“A good head and a good heart are always a formidable combination." Nelson Mandela

THE RESULTS reviewed by Ernst & Young, show you the latest financial position of the Company. The net profit for Q3 2013 was USD 0.65 million from an average of 40 ships in the quarter. The earnings per day per ship during Q3 came in at USD 7,041, lower than our forecast for this year of USD 7,500 per day per ship. In this quarter, average daily operating costs per ship were USD 4,622. This figure is expected to average around USD 4,500 per day per ship for the year as a whole, a bit higher than our target of 4,400 per day per ship for 2013. Earnings for the quarter were 0.02 Baht per share.

THE HARD FACTS	Q3, 2013	Q3, 2012
Vessel Operating Days	3,650	2,824
Highest Earnings per day per ship in USD	13,936	17,221
Average Earnings per day per ship in USD	7,041	7,957
Operating cost per day per ship in USD	4,622	4,349
EBITDA in million USD (excluding Gain on Novations)	5.75	7.49
Net Profit/(Loss) before Extraordinary items (including exchange Gain (loss)) in million USD	(5.48)	(2.75)
Net Profit/(Loss) in million USD	0.65	7.01
Earnings Per Share in Thai Baht	0.02	0.21

PROSPECTS: Cape size rates, as assessed by Baltic Cape Index, averaged $5,058 daily in Q1, $6,208 daily in Q2 and $18,968 daily in Q3, when they peaked on 25th September 2013 at $42,211. The Chinese Government led steel-intensive stimulus plan in rail, buildings and infrastructure will rise 20% this year, according to Shanghai-based Citic Securities, generating demand for an additional 135 MMT of steel. That would require 200 MMT of iron ore, enough to fill 180 Cape size ships! As long as the landed price of imported iron ore in China is less than USD 135 pmt, it makes economical sense to continue to import iron ore. Besides, iron ore inventories in Chinese ports are about 73 MMT which is a good 25 to 30% lower than last year’s levels whilst Steel production in China is 10% higher this year as compared to last year. All these are positive signs for the restocking story in iron ore to China to continue for a while. This is what has, single handedly, pulled up the BDI from the 842 average in FH’13 to 2003 points at the end of September. However from the end of August all sectors have started going up as more Coal cargoes, shunned by Capes, are being offered to the Panamax and Supramax sectors and a few Cape size iron ore cargoes have also been split into two smaller Panamax lots. Five other macroeconomic indicators have turned positive. (1)USDA has predicted that the current grain export year starting in October 2013 and ending in June 2014 will be 11% higher than last year. This is a volume increase but when you factor in ton-mile, slow steaming, congestion and under utilisation you find that effective demand increase is about 15 to 17%. Grain is roughly 10% of the entire dry bulk complex. Therefore this potential increase in this year’s grain movement would be equal to between 1.5 and 2% increase in demand in the overall dry bulk sector! (2)China, the largest dry bulk player in the world, is starting to ramp up

its economy as can be seen by the positive economic numbers emanating over Q3. (3)Japan, the second largest dry bulk player in the world, is faring well under Abenomics. Nuclear power is shutting down so more coal is being imported. Japanese companies have made windfall profits and will reinvest in Japan as well as all their plants in Asia requiring more dry bulk imports. (4)The UK, Germany and France have all shown much stronger economic numbers recently. These improvements suggest that the EU is finally out of the economic woods. (5)India, with its weak currency, might become a very large exporter of Agricultural products from their smaller, shallower drafted and inefficient ports which would result in massive congestion and reduction in effective supply of smaller ships. This would push the small handy sector in the same way that iron ore is currently pushing the cape sector. If these five factors continue to remain positive, the expected recovery in the Dry Bulk Markets may start earlier than Q4 of 2014 and could be as early as Q1 or Q2 of next year.

According to a recent report from Goldman Sachs, the seaborne iron ore market is poised for at least four years of expanding supply. The looming glut will drive prices down to USD 80 per MT in 2015. Iron ore will average USD 115 per MT in 2014, 19 percent less than now and the least since 2009, according to the median of 10 analyst estimates compiled by Bloomberg. The surplus will reach 82 MMT in 2014, the most since at least 2008, and the glut will keep growing through 2017.

Indian thermal coal imports are expected to continue along the growth trajectory seen in the last few years and should reach 200 MMT/year by 2016-17, while total imports for all coal qualities would reach 180 MMT/year for 2013, according to the coal consultants, McCloskey.

The latest round of economic data in an end August Hartland Shipping Services report suggests that the global economy is on the mend. The HSBC Flash Purchasing Managers Index (PMI) showed better-than-expected growth in the Eurozone, a Chinese manufacturing rebound and US manufacturing activity rising to a five month high.

Qu Hongbin, Hong Kong-based chief China economist at HSBC stated that, after USD 5 trillion in spending over the past five years, China still needs more infrastructure. The nation struggles to provide drinkable tap water, millions of people live in shantytowns and the length of the rail network is yet to match that of the U.S. in 1880. While investors focus on ghost cities and unneeded factories as evidence of overinvestment, gaps in infrastructure will allow the spigot of state spending to be open for years to come. That may serve as a safety net, limiting the scale of any slowdown.

China's GDP growth numbers have dropped from 7.7% in Q1 to 7.5% in Q2 but then improved to 7.8% in Q3. However, despite the mixed macroeconomic numbers, Chinese Iron Ore imports reached 601.25 MMT by end September for an annualized total import of 801.67 MMT or an increase of 7.54% compared to

the 745.49 MMT in 2012. Chinese Steel production reached 586.26 MMT by end September for an annualized total of 781.68 MMT or an increase of 10.3% compared to the 708.78 MMT in 2012. Coal imports into China reached 231.20 MMT by end September for an annualized total of 308.27 MMT or an increase of 6.67% over the 289 MMT imported in 2012. 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.

The light at the end of the proverbial Supply Side tunnel is, unfortunately, starting to dim as scrapping has slowed down with an increase in the order-book for delivery of new ships. Dry bulk ships scrapped in the first 3 quarters of this year consist of 39 Capesizes, 49 Panamaxes, 44 Supramaxes, 87 Handymaxes and 127 Handysizes, equivalent to 18.02 MDWT. In the first 9 months of 2013, the dry bulk sector added 7.2% by DWT (49.59 MDWT) with another 5.8% (39.99 MDWT) scheduled for delivery in the last quarter. If we apply a 30% slippage factor to expected deliveries and assume an additional 6.98 MDWT of ships scrapped in Q4, we will end up with an increase of about 10.2% by DWT to reach 763.34 MDWT for this year. 2014 has 49.25 MDWT of ships scheduled for delivery; add the 30% slippage in expected deliveries from the Q4'13 numbers of 12 MDWT; assume annual scrapping of just 20 MDWT; apply a 30% slippage in expected annual deliveries and we would end 2014 with a world fleet of 786.22 MDWT for a growth rate of just 3% over the 763.34 MDWT expected at the end of 2013.

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:

- **J. Lauritzen reported a loss of USD 262m in the FH'13 that included write-downs of USD 207m. 2013 is expected to wind up with losses of USD 310-340m from an earlier loss forecast of USD 75-100m.**
- **Rongsheng Heavy Industries of China (publicly traded in Hong Kong) reported a nine month loss of USD 426m and has laid off workers and requested State assistance.**
- **Frontline reported a Q2 2013 loss of USD 120m following a first quarter loss of USD 19m.**
- **Chinese government owned CSC Phoenix is under pressure from creditors to liquidate following more defaults on financial covenants and continued losses (USD 56.2m for FH'13).**
- **Centrans Ocean Shipping of Tianjin, China, has been embroiled in a financial struggle that has led to unpaid crews, cancellations of newbuildings, off-market sales or leaseback deals to raise cash and at least one ship abandoned in Malaysia due to a lack of funds to operate it.**

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 2014.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th September 2013 are shown in the chart below. As can be seen, our current and forward four year (2013 to 2017) rolling book is currently at the 17.4% level with a visible revenue stream of USD 181 million.

Year	2013	2014	2015	2016	2017
Total Available Days	15,533	17,726	18,250	18,300	18,250
Fixed T/C Days	4,884	2,403	2,555	2,562	2,555
%age Fixed T/C Days	31%	14%	14%	14%	14%
Av. T/C Rate/Day in USD	9,449	12,602	13,713	13,713	13,713
Contract value in USD	$46m	$30m	$35m	$35m	$35m

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

Market Segmentation: During Q3, the Baltic Handy Size Index (BHSI 28,000 DWT) averaged 544 points derived from the average Time Charter (TC) rate of USD 7,884. Compared to that, our Handies (27,427 DWT, 2.1% smaller than the index ship) earned USD 6,808 underperforming the BHSI TC rate by 13.6%. During Q3, the Baltic Supramax Index (BSI) averaged 933 points derived from the average TC rate of USD 9,760. Compared to that, our Supramaxes earned USD 7,873 underperforming the BSI TC rate by 19.3%.

The Fleet Rejuvenation Plan is being realized. As of the end of this quarter, we had 40 ships in the water and another 4 Cement Ships under construction in China for delivery during 2014. Besides we also have USD 76 million in cash in our balance sheet, approximately USD 185 million of undrawn credit lines with which to buy second hand ships/re-sales and further possible release of funds from ABG of about USD 50 million as detailed below.

ABG Shipyard was late for certain Vessels beyond the cancellation dates of the ship building Contracts, which were then novated by us to New Buyers. We have received 3 (three) 34K DWT ships to date from them. We have completed the Novation of 8 ship building Contracts and a mutual Cancellation of 1 ship building Contract between 2011 and Q1 2013 with a one-time gain of about USD 34.21 million (USD 10.52 million booked in 2011, USD 9.77 million in 2012 and USD 13.92 million in Q1 2013.) We completed another Novation in Q2, 2013 resulting in a one-time gain of USD 8.63 million. Thereafter, we cancelled 5 more ship building Contracts and claimed a refund of installments and interest which ABG was unable to honor. We, therefore, cashed USD 101.17 million of refund bank guarantees which we held as a security for the refunds and we now have only USD 12.33 million of unsecured claims against ABG towards partial interest on installments against these 5 cancelled ship building Contracts. We have 3 more ship building Contracts left with ABG with cancellation dates for 2 ships in end November 2013 and for the last ship in end July 2014, against which, we are holding about USD 50 million of refund bank guarantees as a security for a refund of the installments paid against these 3 ship building Contracts.

Dividends were paid for each of the last 26 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 2013. 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 slowed down considerably. In the first 3 quarters of 2013, just 127 ships were removed whilst a total of 166 ships were added resulting in the fleet increasing from 2,752 ships at the beginning of the year to 2,791 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