"Be fearful when others are greedy and greedy when others are fearful." Warren Buffet

THE RESULTS, audited by Ernst & Young, show you the latest financial position of the Company. The earnings per day per ship during Q4 came in at USD 7,599, taking the annual figure to USD 8,221 which is higher than our forecast for this year of USD 7,150. Please take a look at the Market Segmentation report that shows you the relative performance of the PSL fleet's earnings per day per ship compared to the Index ships. In this quarter, daily operating costs were USD 4,586, which has taken the annual costs to USD 4,481 per day per ship, slightly higher than our target of USD 4,400. The EBITDA was USD 6.90 million during Q4 2012 and USD 30.83 million for the year. In Q4 we suffered a loss of 1.64 million. The earnings per share (eps) in Thai Baht stood at Baht (0.04) for this quarter and Baht 0.14 for the year. To put our annual profit for 2012 of USD 4.45 million into perspective, please keep in mind that the average BDI for this year at 920 was the third lowest in BDI history. Please take a look at some of the companies that are financially restructuring or in chapter 11 or in liquidation, as listed below.

THE HARD FACTS	2011	2012	Q4 2011	Q4 2012
Highest Earnings per day per ship in USD	23,909	17,221	16,150	14,000
Average Earnings per day per ship in USD	11,265	8,221	9,922	7,599
Operating cost per day per ship in USD	4,613	4,481	4,474	4,586
EBITDA in million USD	41.42	30.83	8.95	6.90
Net Profit/(Loss) in million USD (including exchange Gain (loss)) before Income Tax	23.76	4.59	0.30	(1.62)
Net Profit/(Loss) in million USD	23.64	4.45	0.28	(1.64)
Earnings Per Share in Thai Baht	0.69	0.14	0.01	(0.04)

AWARDS AND ACCOLADES: We were named 2012's Best Ship Operator in the Lloyd's List Asia Awards. According to Lloyd's List, this was due to the Company's ability to endure, stabilise, improve its fleet and push its business forward in the most difficult shipping market since the 1980s. We were a first-time winner in the Lloyd's List Asia Awards. The judges cited our ability to hold down operating costs and intensify risk management despite the challenges faced by dry bulk ship operators in the current environment. In the judges' view, we avoided the "the seven deadly sins". We did not buy assets during the bubble and we can now buy very good secondhand ships at low prices at the bottom of the market.

PROSPECTS: Hartland Shipping Services, born via a management buy-out of the HSBC Shipping Services, state in their recent Points of View "We have reached a dangerous consensus around 2014 being the year in which supply and demand will balance; and consensus is always wrong. If what we term 'slippage' in the order

book actually turns out to be significant cancellations then we will reach that point sooner than expected."

A recent report from DNB Markets categorized Dry Bulk demand as "structurally sound." The report went on to say that "We expect 2012 to mark the trough in dry bulk utilisation, at 83%, rising to 84% in 2013 and 87% in 2014 on a declining order book and longer sailing distances. We forecast annual ton-mile demand growth of 11% over 2013–2015, versus 9% over 2004–2007. We expect global export iron ore and coal capacity to increase by 10% per annum. Our port study makes us confident commodity prices will stay low, justifying our above-trend demand growth assumption, arguing China will be incentivised to import rather than rely on domestic production due to higher production costs domestically."

In a recent country report on China, JP Morgan made the following forecasts for 2013. China's economy is expected to grow by 8% based on the twin assumptions of the continuation of modest easing and prudent monetary policy. The fact that the once-in-a-decade political transition occurred in the middle of a five-year economic plan suggests that there will be no fundamental change in economic policy and economic reforms will continue under the New Leadership. Fixed Asset Investment is expected to maintain a stable growth at 21.5%. National house prices will increase modestly by 3-5%, private housing investment will increase by 13% and affordable housing investment will increase by 5%. All of this suggests that demand for dry bulk commodities from China, the single largest supporter of the BDI, will remain undiminished.

According to a report from Bank of America, Iron ore trade into China is set to grow at 10% in 2013 despite Chinese steel production growth of only 4-5% due to an increase in new global iron ore supply which will displace more expensive local Chinese production.

Latest figures show Chinese industrial production, fixed asset investment and retail sales all accelerated in Q4 2012 while inflation came down. This combines with latest US annualized growth of 2% in Q3, a falling trend in unemployment, rising house and equity prices and a cautious revival in consumer confidence. The data suggests that both China and the US are finally emerging from their economic slowdowns, something that can only be good for shipping demand.

India became the largest rice exporter this year, ahead of Thailand, with shipments of 9.75 MMT. Thailand, which was the top rice exporter with 10.65 MMT in 2011, slipped to third slot with 6.5 MMT this year, behind Vietnam (7 MMT). Pakistan (3.75 MMT) and the US (3.5 MMT) are fourth and fifth. The strong export demand for rice has resulted in congestion at Kakinada in India with ships having to wait for as long as two to three months for loading.

The pace of ship demolition has increased rapidly this year with 35.97 MDWT scrapped whilst dry bulk freight rates have dwindled. But with a significant

amount of the dry bulk fleet still over 20 years in the Cape and over 25 years in the sub-Cape sector, average rates of scrapping may well remain high for at least the next two years.

In terms of ships, as of 1st January 2013 the world fleet had grown by 70.47 MDWT or 11.32%, during the preceding year, to 692.74 MDWT. If we apply a 30% slippage factor to the expected deliveries over the next two years (it was 29% for 2012) and 35 MDWT for annual scrapping (it was 36 MDWT for 2012), this number would increase to 728 (5% increase) and 736 (1% increase) MDWT at the start of 2014 and 2015 respectively. The double digit net increase in supply, characteristic of the last four years, has mercifully come to an end!

Just five months after one of its sister vessels attained the same distinction, the 2000 built CMA CGM owned box ship 'Soraya' has gained the dubious distinction of becoming the youngest ship to be scrapped during the current down turn.

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: Hongguan shipyard, Dalian Oriental Marine & HI, Zhejiang Jingang, Nantong Huigang, Ningbo, Yangfang and Hengfu (all Shipyards in China), C&Heavy Industries, Jinse Shipbuilding, Orient Heavy Industries, 21st Century Shipbuilding, TK Heavy Industries, Sekwang Heavy Industries, Nokbong Shipbuilding, Samho Shipbuilding, Seko Heavy Industries and Mokpo Shipbuilding & Engineering (all shipyards in South Korea), 283 year old Stephenson Clarke, the oldest shipping company in existence, 78 year old Sanko Steamship, 65 year old Overseas Shipholding Group (OSG), Brightoil Petroleum, Daiichi, Handy Shipping, Srab Shipping, 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.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 31st December 2012 are shown in the chart below.

Year	2012	2013	2014	2015	2016
Total Available Days	11,183	15,355	16,456	16,790	16,836
Fixed T/C Days	3,627	2,661	1,825	2,190	2,196
%age Fixed T/C Days	32%	17%	11%	13%	13%
Av. T/C Rate/Day in USD	10,809	11,168	13,198	13,498	13,498
Contract value in USD	$39m	$30m	$24m	$30m	$30m

As can be seen, our forward four year (2013 to 2016) rolling book is currently at 13.5% of capacity with a visible revenue stream of USD 114 million. As the BDI has

plunged to almost all time lows, we will have to wait out the current uncertain period before redeploying this strategy of fixing longer term charters in the future when the BDI starts to clearly move in an upward direction.

Market Segmentation: During Q4, the Baltic Handy Size Index (BHSI 28,000 DWT) averaged 435 points derived from the average Time Charter (TC) rate of USD 6,415. Compared to that, our Handies (27,209 DWT, 2.8% smaller than the index ship) earned USD 7,309 outperforming the BHSI TC rate by 13.9%! During Q4, the Baltic Supramax Index (BSI) averaged 729 points derived from the average TC rate of USD 7,626. Compared to that, our Supramaxes earned USD 9,256 outperforming the BSI TC rate by 21.4%!

The Fleet Rejuvenation Plan of replacing the aging ships from our fleet with younger, better geared, economical and larger units began with the sale of 35 older ships since 2007. The replacement program has progressed well with the purchase of 7 second hand ships (average 5 years old) in the 30/34K range, 2 brand new 34K re-sales, and 6 brand new 57K re-sales during 2010/2012. Two brand new 34K ships from ABG have also joined our fleet during the same period. If the prices of similar ships remain at current or lower levels, then we would add more ships from the second hand/re-sale market to our fleet. This is the opportunity that we had been patiently waiting for, and which, if implemented successfully, would ensure the long term profitability of the Company over the next 2 to 3 decades.

THE CHINA FACTOR continues to have a disproportionate impact on the dry bulk markets. China's Iron Ore imports, according to preliminary Custom's data, was an astonishing 745 MMT in 2012 or about 8.6% higher than the 686 MMT in 2011! According to various reports, China is expected to import between 780 and 790 MMT of Iron Ore in 2013. This import figure is contingent on import pricing parity versus domestic production and transportation costs. Provisional Chinese steel production for 2012 reached a staggering figure of about 716.5 MMT or about 4.8% higher than the already phenomenal figure of 684 MMT in 2011. According to broker reports, China is expected to produce 750+ MMT of Steel in 2013. Coal represents about 80% of China's energy requirements. Historically, China was self-sufficient in coal, but that is no longer the case. China imported 126 MMT of coal in 2009; 164 MMT in 2010; 182 MMT in 2011 making it the largest importer in the world and displacing Japan and a phenomenal record busting 290 MMT in 2012! Coal imports are expected to grow steadily but are contingent on import pricing parity versus domestic coal production/transportation costs. In a country that currently produces and consumes some 3,800 MMT of Coal per annum, with the figure expected to grow to 4,100 MMT by 2015, even a small change in China's coal imports could have a dramatic impact on the Dry Bulk freight markets.

The next SET Opportunity Day where PSL will be presenting will be held at the SET building at 0900 hours on Monday the 18th February 2013. 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 2012 results and the prospects for 2013. For those of you who cannot attend physically, the SET live web casts the Opportunity Day presentation giving you a chance to be present via the web.

SHIP SCRAPPING has increased dramatically in 2012 with a total of 35.97 MDWT of ships being removed/scrapped across all sectors in the dry bulk market as compared to 33.3 MDWT in 2011. In our sector (10 – 30K DWT) 334 ships were removed/scrapped and 170 ships were added resulting in a net decrease of 164 ships in the world fleet during 2012. This has resulted in a net decrease of 5.6% during 2012 from 2,916 ships to 2,752 ships at the start of 2013 in our sector. If the freight markets continue at their current low, but volatile levels, we expect the world fleet in our sector to shrink by roughly 5 to 10% per annum in the next few years. This will help redress the current imbalance between supply and demand and allow rates to rise in a couple of years.

Sincerely,

Khalid Hashim