

Ref : 2006-024

7th November 2006

To : Director and Manager of the Stock Exchange of Thailand

Subject : 3rd Quarter of 2006 Management Discussion and Analysis (MD&A)

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 Q3 2006 was a respectable USD 27.51 million. The results in Q3 were USD 8.19 million more than that in Q2 and represent the first major Q on Q growth in earnings since Q1 2005. The earnings per day per ship during Q3 came in at USD 12,261, on the higher side of our forecast for this year of between USD 9,000 and USD 11,000 per day per ship. In this quarter, daily operating costs were USD 3,586 but this figure is expected to average around USD 3,600 per day per ship for the year. The EBITDA has decreased by just USD 6.87 million during the period as against that of Q3 2005. The earnings per share (eps) in Thai Baht stood at Baht 2.10 per share for this quarter. The eps for this quarter is higher than the average for Q2 + Q3 of 2004 of 2.06, when the current boom was already in full flow. To put our current Q3 2006 earnings in USD per day per ship in perspective, it must be remembered that it is about 55.79% higher than our best year ever in the past including and prior to the year 2003. This would be a more sensible method of comparison as we would then be ignoring the very exceptional years of 2004 and 2005 and be looking at really long term historical averages before coming to any sensible conclusion.

THE HARD FACTS	Q3, 2006	Q3, 2005
Highest Earnings per day per ship in USD	20,479	24,750
Average Earnings per day per ship in USD	12,261	13,406
Operating cost per day per ship in USD	3,586	3,029
EBITDA in million USD	39.11	45.98
Net Profit/(Loss) in million USD (including exchange Gain (loss)) before Extraordinary items	27.51	31.60
Net Profit/(Loss) in million USD	27.51	31.60
Earnings Per Share in Thai Baht	2.10	2.74

PROSPECTS over the next 12 months still look good compared to long term historical averages but no where near the levels that we have seen over the exceptional years of 2004 and 2005. In the current freight cycle, the low point in daily earnings on our ships was reached in Q2 2002 at USD 5,497. The high point was achieved in Q1 2005 at USD 15,928 per day per ship. To place these numbers in perspective, we must remember that the average for 2003, which was our best year ever before 2004 and 2005, was USD 7,870 per day per ship.

LONG TERM VERSUS SHORT TERM CHARTERS: The long term charters already booked as of 30th September 2006 are shown in the chart below

Year	2005	2006	2007	2008	2009
Total Available Days	19,306	19,710	19,710	19,710	19,710
Fixed T/C Days	13,792	8,159	9,053	6,090	4,721
%age Fixed T/C Days	71.44%	41.40%	45.93%	30.90%	23.95%
Av. T/C Rate/Day in USD	15,495	11,865	11,236	10,424	10,196
Contract value USD Millions	\$213.7m	\$96.8m	\$101.7m	\$63.5m	\$48.1m

When freight rates are moving in an upward direction, as the BDI had been indicating recently, we can and have employed this strategy to effectively lock in rates by putting away the spot ships for longer terms. This policy was very successfully employed in 2004 and 2005 and allowed us to ride out the volatile nature of the spot market with relative ease during those years.

THE CHINA FACTOR continues to have a disproportionate impact on the dry bulk markets. Just to give you a flavour of what this means we quote from articles that have appeared in Fairplay International Shipping Weekly.

“On current projections, China’s urban population will increase from 530M to 875M by 2030 as almost 350M Chinese rural workers abandon the land for city jobs. To hold that many people, almost 50 cities the size of Greater London would have to be built in the next two decades. While on the subject of iron ore, China is likely to import a massive 330-335M tonnes of it this year. This is an increase of 55-60M tonnes over 2005.”

Businessweek's Hot Asian Companies List will be published in the week commencing 6th November 2006 and PSL will be one of the companies featured in that issue. This is an annual listing of the hottest small and medium-sized firms in Asia compiled by Standard & Poor based on key metrics like share price performance, ROE etc. In due course we will send you a web link to read the article in its entirety.

Forbes Special Report, Asia's 200 Best Under A Billion, also features PSL. In this issue we were ranked the 7th best company in Asia, and the best in Thailand, in terms of Net Profit in this august list. The web link for the actual report is:

http://www.forbes.com/lists/2006/24/biz_06bub_Aσίας-200-Best-Under-A-Billion_land.html

SHIP SCRAPPING that had started to pick up the pace in Q2 has slowed down in this quarter. In Q3 2006, 10 ships were removed whilst a total of 25 ships were added resulting in the fleet increasing from 3,060 ships at the beginning of the quarter to 3,075 by the end of Q3 in the world fleet in our sector. If the freight markets continue at their current, but volatile, levels we expect the world fleet in our sector to remain at the same level i.e. 3,075 ships as when we started this year.

Sincerely,

Khalid Hashim