards return to pre-boom levels of around 350, all good news for the long term health of the freight markets.

According to an [article in The Telegraph](#) dated 13th August 2012 'Over 100 German (KG) ship funds have already shut down as the long-simmering crisis in global container shipping finally comes to a head. A further 800 funds are threatened with insolvency, according to consultants TPW in Hamburg.'

A symptom of the above challenges is that some well known and public names are currently struggling. Just to name a few that have been in the shipping press recently: Dalian Oriental Marine & HI, Zhejiang Jingang, Huigang, Ningbo, Yangfang and Hengfu (all Shipyards in China), 21st Century Shipbuilding, Sekwang Heavy Industry and Samho Shipbuilding (all shipyards in South Korea), 283 year old Stephenson Clarke, the oldest shipping company in existence, 78 year old Sanko Steamship, Overseas Shipholding Group (OSG), Daiichi, Nordic Shipholding, B+H Ocean Carriers, Torm, Allied Maritime, Dorval Shipping, Libra Navigation, BM Shipping, Berlian Laju Tankers (BLT), Deiulemar, TPC Korea Co Ltd., Grand China Logistics (GCL), Emirates Trading Agency (ETA), Ocean Tankers, Centrans Shipping, The Containership Company (TCC), Yanghai Shipping Co (YSC Line), Swee Joo, NewLead Holdings (formerly Aries Maritime), Omega Navigation Enterprises (ONE), Marco Polo Seatrade, Korea Line, Samho Shipping and Beluga.

All the above leads us to conclude that freight rates should weaken, rather than strengthen, in the near future.

PSL's strategy, for these two very challenging years (2012 and 2013), is to keep our heads above water whilst growing the fleet to about 60 to 65 ships to take full advantage of a cyclical upturn expected sometime during or post 2014.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th September 2012 are shown in the chart below. As can be seen, our current and forward four year (2012 to 2016) rolling book is currently at the 16.6% level with a visible revenue stream of USD 148 million.

Year	2012	2013	2014	2015	2016
Total Available Days	11,183	15,355	16,456	16,790	16,836
Fixed T/C Days	3,524	2,200	1,825	2,190	2,196
%age Fixed T/C Days	32%	14%	11%	13%	13%
Av. T/C Rate/Day in USD	10,917	11,696	13,198	13,498	13,498
Contract value in USD	$38m	$26m	$24m	$30m	$30m

It is our intention to continue to charter out our ships on long term period contracts whenever practical and possible.

Market Segmentation: During Q3, the Baltic Handy Size Index (BHSI 28,000 DWT) averaged 553 points derived from the average Time Charter (TC) rate of

USD 8,018. Compared to that, our Handies (26,734 DWT, 4.5% smaller than the index ship) earned USD 7,612 underperforming the BHSI TC rate by 5.1%. During Q3, the Baltic Supramax Index (BSI) averaged 985 points derived from the average TC rate of USD 10,301. Compared to that, our Supramaxes earned USD 11,082 outperforming the BSI TC rate by 7.6%.

The Fleet Rejuvenation Plan is opportunistically driven as can be seen from the two brand new 34K DWT that we recently purchased from a Chinese yard at USD 19.4m each. Our rejuvenation plan, once completed, would result in a fleet of about 60 to 65 ships with an average age in single digits and an average size of about 30K DWT.

ABG Shipyard: The first 34K ship was delivered in the middle of June 2011 and the second in the end of March 2012. The third 34K is expected to deliver in January 2013 with a reduced price of USD 23m as compared to the contract price of USD 30m. We 'sold' through novations, five shipbuilding contracts (3X34K and 2X54K) to unrelated third parties. Three sales were booked in 2011 and two in Q3 2012. Another four contracts (2X34K and 2X54K) have been 'sold' with receipt of some part of the novation proceeds in Q3 2012 with the balance expected in Q4 2012 or Q1 2013. That leaves six bulk shipbuilding contracts (4X34K and 2X54K) that ABG has to deliver to us during 2013 or early 2014. Under our shipbuilding contracts, we have the option of cancelling ships that are later than their contractual delivery dates; selling these 'late' shipbuilding contracts to others; or re-negotiating a fresh contract/price for these 'late' ships.

Dividends were paid for each of the last 22 consecutive quarters starting in Q1 2007. Cash flows and profitability permitting, we hope to maintain this quarterly dividend payout trend in the years to come.

The next SET Opportunity Day featuring PSL will be held at the SET building at 1045 hours on the 5th November 2012. We hope that many of you will attend this event where the Company will thoroughly discuss the current results, state of the freight markets and also clarify any doubts that may exist. This meeting is web cast live by the SET so you can catch it live via the net if you cannot be there physically.

SHIP SCRAPPING has continued to accelerate. In the first 3 quarters of 2012, 266 ships were removed whilst a total of 120 ships were added resulting in the fleet decreasing from 2,916 ships at the beginning of the year to 2,770 by the end of Q3 in the world fleet in our (10 to 30K) sector. If the freight markets remain weak, we expect scrapping rates to reach 8 to 12% in our sector. That will bring supply and demand back into some semblance of order.

Sincerely,

Khalid Hashim