

Always at Your Service



Annual Report 2006



Thoresen Thai Agencies Plc

TTA

An Integrated Shipping Group

Important Changes and Developments

- 1926 Thoresen & Co., Ltd., Hong Kong established a branch office in Thailand to provide ship agency and brokerage services.
- 1974 All activities of the branch office were transferred into Thoresen & Company (Bangkok) Limited ("TCB"), which was established on 31 October 1974.
- 1985 TCB purchased its first vessel, M.V. Hai Lee, from Norwegian Asia Line and started regular liner services between Thailand and Japan and between Japan and Borneo.
- 1986 In order to separate the ship agency and brokerage businesses from the ship owning business, Thoresen Thai Offshore Ltd., formally established on 16 April 1983, changed its name to Thoresen Thai Agencies Ltd. on 20 October 1986. All ship agency and brokerage activities were transferred to this company.
- 1990 TCB cancelled the liner service between Japan and Borneo due to severe port congestion, resulting in heavy delays of vessels, and high operating and fuel expenses, as all repairs and bunkers had to be purchased in Japan.
- TCB started a new liner service between Thailand and the Persian Gulf and the Arabian Sea.
- 1993 In order to become a public limited company, Thoresen Thai Agencies Ltd. purchased all shares in TCB. It was also decided that Thoresen Thai Agencies Ltd. would own shares of all newly established group companies.
- As the fleet started to expand, it was decided that a separate company would purchase each new vessel, and that TCB would act as a vessel management company only. It was also decided that Thoresen Thai Agencies Ltd. own the shares of all new vessel owning companies.
- 1994 Thoresen Thai Agencies Ltd. converted into a public limited company.
- 1995 The ordinary shares of Thoresen Thai Agencies Plc. ("TTA") were listed on the Stock Exchange of Thailand ("SET").
- 1996 TTA issued 7.5 million warrants (TTA-W1) to its existing shareholders. The warrants were listed on the SET in 1997.
- 1999 TTA issued 17 million warrants (TTA-W2) to its existing shareholders. The warrants were listed on the SET in the same year.
- 2000 The liner service between Thailand-Japan-South Korea was cancelled due to decreasing cargo volumes.
- 2003 The fleet expanded significantly from twenty-five vessels to thirty-three vessels due to the strong freight market. TTA changed its par value from Baht 10 per share to Baht 1 per share.
- 2005 TTA won the Best Performance Award in the Service Industry category from the SET. The Best Performance Award is given to listed companies in each of the eight industry groups with the best financial status and performance during the previous year, proper compliance with information disclosures, and liquidity of their shares.
- 2006 TTA stressed greater diversification in its business by increasing its stake in Mermaid Maritime Ltd. to 74.01% as of 30 September 2006 to increase its exposure in the rapidly expanding offshore oil and gas markets.

TTA was named one of the 200 best listed companies in Asia with revenues under US\$ 1 billion from Forbes Asia magazine.

The fleet consisted of forty-five general cargo and dry bulk vessels, four offshore service vessels, and two tender drilling rigs.

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Financial Highlights

	Year Ended 30 September		
	2006	2005	2004
	(Baht in millions, except share, per share data, and ratios)		
Income Statement Data :			
Voyage revenues	12,820.99	14,518.55	10,135.69
Total vessel operating expenses	8,167.24	6,520.58	4,343.29
Income from vessel operations	4,653.74	7,997.97	5,792.40
Interest expenses	701.08	445.32	215.72
Interest income	74.50	26.17	6.50
Offshore services revenues	2,752.82	-	-
Equity income (loss) from joint ventures	(3.16)	28.94	37.31
Revenues from service companies and other sources	423.41	462.34	409.67
Net income	3,502.44	5,948.65	4,326.09
Per Share Data :			
Net income - basic	5.44	9.24	6.92
Cash dividends declared	1.35	3.50	4.50
Net book value	18.68	14.21	10.40
Balance Sheet Data (at end of year) :			
Cash and marketable securities	1,618.20	2,260.76	2,899.63
Vessels and equipment - net of depreciation	15,426.04	13,155.00	9,810.85
Total assets	23,140.39	19,469.38	15,766.99
Total liabilities	11,117.33	10,325.47	9,071.91
Issued share capital	643,684,422	643,684,422	639,567,720
Total shareholders' equity	12,023.06	9,143.91	6,695.08
Other Financial Data :			
Net operating cash flows	4,206.52	7,022.60	5,195.76
Capital expenditures :			
Vessel and equipment purchases, gross	935.79	4,428.05	7,052.46
Financial Ratios :			
Return on shareholders' equity (%)	33.09	75.11	103.17
Return on total assets (%)	16.44	33.76	40.19
Net profit margin (%)	21.47	39.39	40.74
Total debt to total capitalisation	0.43	0.49	0.54
Net debt to total net capitalisation	0.38	0.41	0.42

Message from Chairman

2006 – A Year Of Increased Diversification and Consolidation

Thoresen Thai Agencies Public Company Limited (“TTA”) recorded another good year of operations. In 2006, respectable performances in the dry bulk shipping and offshore services groups combined to produce the third-best financial result in our history.

TTA achieved a good return on shareholders’ equity of 33.09%, generated net income of Baht 3,502.44 million, or Baht 5.44 per share, and generated cash flow from operations of Baht 4,206.52 million.

Some noteworthy highlights in 2006 included:

Item	FY 2006	FY 2005	Percent Change
Fleet Cargo Volume (Million Tonnes)	14.07	13.11	7.35%
Freight Revenues (Million Baht)	12,820.99	14,518.55	(11.69)%
Cash Flow From Operations (Million Baht)	4,206.52	7,022.60	(40.10)%
Fleet Average Age (Year)	17.73	17.31	2.42%
Offshore Services Revenues (Million Baht)	2,752.82	-	-
Service Company Revenues (Million Baht)	423.41	368.44	14.92%
Consolidated Net Profits (Million Baht)	3,502.44	5,948.65	(41.12)%

TTA’s mission is to meet and exceed client expectations in the maritime industry. In 2006, we made important strides to strengthen our future competitive position. We repaid a significant amount of shipping-related bank debt and increased our investment in Mermaid Maritime Limited (“MML”), our offshore services subsidiary. Even though the consolidation of MML into our financial statements increased our assets and liabilities, the balance sheet remains strong.

We have sought different ways to reduce our cost base, while providing the same quality of service. In one example, we plan to refinance all shipping-related bank debt through a Thai Baht bond issue, which will be swapped into US Dollars. Our all-in financing costs will be significantly reduced.

Operating In A Strong Dry Bulk Market

In 2006, our shipping operations enjoyed strong market conditions. Dry bulk demand grew at a high rate, primarily driven by growth in China, India, and the Middle East. Even though the global dry bulk fleet grew more than 8% in 2006, strong demand created a very high utilisation rate for the world fleet. In November 2006, R.S. Platou Economic Research A.S. estimated that supply and demand for dry bulk vessels are finely balanced, with utilisation rates in the 95% region.

In 2006, we elected to employ close to 43% of our available capacity on period time charters. The stable revenues and cash flows from the period time charter contracts plus the strong growth of our liner services provided the means to invest in related businesses. We scrapped three older vessels and did not acquire any new ones due to very high asset prices in FY 2006. Instead, we decided to lengthen three vessels to increase their cargo carrying capacity. As of this date, we acquired one second-hand vessel to be delivered in January 2007 and placed orders for two new vessels, which will be delivered between 2009-2011.

We strive to maintain a balanced and diversified vessel employment strategy. As of this date, we have locked in approximately 27% of our available capacity in 2007 and 13% of our available capacity in 2008. We also chartered in two additional vessels for a two-year period to increase our cargo services.

Diversifying Our Business

TTA took the strategic decision to increase the scale of our non-dry bulk shipping operations. Besides dry bulk shipping, we now provide a broad range of maritime services, including ship agencies, ship supplies and stevedoring, ship brokerage, sub-sea engineering, and offshore oil and gas drilling.



TTA acquired another 24.01% of MML by buying out five existing shareholders. MML is a leading provider of offshore services to the rapidly growing oil and gas sector. Our sub-sea engineering business owns four supply and diving support vessels and has chartered in another support vessel. MML also provides offshore drilling services through two tender drilling rigs, which have secured long-term contracts until 2009.

In 2006, MML consolidated its operations after the delivery of key assets in 2005. Even as MML consolidated its operations, its performance grew quite well. With the completion of the first expansion phase, we are working on additional asset investments to increase MML's size. We have significant know-how in our specialised niches and want to further leverage it.

Clearly, high oil prices are stimulating investment in offshore oil and gas production, and making it attractive to explore marginal fields and to search for new deposits.

Financial Discipline

We remain focused on the good employment of our shareholders' capital. In 2006, we limited new investments in high-priced shipping and offshore assets. Instead, we used our cash flows to diversify our business and repay debt. Our operating leverage has translated into good earnings for TTA in the current cyclical upturn. When we eventually enter a cyclical downturn, we believe that our strong balance sheet and stable cash flows will allow us to pursue investments in our key businesses.

The majority of the Baht 2,483.75 million that we invested was directed towards diversification moves which should result in stronger long-term earnings. We returned capital to shareholders in the form of dividends (Baht 1,383.67 million) and expect to maintain a reasonable dividend policy in the future.

In closing, we would like to confirm that we are continually thinking of ways to improve our business fundamentals. We would like to thank our clients for trusting us with their business and our shareholders for their continued support.

A handwritten signature in black ink, appearing to read 'M.R. Chandram S. Chandratat'.

Yours sincerely,
M.R. Chandram S. Chandratat

Audit Committee's Report

The Audit Committee of Thoresen Thai Agencies Public Company Limited was appointed by the Board of Directors to examine all matters relating to the company's financial status and its internal and external audits. The Audit Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management on sound risk management and internal control practices.

The Audit Committee consists of three independent directors as follows:

- | | |
|--------------------------------------|---------------------------------|
| 1. Mr. Bjorn Ostrom | Chairman of the Audit Committee |
| 2. Mr. Sompong Thanasophon | Audit Committee Member |
| 3. Vice Admiral Kittichai Senanarong | Audit Committee Member |

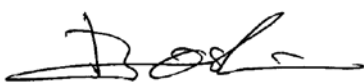
The Audit Committee has major roles and responsibilities as follows:

1. Review the reliability of financial reports and the transparency and accuracy of the disclosure of connected transactions or transactions which may have conflicts of interest.
2. Review the internal control systems and provide for more effective internal audit systems.
3. Review the compliance with rules and regulations of the Stock Exchange of Thailand, commitments with other parties, laws, and relevant regulations.
4. Recommend an appropriate external auditor and audit fee to the Board of Directors.
5. Perform any other duties assigned by the Board of Directors.

During the financial year that ended on 30 September 2006, the Audit Committee convened eleven meetings to review accounting systems, internal control systems, and quarterly and annual financial reports before proposing them to the Board of Directors and for public dissemination. The review of all matters is based on independent consideration by discussion and exchange of ideas with external auditors, related management, and internal auditors. In addition, minutes of all Audit Committee meetings were furnished to the Board of Directors for consideration and acknowledgement in the quarterly Board of Directors meetings.

In conclusion, the Audit Committee is of the opinion that the company's operations during the previous year had reasonable and sufficient internal control systems and the financial reports were prepared in accordance with the generally accepted accounting principles, and the company has complied with relevant laws and regulations. The Audit Committee carried out its duties independently, and there were no restrictions on the access to information. In the coming years, the Audit Committee will continue to strengthen and maintain the company's good corporate governance principles.

For the financial year that will end on 30 September 2007, the Audit Committee has recommended to the Board of Directors that PricewaterhouseCoopers ABAS Limited be re-appointed as the auditors due to the fact that its reputation and audit standards are widely acceptable. The appointment of the audit firm would be further proposed to the shareholders for approval at the Annual General Meeting of the Shareholders to be held on 26 January 2007.



Mr. Bjorn Ostrom
Chairman of the Audit Committee

Board of Directors



M.R. Chandram S. Chandratat

Chairman

Age 76 Years

Percentage of Shareholding 0.19

Education / Training

- B.A. Honours (Economics), University of Cambridge, England

Working Experience

1994 - present	Chairman, Thoresen Thai Agencies Public Company Limited
1991 - present	Managing Director, C.S. Capital Ltd.
2001 - Jan. 2005	Chairman of the Audit Committee, Thoresen Thai Agencies Public Company Limited
2001 - 2002	Chairman, United Palm Oil Industry Plc
1992 - 2004	Director, United Palm Oil Industry Plc
1990 - 1992	Chairman of the Executive Board, Capital Nomura Securities Plc
1985 - 1990	Director General, Government Savings Bank
1982 - 1985	Deputy General Manager, Bank for Agriculture & Agricultural Cooperatives



M.L. Chandchutha Chandratat

Managing Director

Age 40 Years

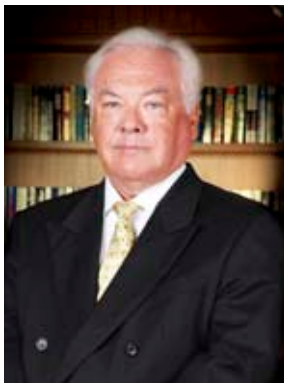
Percentage of Shareholding 0.02

Education / Training

- M.B.A., Emphasis : Finance, Organisational Behavior, and International Economics, University of California, Berkeley, USA
- B.S. (Magna Cum Laude), Major : Economics, University of Minnesota, USA
- Director Certification Program (DCP 70/2006) from Thai Institute of Directors Association (IOD)

Working Experience

Feb. 2005 - present	Managing Director, Thoresen Thai Agencies Public Company Limited
Mar. 2005 - present	Director, Thoresen & Company (Bangkok) Limited
	Director, 49 shipping companies of Thoresen Group
	Director, ISS Thoresen Agencies Ltd.
	Director, T.S.C. Maritime Ltd.
	Director, Chidlom Transport & Services Co., Ltd.
	Director, Chidlom Marine Services & Supplies Ltd.
	Director, Fearnleys (Thailand) Ltd.
	Director, Mermaid Maritime Ltd.
	Director, Gulf Agency Company (Thailand) Ltd.
	Director, Thoresen (Indochina) S.A.
	Director, Thoresen Chartering (HK) Ltd.
	Director, Thoresen Chartering (Pte) Ltd.
Mar. 2005 - Sep. 2005	Director, Horizon Mobile Communications Co., Ltd.
Apr. 2002 - Feb. 2005	Executive Director, Special Situations Group of Morgan Stanley, Singapore
Feb. 2000 - Mar. 2002	Vice President, Asia Credit Trading Group of J.P. Morgan, Hong Kong
Jun. 1994 - Jan. 2000	Senior Vice President, Project Department, Bangkok Bank Plc
May. 1993 - May 1994	Assistant Vice President, Treasury Department, Bank of America, Bangkok
Aug. 1991 - May 1993	Assistant Vice President, Financial Engineering Risk Management Department, Bank of America, Hong Kong
May 1989 - Jul. 1991	Assistant Vice President, Capital Markets Credit Department, Bank of America, San Francisco, California



Mr. Bjorn Ostrom

Independent Director, Audit Committee Chairman

Age 60 Years

Percentage of Shareholding None

Education / Training

- Bachelor of Law, Stockholm University, Sweden
- Director Certification Program (DCP 64/2005) from Thai Institute of Directors Association (IOD)

Working Experience

- | | |
|---------------------|---|
| Jan. 2005 - present | Chairman of the Audit Committee,
Thoresen Thai Agencies Public Company Limited |
| Oct. 2000 - present | Director, Thoresen Thai Agencies Public Company Limited |
| Apr. 2005 - present | Director, Gulf Agency Company (Thailand) Ltd. |
| 1997 - 2000 | Counsellor, the Singapore Shipping Association |
| 1986 - 2000 | Executive Vice President of Christiania Bank, Singapore Branch |
| 1985 - 1986 | Director of Asia Shipping Group, PK Christiania, Hong Kong |
| 1979 - 1984 | Director Adjoint, Banque de la Societe Financiere Europeenne, Paris |
| 1975 - 1979 | Senior Executive, Hambros Bank, London |



Mr. Sompong Thanasophon

Independent Director, Audit Committee, Remuneration Committee

Age 77 Years

Percentage of Shareholding None

Education / Training

- M.A. (Economics) University of Wisconsin, USA
- Bachelor of Commerce, Chulalongkorn University
- National Defense College Class 22

Working Experience

- | | |
|----------------|--|
| 1999 - present | Audit Committee Member,
Thoresen Thai Agencies Public Company Limited |
| 1999 - present | Independent Director,
Thoresen Thai Agencies Public Company Limited |
| 1990 - 1996 | Vice Chairman, Bangkok Metropolitan Bank Plc |
| 1985 - 1990 | Chairman of the Executive Board,
Bangkok Metropolitan Bank Plc |
| 1979 - 1984 | Deputy Governor, Bank of Thailand |



Vice Admiral Kittichai Senanarong

Independent Director, Audit Committee, Remuneration Committee

Age 73 Years

Percentage of Shareholding None

Education / Training

- Defense Management, USA
- Naval War College
- Naval Command and Staff College
- Naval Academy
- Director Accreditation Program (DAP 55/2006) from Thai Institute of Directors Association (IOD)

Working Experience

- | | |
|----------------|--|
| 1999 - present | Audit Committee Member,
Thoresen Thai Agencies Public Company Limited |
| 1994 - present | Independent Director,
Thoresen Thai Agencies Public Company Limited |
| 1993 - 1994 | Deputy Chief of Staff, Attached General Headquarters |
| 1989 | Deputy Commandant, Naval Academy |
| 1988 | Chief of Staff, Naval Academy |
| 1984 - 1987 | Naval Attache, Paris |



Mr. Sathien Tejapaibul

Independent Director

Age 67 Years

Percentage of Shareholding 0.61

Education / Training

- M.A. Honours (Economics), University of California, Los Angeles, USA
- B.A. (Economics), University of California, Los Angeles, USA
- Director Certification Program (DCP 77/2006)
from Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP 53/2006)
from Thai Institute of Directors Association (IOD)

Working Experience

- | | |
|----------------|---|
| 1994 - present | Director, Thoresen Thai Agencies Public Company Limited |
| 1996 - present | Chairman, Ambrose Wine Limited |
| 1967 - present | Director, Tejapaibul Co., Ltd. |



Dr. Pichit Nithivasin

Independent Director, Remuneration Committee Chairman

Age 60 Years

Percentage of Shareholding None

Education / Training

- PH.D. Operations Research, University of California, Berkeley, USA
- M.S. Industrial Engineering Operations Research, University of California, Berkeley, USA
- M.S. Electrical Engineering and Computer Science, University of California, Berkeley, USA
- B.S. Industrial Engineering, University of California, Berkeley, USA

Working Experience

- | | |
|---------------------|---|
| Jan. 2006 - present | Director, Thoresen Thai Agencies Public Company Limited |
| 1983 - present | Director, HMC Polymers Co., Ltd. |
| Dec. 1999 - present | President, BST Elastomers Co., Ltd. |
| 1997 - present | Chairman, Foamex Asia Co., Ltd. |
| Jan. 1991 - present | President, Bangkok Synthetics Co., Ltd. |
| 1987 - present | President, Bangkok Industrial Gas Co., Ltd. |
| Dec. 2005 - present | Director, PTT Chemical Public Company Limited |
| Apr. 1998 - present | Director, Map Ta Phut Tank Terminal Co., Ltd. |
| Apr. 1997 - present | Director, Basell Advance Polyolefins (Thailand) Co., Ltd. |
| Jan. 1997 - present | Director, Thai MMA Co., Ltd. |
| Dec. 1995 - present | Director, Rayong Olefins Co., Ltd. |
| 1988 - present | Director, Polymers Marketing Co., Ltd. |
| Oct. 1948 - present | Director, Huakee Paper Co., Ltd. |
| Present | Director, Narai Hotel Co., Ltd. |
| Apr. 1996 - present | Managing Director, Bangkok Cogeneration Co., Ltd. |
| Aug. 1989 - present | Managing Director, B.I.G. Marketing Co., Ltd. |



Mr. Lance Karl Depew

Director

Age 42 Years

Percentage of Shareholding 0.18

Education / Training

- M.B.A. with emphasis in Finance, Anderson Graduate School of Management, University of California at Los Angeles
- B.S. Degree, Cum Laude in Business Administration-Finance, California State University, Northridge, USA
- Director Certification Program (DCP 78/2006) from Thai Institute of Directors Association (IOD)

Working Experience

Jan. 2002 - present	Director, Thoresen Thai Agencies Public Company Limited
Jan. 2005 - Sept. 2005	Director, Horizon Mobile Communications Co., Ltd.
2002 - present	General Partner, Railay Capital Partners, L.P.
2000 - present	Managing Partner, Uluwatu Partners International LLC
1994 - present	Portfolio Manager, Quest Management Inc.
1993 - 1994	Equity Research Intern, Trust Company of the West, USA
1989 - 1992	Senior Consultant, KPMG Peat Marwick



Mr. Pichai Chirungsappasuk

Director

Age 52 Years

Percentage of Shareholding none

Education / Training

- Bachelor's Degree in Economics, Thammasat University
- Director Accreditation Program (DAP 22/2004) from Thai Institute of Directors Association (IOD)

Working Experience

Aug. 2004 - present	Director, Thoresen Thai Agencies Public Company Limited
Apr. 2005 - present	Executive Vice President Southern Branch Banking Region 1, Thai Military Bank Plc
Sep. 2004 - Mar. 2005	Executive Officer SME Banking Upcountry 4, Thai Military Bank Plc
2003 - Aug. 2004	Executive Vice President, The Industrial Finance Corporation of Thailand
2002 - 2003	Senior Vice President, Special Project Department, The Industrial Finance Corporation of Thailand
2000 - 2001	Senior Vice President, Small & Medium Business Development, The Industrial Finance Corporation of Thailand
2003 - present	Director, Nakorn Thai Strip Mill Plc
2000 - 2001	Director, J.B.Hotel (Hat Yai) Co., Ltd.
1997 - present	Director, Wang Tai Co., Ltd.
1998 - present	Director, Business Creation Co., Ltd.
1998 - 2002	Director, Asset Development Co., Ltd.
1995 - 1997	Director, Bara Finance & Securities Plc



Mr. Andrew John Airey

Director

Age 52 Years

Percentage of Shareholding None

Education / Training

- Diploma in Management of Ship Operations, University of Strathclyde, Scotland
- Director Certification Program (DCP 78/2006) from Thai Institute of Directors Association (IOD)

Working Experience

Jan. 2006 - Present	Director, Thoresen Thai Agencies Public Company Limited
Apr. 2005 - Present	Director, Mermaid Maritime Ltd.
Mar. 2005 - Present	Director, Thoresen & Company (Bangkok) Limited
Nov. 2002 - Present	Director, T.S.C. Maritime Ltd.
2004 - Present	Fleet Director, Thoresen & Company (Bangkok) Limited
1997 - 2004	Fleet Manager, Thoresen & Company (Bangkok) Limited
1993 - 1997	Business Development Manager, Navigo Management Company, Cyprus
1991 - 1993	Assistant General Manager, Navigo Management Company Schulte Group, Cyprus
1988 - 1991	Offshore Installation Manager/ Captain, Atlantic Drilling Company Co., Ltd., Ben Line Group, Scotland
1970 - 1988	Deck Cadet to First Officer, Ben Line Group, Scotland



Mr. Anders Soedergren

Director

Age 39 Years

Percentage of Shareholding 0.0069

Education / Training

- Nykoebing F. Commercial Collage, Denmark
- Director Certification Program (DCP 78/2006) from Thai Institute of Directors Association (IOD)

Working Experience

Jan. 2006 - Present	Director, Thoresen Thai Agencies Public Company Limited
Apr. 2005 - Present	Commercial Director, Thoresen & Company (Bangkok) Limited
Mar. 2005 - Present	Director, Thoresen & Company (Bangkok) Limited
	Director, Fearnleys (Thailand) Ltd.
Apr. 2003 - Present	Director, Thoresen Chartering (Pte) Ltd.
Jan. 2003 - Present	Director, Thoresen Chartering (HK) Ltd.
Jun. 1996 - Apr. 2005	Chartering Manager, Thoresen & Company (Bangkok) Limited
Jun. 1995 - Jun. 1996	Shipbroker, Thoresen Chartering Co., Ltd. [renamed to Fearnleys (Thailand) Ltd.]
Jul. 1992 - May 1995	Shipbroker, ScanEast Maritime, Singapore
Jul. 1989 - Jun. 1992	Shipbroker, Candler Shipping, Bremen Germany
Aug. 1986 - Jul. 1988	Trainee, Casper Andrea, Nakskov Denmark

Executives



1. **M.L. Chandchutha Chandratat,** *Managing Director, TTA*

M.L. Chandchutha Chandratat (40) joined in 2005 as Managing Director of TTA. Prior to joining TTA, he was an Executive Director in the Special Situations Group of Morgan Stanley Dean Witter Asia (Singapore) Pte. Ltd. from April 2002 to February 2005 and a Vice President in the Asia Credit Trading Group of J.P. Morgan Securities Asia Ltd. from February 2000 to March 2002. He is also a director on the board of directors of TTA and numerous direct and indirect subsidiaries of TTA. He received his M.B.A. from University of California at Berkeley in 1989 and his B.S. (magna cum laude) in Economics from University of Minnesota in 1987.

2. **Andrew John Airey, Fleet Director**

Andrew Airey (52) joined Thoresen in 1997 as Fleet Manager after eleven years in senior shipping and offshore management positions in both Bernhard Schulte and Ben Line Groups. He took on a more strategic role as Fleet Director in 2004 and became a director of both Thoresen & Company (Bangkok) Ltd. and Mermaid Maritime Ltd. in 2005, where he served as interim Managing Director in 2006. He was appointed director of TTA in 2006. He received his diploma in Management of Ship Operations from University of Strathclyde, Scotland in 1990.

3. **Anders Soedergren, Commercial Director**

Anders Soedergren (39) joined Thoresen in 1995 as Ship Broker in Fearnleys (Thailand) Ltd. He has been in the shipping industry for nineteen years, beginning his career as a shipbroker in several countries, such as Denmark, Germany, and Singapore. He was promoted to Chartering Manager of Thoresen & Company (Bangkok) Ltd. in 1996. In 2005, he became Commercial Director of Thoresen & Company (Bangkok) Ltd. He was appointed director of TTA in 2006.

4. **Ivar Harald Saus, Director, Liner Services**

Ivar Harald Saus (58) joined Thoresen in 1974 as Chief Officer and was later promoted to Captain. In 1980, he joined Thoresen & Company (Bangkok) Ltd. as Port Captain. In 1989, he was promoted to General Manager of Liner Services and presently holds the position of Director, Liner Services. He is also a director of Sharjah Ports Services LLC.

5. **Nuch Kalyawongsa, Director, Group Finance/Accounting**

Nuch Kalyawongsa (53) joined Thoresen in 1987 as Chief Accountant of Thoresen & Company (Bangkok) Ltd. She was promoted to General Manager, Finance/Accounting of Thoresen in 1990 and later was promoted to Director, Group Finance/Accounting in 2005. She is also a director of Thoresen & Company (Bangkok) Ltd. and Fearnleys (Thailand) Ltd. She received a M.S. in Accounting from Thammasat University and a B.A. in Accounting from Chulalongkorn University.

6. **Pongsak Kanchanakpan, Director, Group Personnel/Administration**

Pongsak Kanchanakpan (54) joined Thoresen in 1989. He has been Director, Group Personnel/Administration since January 2006 and was previously General Manager, Group Personnel/Administration from 1989 to January 2005. He is also a director of Thoresen & Company (Bangkok) Ltd., ISS Thoresen Agencies Ltd., GAC Thoresen Logistics Ltd., Mermaid Maritime Ltd., and Thai P&I Services International Ltd. He received a M.A. in Library Science from the University of Missouri, U.S.A. in 1978, a M.A. in Political Science from Eastern New Mexico University, U.S.A. in 1976, and a B.A. in Political Science from Thammasat University in 1974.

7. **Capt. Chamnan Chomsoonthorn, Managing Director, Chidlom Marine Services & Supplies Ltd. (CMSS)**

Capt. Chamnan Chomsoonthorn (42) joined Thoresen in 1993 as Maritime Personnel Manager and was promoted to General Manager of Maritime Personnel Department in 1997. In 2000, he was promoted to Managing Director of Chidlom Marine Services & Supplies Ltd. He received Class 1, Master Mariner of Foreign Going Vessels and Navigation from the Merchant Marine Training Center of Thailand.

8. **David S. Simpson, Managing Director, Mermaid Maritime Ltd.**

David Simpson (46) joined Mermaid Maritime Ltd. in 2006. He brings 26 years experience from the oilfield service sector covering a full range of geographical locations, including seven years previously based in South East Asia. He has first hand field knowledge and served in a variety of roles including Operations, Safety, Marketing, Technical Support, General Manager, and Managing Director. He is a director of Mermaid Maritime Ltd.

9. **Frank A.N. Teeuwen, Contract Manager, Thoresen & Company (Bangkok) Limited, Executive Director, Thai P&I Services International Ltd.**

Frank Teeuwen (47) joined Thoresen in 1998 as Operations Manager for the Tramp Division and Contract Manager for Thoresen & Company (Bangkok) Ltd. In 2000, he also became an Executive Director of Thai P&I Services International Ltd. In 2006, he became responsible for the operations of both Tramp and Liner Departments.

10. **Helge Bruns, Managing Director, Fearnleys (Thailand) Ltd.**

Helge Bruns (40) joined Fearnleys (Thailand) Ltd. in 1996. He became General Manager in 1999 and Managing Director in 2005. During his 18 years in dry cargo chartering, he has worked in Bremen, Germany, Stamford, Connecticut, U.S.A., and Hong Kong.

11. **William Arthur Wilcox, Managing Director, ISS Thoresen Agencies Ltd.**

William Arthur Wilcox (55) joined Thoresen in 1996 as General Manager of the agency division, after 17 years in senior positions in major ship agency companies in Kenya, Thailand, U.S.A., and U.A.E. He became a director of ISS Thoresen Agencies Ltd. in 2000 and Managing Director of ISS Thoresen Agencies Ltd. in 2006. He is also a member of the Institute of Chartered Shipbrokers, London.

Nature of Business

THE THORESEN GROUP

With over one hundred years of operating history, Thoresen Thai Agencies Public Company Limited (“TTA”) acts as the holding company for all Thoresen Group companies. TTA is a leading provider of dry bulk transportation, offshore services, and shipping-related services through our fleet of general cargo and dry bulk vessels, offshore service vessels, and drilling rigs. Our fleet provides services to major dry bulk and container vessel owners and operators, trading companies, and upstream oil and gas companies and contractors worldwide.

As of 30 September 2006, TTA had sixty (60) consolidated subsidiaries and accounted for two (2) affiliates through the equity method. Our shares are listed on the Stock Exchange of Thailand (“SET”), and TTA is a member of the SET 50 Index, which is comprised of the fifty largest companies by market capitalisation.

As of 30 September 2006, the Dry Bulk Shipping Group owned a fleet of forty-five (45) general cargo, Handysize, and Handymax dry bulk vessels and chartered for the medium term two (2) Handymax vessels. The fleet operates break bulk liner services, on the spot market, and under period time charters, contracts of affreightment, or short-term fixed rate contracts.

Table 1 : TTA Business Groups

- Dry Bulk Shipping Group
- Offshore Services Group
- Shipping Services Group

The Offshore Services Group owned a fleet of four (4) service vessels and chartered one (1) other service vessel. The fleet is designed for specialised sub-sea engineering by both commercial divers and remotely operated vehicles (“ROV”) and includes dynamically positioned vessels with a 300-metre diving capability using saturation techniques. Our ROV’s are able to operate at depths of up to one kilometre. Our sub-sea engineering services are varied and include inspection, repair and maintenance, and installation support and commissioning projects.

The Offshore Services Group also owned a fleet of two (2) tender drilling rigs, which are used in the exploration and production of oil and gas wells. The drilling rigs are designed for use in water depths up to six hundred (600) feet and capable of drilling twenty-four hours per day up to depths of 20,000 feet.

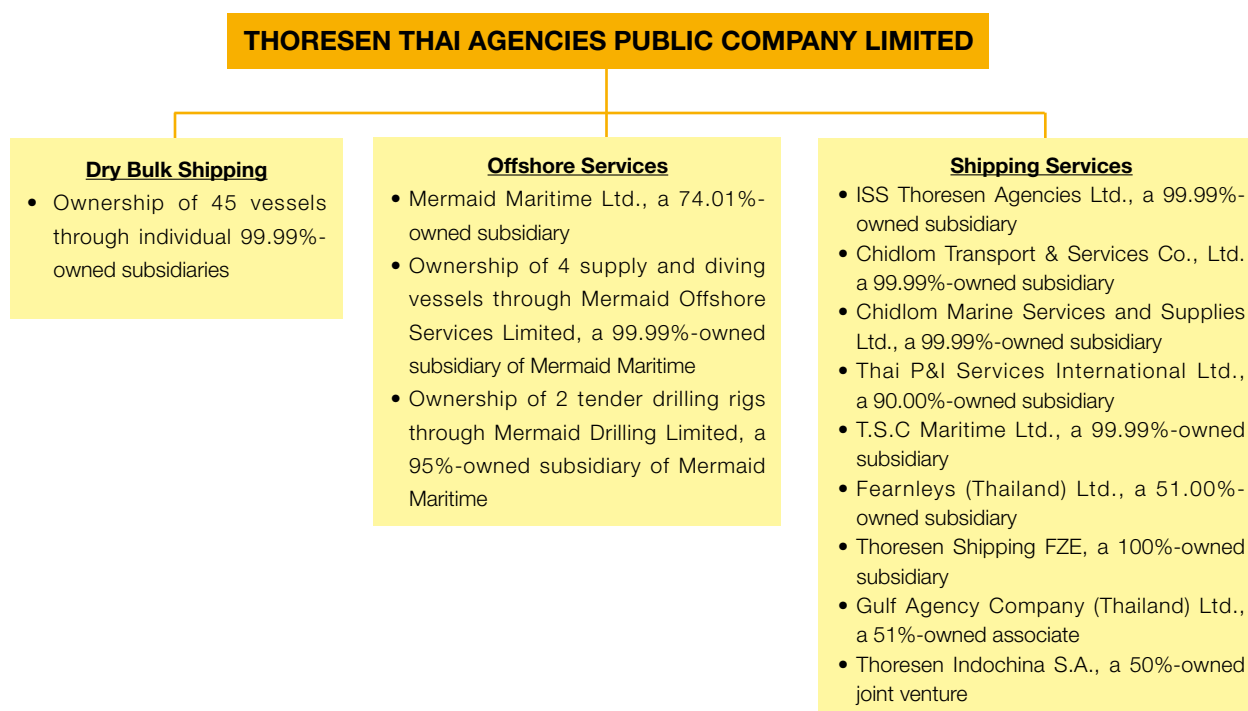
The Shipping Services Group included ship agencies in Thailand, Vietnam, and the United Arab Emirates, vessel supplies, stevedoring, and warehouse rentals in Thailand, and ship brokerage around the region.

The following chart depicts the general ownership structure of the Thoresen Group.

Nature of Business

Nature of Business

Chart 1 : TTA Corporate Structure



Thoresen Group's Business Strategy

TTA needs to manage our business in a way that enables us to continually renew or expand the fleet, meet scheduled principal repayments, and pay dividends to our shareholders. We pursue a client and operations-oriented business strategy designed to achieve superior operating results. Our success has been based on five key competitive advantages:

Niche Focus: We operate in selected markets based on our strengths and resources and provide high-quality services to clients. We do not plan to become a provider of all dry bulk transportation, offshore services, and shipping-related services. Within our selected markets, we focus on continual improvement, which should further enhance our execution and quality.

Client Relationships: We have developed a strong network of clients by providing quality performance and service to them. We have also developed an effective regional network of agents and ports, where we have priority privileges to execute our business.

Disciplined Acquisition Strategy: Our acquisition strategy has resulted in a capital cost-effective fleet of dry bulk vessels, offshore service vessels, and drilling rigs. The fleet can operate efficiently, since we have acquired many sister or similar vessels and drilling rigs. By purchasing specialised vessels and drilling rigs suitable for our niche markets, we also ensure a high degree of fleet utilisation.

Expertise in Maritime Operations: We employ a group of approximately 1,300 sea-going staff and 600 shore staff, who provide a good balance of market intelligence and commercial and technical capabilities. We operate our business using in-house staff and experienced management in all key business functions. The goal is to achieve a focused marketing effort, combined with tight cost controls, effective operations, and safety monitoring.

Financial Strength: We believe that our strong balance sheet allows us to take advantage of appropriate investment opportunities. On 30 September 2006, TTA's debt to equity ratio was 0.74 x. Over the next four years, we are scheduled to repay more than 60% of our existing debt, which will strengthen our balance sheet and increase the amount of available funds for future fleet acquisitions and/or diversification moves.

TTA wants to further expand our business. A key component of our growth strategy will be continued upgrades and expansion of our fleet through both new building and second-hand markets. We also intend to identify expansion opportunities in new geographic areas and services to which our competitive strengths are suited or are a natural extension of our existing business groups.

TTA Business Groups

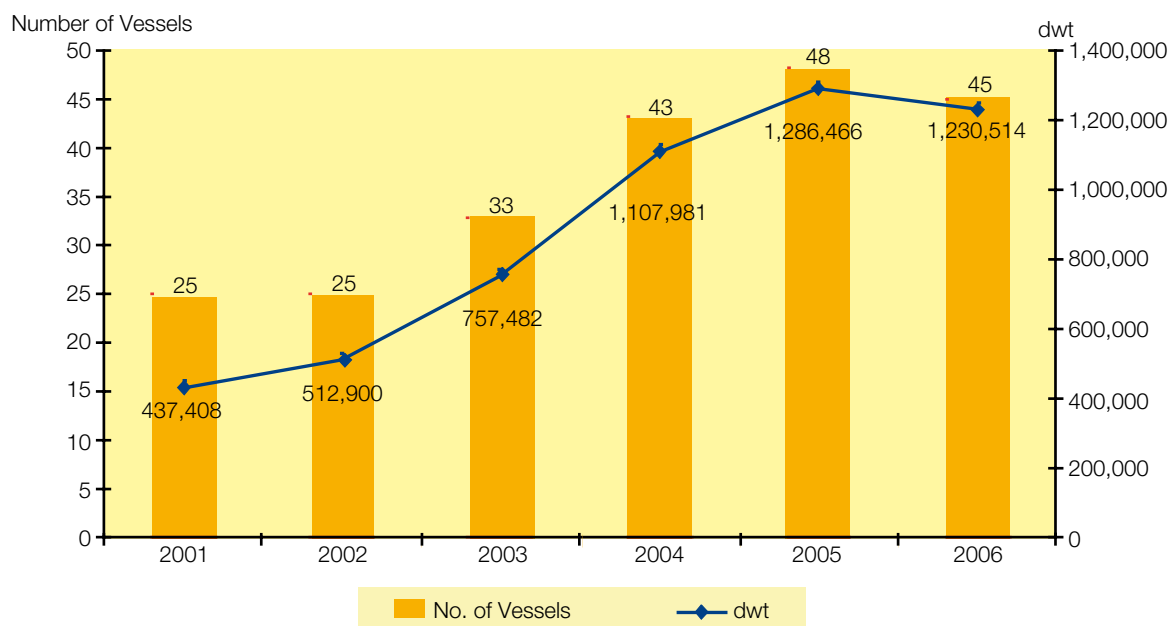
Dry Bulk Shipping Group

TTA is one of the largest Thai-based owners of general cargo, Handysize, and Handymax dry bulk vessels. Our vessels range in size from 15,240 to 52,375 deadweight tonnes ("dwt") and are able to carry a broad range of major and minor bulk cargoes, including iron ore, coal, grains, cement, fertilisers, steel products, and forest products.

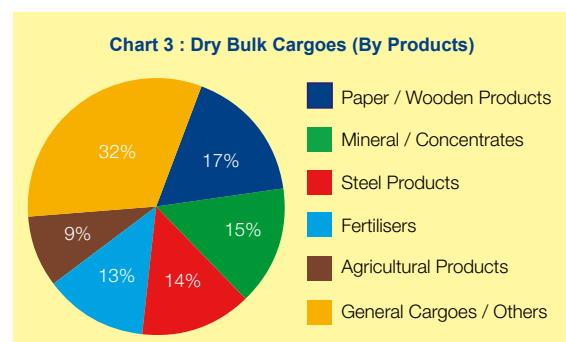
In 2006, TTA scrapped or sold three vessels and did not acquire any additional vessels. Due to high vessel prices, we lengthened three of our Passat-design vessels to increase their cargo carrying capacity by 12%. By lengthening these three vessels, we created sister vessels to our other four Passat-design vessels, which were extended by previous owners.

Our own 45-vessel fleet had a total cargo carrying capacity of 1,230,514 dwt, an average size of 27,345 dwt, and a dwt-weighted average age of 17.73 years as of 30 September 2006. The following chart summarises our fleet development from 2001 to 2006.

Chart 2 : Dry Bulk Fleet Development



In 2006, TTA carried a total of 14.07 million tonnes of cargoes, an increase of 7.35% over 2005, of which 58%, or 8.27 million revenue tonnes, consisted of forest products, minerals/concentrates, steel products, and fertilisers. The following chart demonstrates our diversified cargo base.



Our Fleet

The dry bulk fleet consists of vessels that are owned by us and vessels that are operated by us. The vessel configurations include tween-deckers and open-hatch box-shaped and conventional bulk vessels. Although such vessels are often inter-changeable and influenced by the same overall market forces, each design does have its own advantages, as noted in the following table.

Table 2 : Vessel Configurations

Design Type	Description
Tween-deckers	Such vessels have a middle, or tween, deck in their cargo holds, making them very suitable for bagged, unitised, or non-stackable cargoes. A tween-decker can be used to carry conventional bulk cargoes. The jumbo derricks and tandem cranes also allow these vessels to carry heavy project cargoes.
Open-Hatch Box-Shaped Vessels	The open-hatch box-shaped bulk vessels have much wider hatch openings than conventional bulk vessels, making them more efficient in carrying unitised cargoes, such as steel and forest products. These vessels can also be used to carry conventional bulk cargoes.
Standard Bulk Vessels	The standard bulk vessel is, as the name implies, the most suitable design to carry conventional bulk cargoes.

The following tables present summary information about our fleet as of 30 September 2006.

Table 3 : Fleet Structure

	Number of Vessels				
	Owned Vessels	Chartered-in Vessels	Vessels Waiting to be Delivered	Newbuildings on Order	Total
Handysize	31				31
Handymax	14	4 (*)	1	2 (*)	21
TOTAL	45	4	1	2	52

Note: (*) as of 31 December 2006



Nature of Business
Nature of Business

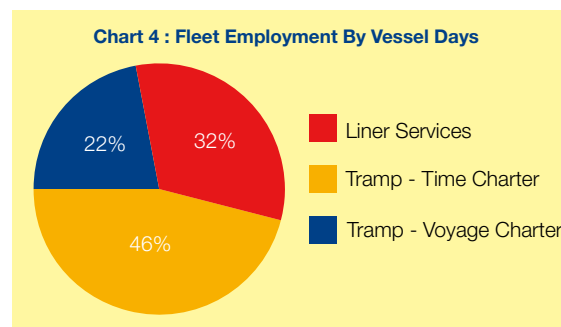
Table 4 : Dry Bulk Fleet List

TWEEN DECKERS							
Vessel Name		Original Delivery Date	dwt	Age	Design	Classification	
1	Hermes	01/10/1977	15,240	29.02	SD-14	BV	
2	Thor Sailor	21/03/1986	16,248	20.54	TD-15A	ABS	
3	Thor Sea	28/04/1986	16,248	20.44		LR	
4	Thor Skipper	04/11/1986	16,211	19.92		LR	
5	Thor Sky	18/12/1986	16,225	19.80		LR	
6	Thor Spirit	11/06/1986	16,248	20.32		LR	
7	Thor Star	22/11/1985	16,248	20.87		BV	
8	Thor Sun	04/07/1986	16,223	20.25		LR	
9	Thor Mariner	18/01/1983	17,298	23.72		Multi-Purpose	LR
10	Thor Master	02/08/1982	17,298	24.18	LR		
11	Thor Merchant	01/11/1982	17,326	23.93	BV		
12	Thor Mercury	03/07/1984	17,322	22.26	BV		
13	Thor Navigator	29/03/1987	20,358	19.52	Passat	LR	
14	Thor Nautica	09/12/1988	20,542	17.82		BV	
15	Thor Neptune	01/03/1989	20,377	17.59		GL	
16	Thor Nexus	01/01/1989	20,377	17.76		GL	
17	Thor Nautilus	06/05/1988	20,457	18.41		BV	
18	Thor Nectar	01/01/1990	20,433	16.76		GL	
19	Thor Nereus	01/01/1988	20,380	18.76		GL	
BULK CARRIERS							
20	Thor Pilot	22/05/1986	33,400	20.37	Standard	Bulk < 40,000 dwt	LR
21	Thor Orchid	27/09/1985	34,800	21.02			LR
22	Thor Lotus	18/02/1985	35,458	21.63			BV
23	Thor Alliance	27/06/1984	40,940	22.27	Standard	Bulk > 40,000 dwt	LR
24	Thor Venture	14/06/1986	41,824	20.31			DNV
25	Thor Dynamic	30/04/1991	43,497	15.43			BV
26	Thor Integrity	02/04/2001	52,375	5.50			BV
27	Thor Jasmine	22/08/1985	36,633	21.12	Box Shape	Bulk (Box) < 40,000 dwt	DNV
28	Thor Jupiter	18/08/1986	36,992	20.13	Open Hatch / Box Shape		ABS
29	Thor Wave	30/07/1998	39,042	8.18			ABS
30	Thor Wind	18/11/1998	39,087	7.87			ABS
31	Thor Guardian	29/05/1985	41,876	21.35	Box Shape	Bulk (Box) > 40,000 dwt	LR
32	Thor Energy	16/11/1994	42,529	11.88	Open Hatch / Box Shape		NKK
33	Thor Endeavour	11/04/1995	42,529	11.48			NKK
34	Thor Enterprise	28/07/1995	42,529	11.18			LR
35	Thor Harmony	21/03/2002	42,978	4.53			DNV
36	Thor Champion	01/12/1982	25,150	23.85	Open Hatch / Box Shape	Con-Bulkers (Box)	GL
37	Thor Captain	01/05/1983	25,085	23.43			GL
38	Thor Confidence	24/06/1983	24,900	23.28			GL
39	Thor Commander	01/05/1984	26,140	22.43			GL
40	Thor Tribute	03/01/1985	23,224	21.75	Open Hatch / Box Shape	Wismar (Box)	BV
41	Thor Trader	20/11/1985	24,126	20.87			LR
42	Thor Traveller	30/11/1985	24,126	20.85			LR
43	Thor Transporter	08/08/1986	23,930	20.16			BV
44	Thor Transit	01/12/1986	23,042	19.84			ABS
45	Thor Triumph	30/09/1987	23,245	19.01			LR
TOTAL THORESEN FLEET			1,230,514 dwt				

ABS : Amercian Bureau of Shipping
 BV : Bureau Veritas
 DNV : Det Norske Veritas

GL : Germanischer Lloyd
 LR : Lloyd's Register
 NKK : Nippon Kaiji Kyokai

Our vessels are of Thai registry and owned through separate wholly owned subsidiaries of TTA. Our vessel employment strategy has always been to achieve a highly diversified mix of clients and cargoes. We want to achieve a good balance among our liner operations, chartered-out tonnage, and fixing cargoes or short employment periods in the tramp market. This strategy allows reduced volumes from one client or product type to be readily compensated by others.



Liner Segment

TTA has historically been a liner services operator. However, as a result of the rapid fleet growth over the last few years, the portion of the fleet utilised in liner trades has, despite having introduced additional services, gradually declined. Approximately 32% of our vessel days were employed in our liner services.

In our liner service, vessels call regularly at pre-announced ports. Clients pay a fixed freight rate per revenue tonne of cargo, while we pay for all voyage related expenses, including loading and discharge expenses, fuel oil, port expenses, and agency fees. The number and variety of clients and cargoes tend to be high for the liner services. Spot rates fluctuate in line with current dry bulk shipping conditions, while liner rates usually lag behind current dry bulk shipping conditions, both on the upward and downward stages, because liner bookings cover a certain period, usually two to four months, in advance.

Current liner trades include regular services between Southeast Asia and China into the Persian Gulf, Arabian Sea, Red Sea, and the Mediterranean Sea, with a large share of return cargoes being contract based. One of the advantages of liner trades is that they tend to deliver more stable earnings as compared to the general tramp market. The following picture depicts our current liner services.



The growth of our liner services is demonstrated in the following table.

Table 5 : Liner Production Statistics

Route	Number of Voyages		Cargo Volume		% Increase	Principal Cargoes
	2005	2006	2005	2006		
China-Middle East	19	33	359,403	1,131,847	214.92%	Wood & Steel Products
Southeast Asia-Middle East	115	99	1,390,615	1,510,741	8.64%	Wood & Steel Products
Others		6		202,335	100%	Wood Products
Total	134	138	1,750,018	2,844,923	62.57%	

TTA offers liner services to various shippers and manufacturers, which vary from year to year. Due to the rapid growth of key Asian economies like China and India, the trading patterns and cargo volumes have been increasing significantly. We source cargoes through our network of shipping agents, brokers, and direct discussions with clients.

Table 6 : Key Liner Competitors

- Hyundai Merchant Marine Co., Ltd.: 22 Handysize vessels (462,875 dwt) and 8 Handymax vessels (366,374 dwt)
- STX Pan Ocean Co., Ltd.: 27 Handysize vessels (824,929 dwt) and 10 Handymax vessels (475,114 dwt)
- China Ocean Shipping (Group) Company: 275 Handysize vessels (6.1 million dwt) and 104 Handymax vessels (4.9 million dwt)

We compete principally with companies that operate similar break bulk liner services from Southeast Asia and China to the Middle East. Even though our primary competitors have larger fleets, we believe that we have competitive advantages as a result of the quality, type, and dimensions of our vessels, our sailing frequencies, and our extensive network of shipping agents, brokers, and clients in the Asia Pacific and Middle East. By operating these liner services, we feel that we are more involved in the logistics and shipping chain rather than just being a tonnage provider.

During 2006, approximately 27.4% of our net voyage revenues were earned by the liner segment.

Tramp Segment

Besides the liner segment, our other voyage revenues are derived from:

1. Voyage, or spot, charters, which are charters based on the current market rate.
2. Time charters, whereby vessels are chartered to clients for a fixed period of time at rates that are generally fixed, but may contain a variable component, such as an inflation adjustment or a current market rate component.
3. Contracts of affreightment ("COA"), where we carry an agreed quantity of cargo for a client over a specified trade route within a given period of time.

The table below illustrates the primary distinctions among the main types of charters and contracts within our industry.

Table 7 : Types Of Charters

	Voyage Charter	Time Charter	Bareboat Charter	Contract of Affreightment
Typical contract length	Single voyage	One year or more	One year or more	One year or more
Hire rate basis	Varies	Daily	Daily	Typically daily
Voyage expenses	We pay	Client pays	Client pays	We pay
Vessel operating expenses	We pay	We pay	Client pays	We pay
Off-hire	Client does not pay	Varies	Client typically pays	Client typically does not pay

We operate one-way liner services from Southeast Asia and China to the Middle East. Given our fleet size, we are not always required to sail vessels straight back to Southeast Asia and China. We have the flexibility to employ vessels on a spot basis or with return cargoes to the Asia-Pacific region to proceed with their next scheduled voyages. The return cargoes are sourced through a combination of COA's and the tramp market.

We compete principally with other Handysize and Handymax owners in the tramp market. Most transactions are done through brokers that represent both clients and vessel owners. Some transactions, called market cargoes, are offered through two or more brokers simultaneously and shown to the widest possible range of vessel owners. Other transactions, called private cargoes, are given to only one broker and shown to a selective number of vessel owners.

Competition in the tramp segment is intense and can be affected by the availability of other size vessels that can compete in our markets. Due to the large difference in size, Capesize dry bulk carriers rarely compete with Handymax vessels for specific cargoes. However, movements by such vessels into Panamax trades and Panamax vessels into Handymax trades would heighten the already intense competition.

TTA enters into period time charter contracts for a large number of our vessels. Our period time charters range in length from one to three years and provide for fixed semi-monthly payments in advance. We believe that period time charters provide significant visibility to our future financial results and create stable cash flows over time.

A period time charter transaction involves the hiring of a vessel for a fixed period of time under which we place our vessel, including crew and equipment, at the service of the charterer. Under a typical time charter, the charterer pays us a fixed daily charter hire rate twice a month and bears all voyage expenses, including the cost of fuel and port and canal charges. The charterer generally determines the type and quantity of cargo to be carried and the ports of loading and discharging. The operation and navigation of the vessel remain our responsibility, as well as vessel operating expenses, such as the cost of crewing, insuring, maintaining and repairing the vessel, and costs of spare parts and supplies.

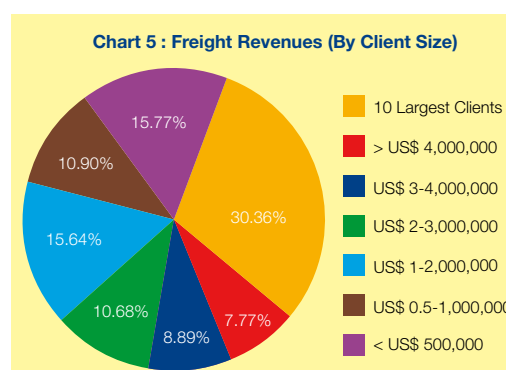
As of this date, 27% of our available capacity is on period time charter in 2007 and 13% of our available capacity is on period time charter in 2008. The alternative to chartering out vessels is to operate them against forward cargo bookings and cargo contracts. In the spot market, it is possible to take advantage of sudden upturns in the market, but we are also exposed to sudden downturns. The number of vessels operated in the spot market will vary according to our time charter and liner services.

In connection with the charter of each of our vessels, we pay commissions ranging from 1.25% to 6.25% of the total daily charter hire rate to brokers that were associated with the charter.

During 2006, approximately 72.6% of our net voyage revenues were earned by the tramp segment.

Our Clients

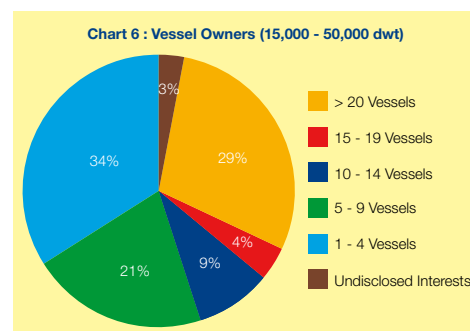
Since TTA manages a balanced mix of liner and tramp services, including period time charters and COA's, our clients include a wide range of leading international traders and vessel operators. Some of our top clients include traders like Holcim and Welspun and vessel operators like Global Maritime Breakbulk, Sanko Line, Sea Consortium, and Bertling Logistics. Our credit risk assessment of a charterer's financial condition and reliability is an important factor in negotiating employment for our vessels. Our strategy is to charter vessels to major trading houses (including



commodities traders), publicly traded companies, reputable vessel owners and operators, major producers and government-owned entities rather than speculative companies. In line with our diversified vessel employment approach, our top ten clients accounted for only 30% of our freight revenue in 2006.

Competition

Our business will fluctuate in line with the supply and demand of dry bulk cargoes. We compete for charters on the basis of price, vessel location, size, age, and condition of the vessel, as well as on our reputation as an owner and operator. We compete with other owners of general cargo and Handysize and Handymax dry bulk vessels. Ownership of general cargo and dry bulk vessels from 15,000 to 50,000 dwt is highly fragmented and is divided among approximately 1,127 independent owners with 4,625 vessels, as demonstrated in the adjacent chart.



Offshore Services Group

Mermaid Maritime Limited ("MML") has been operating since 1983, with TTA becoming a major shareholder in 1995. Through MML, we provide services to the offshore oil and gas industry in Thailand and neighbouring countries.

Table 8 : MML's Key Subsidiaries

- Mermaid Offshore Services Ltd. ("MOS"): operation of offshore service vessels, together with diving and non-destructive testing services
- Mermaid Drilling Ltd. ("MDL"): operation of drilling rigs

Because MML was a pioneer in offering such services in Thailand, we have become one of the few comprehensive Asian providers of offshore services. Due to our location and cost advantage, we have become an increasingly attractive choice to provide offshore services in neighbouring countries.

Due to the hazardous nature of the industry, MML professionals have undergone extensive certification by all major accredited maritime organisations, and we have become the only company in Thailand professionally qualified to provide comprehensive services and support for the offshore sector for both above and underwater operations.

MML enjoys a market with no direct local competition. Barriers to entry are high due to the requirement of international accreditation. Due to the specialised nature of this business, local expertise and experience and the necessary level of training are generally unavailable locally.

Drilling Segment

MDL's objective is to become a leading owner and operator of high-performance and cost-efficient drilling rigs, with a geographical emphasis in Southeast Asia. MDL's initial strategy is to specialise in the tender drilling rig segment, maintain a balanced portfolio of medium to long-term contracts to ensure steady cash flows and reduce exposure to short-term market fluctuations, and create economies of scale through the joint operation of the rigs with MML's other businesses.

Because our two rigs were acquired in the second-hand market, MDL plans to optimise their utilisation by continually improving their capabilities and increasing their quality and reliability.

Our Fleet

Our drilling rigs were acquired in April and July 2005, respectively. Our rigs are of Thai registry and owned through separate wholly owned subsidiaries of MDL, namely MTR-1 Ltd. ("MTR-1") and MTR-2 Ltd. ("MTR-2").

Table 9 : Drilling Rig Fleet List

Rig Name	Year Built/Last Upgrade	Classification Society	Water Depth Rating (metres)	Drilling Depth Rating (metres)	Mud Pump (Horsepower)	Quarters or Accommodation
MTR-1	1978/1998	ABS	180	6,100	1,300	112 persons
MTR-2	1981/1997	BV	100	4,800	1,600	115 persons

While the rigs were built in 1978 and 1981, the drilling packages have continually been updated to maintain efficiency. MTR-1 and MTR-2 were last upgraded in 1998 and 1997, respectively. The industry life of tender rigs is 35 to 45 years, provided that they are properly maintained. Our rigs are designed for extensive drilling down to depths of 18,000 to 20,000 feet.

Our Clients

Our clients include large multinational, national, and independent oil and gas companies. We currently have five drilling contracts with Carigali-Triton Operating Company Sdn. Bhd., Amerada Hess (Indonesia-Pangkajene) Ltd., Chevron Indonesia Co., Pearl Oil (Thailand) Ltd., and Chevron Thailand Exploration and Production Ltd. Our rigs are currently committed through 2009.

Competition

Drilling contracts are awarded through competitive bidding or on a negotiated basis. The contract terms vary depending on geographical area, geological formation to be drilled, the equipment and services supplied, on-site drilling conditions, and the anticipated duration of the work to be performed.

Our primary competitors include five global or regional offshore drilling companies, including two of the world's three largest companies in SeaDrill Limited and Pride International, Inc. SeaDrill, with its majority ownership of Smedvig ASA and Odjell Invest Ltd., owns thirty-four (34) offshore rigs. Pride, which owns 277 rigs, operates both offshore and on land in over twenty-five countries.

Price is often the primary factor in determining which contractor among those with suitable rigs is awarded a job. Other competitive factors include rig availability, safety performance record, reputation for quality, crew experience, and condition of equipment and efficiency.

The following table summarises the ownership of all tender drilling rigs.

Table 10 : Tender Drilling Rig Market

Owner Name	Owned	Under Construction	Total
SeaDrill Ltd.	11	3	14
KCA Deutag	4	0	4
Mermaid Drilling	2	0	2
Pride	3	0	3
Others	2	0	2

Source : rigzone.com, various company data, and MDL data

In 2006, MDL contributed 39.54% of revenues to MML's consolidated revenues.

Sub-Sea Engineering Segment

MOS owns four diving and ROV support vessels and has chartered one construction support vessel. We employ more than one hundred and fifty (150) diving, ROV, and survey personnel to work on our sub-sea engineering projects. Approximately one hundred and fifty (150) projects were performed by MOS in 2006.

Sub-sea engineering services include inspection, repair, and maintenance projects for classification societies on offshore platforms, structures, and vessels. Other services include support of heavy construction projects, such as installation and commissioning of platforms, pipelines, and sub-sea cable, and platform strengthening and upgrades through a variety of techniques, including underwater welding.

MOS also provides non-destructive testing services, which include testing of hull or structural integrity and the level of deterioration in order to develop appropriate safety programmes, and performing emergency intervention and repair on damaged pipelines, hulls, and structures.

In 1999, Mermaid established a centre for diving, inspections, and welding training in collaboration with the Welding Institute of the United Kingdom. Later that year, MML established a subsidiary, Darium Thai Offshore Ltd., to provide offshore service vessels. Three vessels, the NICO Songkhla, NICO Bangkok and NICO Sattahip, were acquired in 1999 and 2001. With MOS focusing on our own fleet operations, NICO Songkhla and NICO Sattahip were sold in 2006, and we plan to sell the last vessel soon.

MOS is approved by all major classification societies and is a full member of the International Marine Contractors' Association ("IMCA").

Our Fleet

Our fleet consists of four diving support vessels, one portable saturation diving system, and six ROV's. Our vessels are of Thai registry and owned directly by MOS. We have also chartered in one construction support vessel. Dive support vessels are specially equipped vessels that perform services and act as an operational base for divers, ROV's, and specialised equipment.

The following table summarises certain information on the vessels used in our sub-sea engineering services.

Table 11 : Offshore Service Fleet List

Vessel	Description	Year Built	Flag State	Class Society	Length (metres)	Berths	DP or Anchor Moored
Mermaid Commander	Purpose-built diving support vessel with saturation systems	1987	Thailand	DNV	90	96	DP 2
Mermaid Performer	Purpose-built survey and diving support vessel	1982	Thailand	DNV	49	30	4-point
Mermaid Responder	Purpose-built diving support vessel with air and mix gas diving systems	1983	Thailand	ABS	56	58	4-point
Mermaid Supporter	Inspection vessel with air and mix gas diving systems	1982	Thailand	DNV	39	26	Anchor
Team Siam (1)	Construction support vessel with saturation systems	2002	Jamaica	DNV	90	142	DP 2

Note: (1) On charter to MOS

Our Clients

Given the large number of projects performed by MOS, we have a substantial client list that includes major oil and gas exploration and production companies, offshore service and drilling companies, and major engineering, procurement, installation, and construction contractors. In 2006, we worked for BP, Chevron, Exxon Mobil, Modec, Tanker Pacific, Mitsubishi Heavy Industries, CUEL, Saipem, and Technip.

Competition

MOS has developed into the largest Asian owned and operated sub-sea engineering company. Our competition may be divided into two groups: (1) European or American managed multinational companies, which do not focus on Asia as a principal area of business, including Helix Energy Solutions Group, Inc., Global Marine Systems Ltd., and Subsea 7, and (2) smaller independent companies for whom the entry barriers in terms of investment, in-house capabilities, and established work histories provide serious obstacles to growth, including Hallin Marine Subsea International Plc and Sarku Engineering Services Sdn. Bhd.

Management of Our Fleet

We undertake all of the commercial, technical, and strategic management of our fleet of dry bulk vessels, offshore service vessels, and drilling rigs. We currently have a total of 600 shore-based personnel and 1,300 sea-based personnel.

Commercial and Strategic Management

We perform all of the commercial and strategic management of our fleet, including:

- Obtaining employment for our fleet and maintaining relationships with our clients. Because our management team is highly experienced, we have a reputation that allows access to a broad range of clients, which results in high utilisation rates.
- Identifying, purchasing, and selling dry bulk vessels, offshore service vessels, and drilling rigs. Our management team's longstanding relationships in the industry give us access to an extensive network of brokers and owners, from whom we source our potential acquisition targets.
- Obtaining insurance coverage for our fleet. We have well-established relationships with reputable marine underwriters in all the major insurance markets around the world that insures our fleet at competitive rates. Additionally, our protection and indemnity insurance is directly placed with the underwriter, thereby eliminating broker expenses.

Technical Management

Technical management includes overseeing day-to-day fleet operations, performing maintenance, ensuring regulatory and classification society compliance, hiring qualified experienced officers and crew, arranging and supervising dry-docking and repairs, and purchasing supplies, spare parts, and new equipment. Occasionally, we rely on original equipment manufacturers' service engineers to perform technical services with our staff.

Safety and environmental compliance are our top operational priorities. Given the emphasis by clients on quality, we believe that our emphasis on quality and safety provides us with a favourable competitive profile. We actively manage the risks inherent in our business and are committed to eliminating incidents that threaten the safety and integrity of our fleet and personnel.

We establish key performance indicators to facilitate regular monitoring of our operational performance. We recruit a combination of Thai and foreign crew, although our emphasis is to hire Thai staff where possible. We typically man our fleet with more crewmembers than are required to perform routine maintenance duties, which should reduce the expected dry-docking time.

Technical management is based on the strategy that our fleet will be operated until normal scrapping age. Therefore, we strive to supply, maintain, and repair our fleet to a high standard as this proves to be the most cost economical approach over their lives and generally results in reduced machinery downtime. In some cases, we can extend the useful life of our fleet due to our reliable and effective maintenance programmes.

Permits and Authorisations

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certificates for our fleet. The kinds of permits, licenses, and certificates required depend upon several factors, including the commodity transported, the waters in which the fleet operates, and the age of a vessel or drilling rig.

Government regulation significantly affects the ownership and operation of our fleet. We are subject to international conventions and various laws and regulations in the countries in which our fleet may operate. We are operating our fleet in full compliance with all government regulations and laws applicable to us.

A variety of government and private entities subject our fleet to both scheduled and unscheduled inspections. These entities include the local port authorities (harbour master or equivalent), classification societies, and terminal operators. Certain of these entities require us to obtain permits, licenses, and certificates for the operation of our fleet. Failure to maintain necessary permits or approvals could require us to incur substantial costs or temporarily suspend the operation of one or more of our vessels or drilling rigs.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements on all vessels and drilling rigs and may accelerate the scrapping of older vessels and drilling rigs throughout the industry. Therefore, our operating strategy emphasises operational safety, quality maintenance, continuous training of our officers and crews, and compliance with international regulations.

International Maritime Organization

The International Maritime Organization (“IMO”) has negotiated international conventions that impose liability for oil pollution in international waters and a signatory’s territorial waters. The IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships (“MARPOL Convention”) to address air pollution from vessels, which became effective in May 2005. Annex VI set limits on sulphur oxide and nitrogen oxide emissions from vessels exhausts and prohibit deliberate emissions of ozone depleting substances. Annex VI also includes a global cap on the sulphur content of fuel oil and allows for special areas to be established with more stringent controls on sulphur emissions. We confirm that our fleet is in full compliance with Annex VI.

The operation of our fleet is also affected by the requirements set forth in the IMO’s Management Code for the Safe Operation of Ships and Pollution Prevention (“ISM Code”). The ISM Code requires owners and bareboat charterers to develop and maintain an extensive “Safety Management System” that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. As part of the ISM Code, our safety management certificates are maintained through ongoing internal audits by our certified internal auditors and external audits performed by different classification societies. Our fleet is ISM Code-certified.

IMO regulations also include the International Convention for Safety of Life at Sea ("SOLAS"), including amendments to SOLAS implementing the International Security Code for Ports and Ships ("ISPS"). SOLAS provides rules for the construction of and equipment required for commercial vessels and includes regulations for safe operation.

ISPS was adopted in December 2002 in the wake of heightened concern over worldwide terrorism and became effective on July 1, 2004. The objective of ISPS is to enhance maritime security by detecting security threats to vessels and ports and by requiring the development of security plans and other measures designed to prevent such threats.

SOLAS and other IMO regulations concerning safety, life-saving equipment, etc. apply to our operations. Non-compliance with IMO regulations may cause increased liabilities or penalties, including the denial of access or detention in some ports.

Classification, Audits, and Inspections

The hull and machinery of all vessels and drilling rigs must be certified by one of the major classification societies ("class"). The classification society certifies that the vessel or drilling rig has been built and maintained in accordance with the rules of that class and complies with applicable rules and regulations of the country of registry. Occasionally, clients impose standards that are additional to class requirements. In these instances, clients will cover the cost of the additional standards.

Each vessel or drilling rig is inspected by a class surveyor annually, with either the second or third annual inspection being a more detailed survey ("Intermediate Survey") and the fourth or fifth annual inspection being the most comprehensive survey ("Special Survey"). The inspection cycle resumes after each Special Survey.

Our fleet also may be required to be dry-docked at each Intermediate and Special Survey for inspection of the underwater parts in addition to a more detailed inspection of hull and machinery. In addition to the class inspections, many clients inspect our vessels or drilling rigs prior to employment, and regular inspections are standard practice under long-term contracts as well.

Our fleet is also regularly inspected by our crews, who perform much of the necessary routine maintenance. Shore-based and technical specialists also inspect our fleet at least twice a year. Upon completion of each inspection, action plans are developed to address any items requiring improvement.

Most insurance underwriters make it a condition for insurance coverage that a vessel or drilling rig be certified by a class, which is a member of the International Association of Classification Societies ("IACS"). We confirm that our fleet is classed with a member of IACS.

Table 12 : IACS Members

- American Bureau of Shipping ("ABS")
- Bureau Veritas ("BV")
- China Classification Society ("CCS")
- Det Norske Veritas ("DNV")
- Germanischer Lloyd ("GL")
- Korean Register of Shipping ("KR")
- Lloyd's Register ("LR")
- Nippon Kaiji Kyokai ("NK")
- Registro Italiano Navale ("RINA")
- Russian Maritime Register of Shipping ("RS")

Risk of Loss and Insurance

The operation of any vessel or drilling rig includes risks such as mechanical failure, collision, property loss, cargo loss or damage, and business interruption. In addition, there is always an inherent possibility of marine accidents, including oil spills (from fuel oil) and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

We carry hull and machinery insurance, war risks insurance, protection and indemnity cover, and freight, demurrage and defence cover to protect against most of the accident-related risks in our business. Hull and machinery insurance covers loss or damage due to marine perils, such as collisions, groundings, and weather. Our dry bulk vessels will each be covered up to at least fair market value with deductibles of \$100,000 per incident. We confirm that our fleet is insured with a panel of major underwriters with the majority being A-rated.

Protection and indemnity insurance is provided by mutual protection and indemnity associations ("P&I Clubs"), which insure our third party liabilities. This includes third-party liability and other related expenses resulting from the injury or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, including wreck removal. Our fleet will be covered for third-part liability up to \$2 billion, except for oil pollution, which is covered up to \$1 billion. Our deductible for these insured liabilities is \$10,000.

The 13 P&I Clubs that comprise the International Group insure approximately 90% of the world's fleet and have entered into a pooling agreement to reinsure each association's liabilities. As a member of a P&I Club, we are subject to calls payable to the association based on the association's claim records as well as the International Group's claim records. We confirm that our fleet is insured with members of the International Group.

We also carry insurance policies covering war risks, including piracy and terrorism. We do not carry insurance on our vessels covering the loss of revenues resulting from off-hire time based on its cost compared to our off-hire experience. We believe that our current insurance coverage is adequate to protect against most of the accident-related risks involved in the conduct of our business. We conduct an annual review of insured values prior to policy renewal and may adjust insured values depending on current market estimates. This ensures an optimal level of insurance cover and premium expenses at all times.

Shipping Services Group

Over 100 years ago in Hong Kong, TTA started its corporate life as a provider of shipping services to the maritime industry and later expanded into shipping operations. TTA has provided ship agency services in Thailand since 1926. Our non-shipping operations have expanded over the years to include stevedoring, ship brokerage, ship maintenance and repairs, and port operations.

Our continued growth in non-shipping operations has followed a strategy that additional investments must create synergies with other Thoresen Group companies. It is our intention to increase the scale of the non-shipping operations to create another key business segment. This strategy will help diversify our revenues and net profits.



Ship Agency

TTA is the largest ship agency group in Thailand handling all types of vessels. Two separate companies carry out the agency business in Thailand. The first company, ISS Thoresen Agencies Ltd., is a wholly owned subsidiary of TTA and is marketed as part of the Inchcape Shipping Services global network, the world's largest ship agency group.

The second company, Gulf Agency Company (Thailand) Ltd., is a joint venture between TTA (51%) and Gulf Agency Company (49%). GAC is the world's leading provider of shipping, logistics, and marine services.

Our third ship agency is Thoresen (Indochina) S.A., of which TTA owns 50%. With thirteen years of experience in Vietnam, Thoresen (Indochina) S.A. provides agency services in both Vietnam and Cambodia. It is one of the largest agency companies in the Ho Chi Minh City – Vung Tau area, specialises in project cargo handling, and is actively developing new logistics projects in Vietnam for its shareholders.

All three companies provide traditional ships' agency services: port clearance, berthing, loading and discharging, cargo booking, supplying fuel, water, stores, vessel repairs, and crew changes. Additionally, Gulf Agency Company (Thailand) Ltd. specialises in a comprehensive range of supply chain and logistics solutions. These include air and sea freight, warehousing and distribution, door-to-door transportation, project logistics, international moving, and courier services.

P&I Club Representation

Thai P&I Services International Ltd. was formally incorporated in February 2000. Prior to its establishment, it was a division of TTA, and today TTA owns 90% of Thai P&I Services International Ltd. The company acts as the local correspondent for P&I Clubs and hull and machinery insurers.

In this capacity, it offers a wide range of service to vessels calling Thailand like arranging cargo damage surveys for quick but precise first hand assessments, collision investigations, stowaway repatriation, surveys on damage to fixed and floating objects, dispute resolution, and legal representation.

Our claims handling team strives to provide the best possible technical and legal assistance available for any casualty followed by a thorough review of each matter in accordance with local regulations, laws, and marine insurance practices, resulting in prompt and cost effective claims settlement.

Ship Stevedoring & Transportation

Chidlom Transport and Services Co., Ltd., a wholly owned subsidiary of TTA, undertakes ship stevedoring and transportation services, including cargo loading and unloading, cargo handling, and transportation.

Ship Supplies & Logistics Provider

Chidlom Marine Services & Supplies Ltd., a wholly owned subsidiary of TTA, provides ship supplies and logistics services, including supply of ship stores, cargo dunnage materials, cargo lashing & securing equipment, cargo handling equipment, tally & checker services, forklift rental/services, warehouses & storage spaces for rental, material procurement, management, and distribution.



Nature of Business

Nature of Business

Ship Brokerage

Fearnleys (Thailand) Ltd. is a joint venture between TTA (51%) and Fearnleys A/S of Norway (49%). The Fearnleys Group is one of the largest ship broking companies in the world with activities in dry cargo, sale & purchase, tanker, gas, offshore, and consultancy. Fearnleys (Thailand) Ltd. also has a wholly owned subsidiary, PT Fearnleys Indonesia, which provides dry cargo broking services in Indonesia.

In addition to the marketing of TTA's own fleet, Fearnleys (Thailand) Ltd. engages in competitive ship broking business with different owners and cargo charterers not only in Southeast Asia, but also worldwide. Even though we deal in every kind of dry cargo, there is an emphasis on commodities such as coal, cement, steel, fertilisers, rice, and other agricultural products.

The Fearnleys Group issues weekly, monthly, quarterly, and yearly reports, which enable clients to get a precise update/forecast about their respective trading areas.



Ship Repairs and Maintenance

T.S.C. Maritime Ltd., a wholly owned subsidiary of TTA, is an ISO 9001 company certified by Lloyd's Register of Shipping. T.S.C. Maritime Ltd. was established to perform maintenance and repairs afloat on our vessels calling in Thailand. The skills and expertise developed led to the formation of the company offering these services to all owners calling in Thailand.



Port Operations

Sharjah Ports Services LLC, which is a joint venture between Sharjah Ports Authority in the United Arab Emirates (51%) and TTA (49%), has a concession covering all stevedoring, cargo handling, cargo storage, cargo delivery, marketing, and accounting for all general cargo, ro-ro, and reefer break bulk cargoes for Port Khalid, Hamriyah, and Sharjah Creek ports, for a period of 10 years, with options for renewals.

The company came into existence in June 2002, as part of a port privatisation programme. All existing employees of the port, about 500 in total, and all existing equipment, were taken over by the new company.

Port Khalid is the largest of the three ports covered under the contract and is located some 16 kilometres south of Dubai. Together, the three ports currently handle in excess of 5 million tonnes per year, with significant available capacity for increases.

Nature of Business

Nature of Business

Other Middle East Operations

Due to the strong growth of our liner business, Thoresen Sharjah, a wholly owned subsidiary of TTA, was established to act as our regional office in the Middle East. Thoresen Sharjah promotes the TTA liner services and provides cost effective cargo operations on vessels calling in the United Arab Emirates and other ports in the Arabian Gulf.

Thoresen Sharjah attends to more than 100 vessels in the United Arab Emirates per year and coordinates the operation of a similar number of vessels in other Arabian Gulf ports. The company has developed a special expertise in customs and cargo clearance and has executed over 2,500 cargo delivery jobs to receivers in the United Arab Emirates, Oman, and other nearby destinations.



Nature of Business

Nature of Business

Market Situation

THE DRY BULK SHIPPING INDUSTRY

Industry Overview

Ocean-going vessels are one of the most efficient ways of transporting large volumes of basic commodities and finished products. In 2006, it is estimated that 3,568 million tonnes of dry bulk cargo will be transported by sea, equivalent to 47.41% of all international sea borne trade. Dry bulk cargo volume is expected to increase 2.65% from 2005.

Dry bulk cargo is cargo that is shipped in large quantities and can be easily stowed in holds with little risk of cargo damage. Dry bulk cargo is generally categorised as either major bulk or minor bulk. Major bulk cargo constitutes the vast majority of dry bulk cargo by weight, and includes, among other things, iron ore, coal, and grain. Minor bulk cargo includes, among other things, agricultural products, mineral concentrates, cement, forest products, and steel products. Other dry cargo is categorised as container cargo, which is cargo shipped in 20 or 40-foot containers and includes a wide variety of finished products, and non-container cargo, which includes cargo that cannot be shipped in a container due to size, weight, or handling requirements, such as large manufacturing equipment or large industrial vehicles.

The balance of sea borne trade involves the transport of liquids or gases in tanker vessels and includes products such as oil, refined oil products, and chemicals. A breakdown of sea borne trade by main commodity type is summarised in the following table.

Table 13 : World Seaborne Trade

All Cargo	Year 2004			Year 2005 (est)			Year 2006 (est)		
	Tonnes (Millions)	% Change	% Total	Tonnes (Millions)	% Change	% Total	Tonnes (Millions)	% Change	% Total
Dry Bulk	3,383	4.22%	48.74%	3,476	2.75%	48.10%	3,568	2.65%	47.41%
Liquid (Oils / Gases / Chemicals)	2,639	5.10%	38.02%	2,734	3.60%	37.83%	2,838	3.80%	37.71%
Container Cargo	919	14.02%	13.24%	1,017	10.66%	14.07%	1,120	10.13%	14.88%
Total	6,941	5.76%	100.00%	7,227	4.12%	100.00%	7,526	4.14%	100.00%

Source : Clarkson – Shipping Review & Outlook (Autumn – 2006)

A summary of dry bulk trade growth is provided in the following table. Iron ore (19.45% of volume), coal (19.85% of volume), and minor bulk products (23.68% of volume) remain the key components of the dry bulk trade.

Table 14 : Trade In Dry Bulk Commodities

Dry Bulk Commodities	Year 2004			Year 2005 (est)			Year 2006 (est)		
	Tonnes (Millions)	% Change	% Total	Tonnes (Millions)	% Change	% Total	Tonnes (Millions)	% Change	% Total
Coal	654	3.48%	19.33%	682	4.28%	19.62%	708	3.81%	19.85%
Iron Ore	589	13.49%	17.41%	651	10.53%	18.73%	694	6.61%	19.45%
Grain	273	3.41%	8.07%	273	0.00%	7.85%	277	1.47%	7.76%
Minor Bulks	814	3.83%	24.06%	832	2.21%	23.94%	845	1.56%	23.68%
Other Dry	1,053	0.57%	31.13%	1,038	-1.42%	29.86%	1,044	0.58%	29.26%
Total	3,383	4.22%	100.00%	3,476	2.75%	100.00%	3,568	2.65%	100.00%

Source : Clarkson – Shipping Review & Outlook (Autumn – 2006)

Dry Bulk Demand

Dry bulk shipping demand is determined by the underlying trade of the commodities and finished products noted earlier, which in turn is influenced by global economic trends. Sea borne dry bulk trade increased by slightly more than 2% annually during the 1980s and 1990s. However, this rate of growth has increased dramatically in recent years. Between 2001 and 2006, trade in all dry bulk commodities increased from 3,007 million tonnes to 3,568 million tonnes, an increase of 18.66%.

Generally, growth in GDP and industrial production correlate with peaks in demand for sea borne transportation. Certain economies will act from time to time as the primary driver of the dry bulk shipping market. China, India, and the Middle East have been the main forces behind this recent increase. Chinese imports of iron ore and exports of steel products have increased sharply in the last few years. India exports large quantities of iron ore to China and imports large quantities of coal and wheat.

The following table illustrates China's gross domestic product growth rate compared to the U.S., Asia, and the world since 2003.

Table 15 : GDP Growth

Year	China GDP Growth (%)	U.S. GDP Growth (%)	Asia, NIES GDP Growth (%)	Global GDP Growth (%)
2003	9.5%	2.7%	3.1%	4.0%
2004	9.5%	4.2%	5.6%	5.1%
2005	9.0%	3.5%	4.0%	4.3%
2006 (est)	8.2%	3.3%	4.7%	4.3%

Source : Clarkson – Shipping Review & Outlook (Autumn – 2006)

The extent to which increases in dry bulk trade have affected demand for dry bulk vessels is shown in estimates of tonne-mile demand. Tonne-mile demand is calculated by multiplying the volume of cargo moved on each route by the distance of the voyage.

Between 2001 and 2006, tonne-mile demand in the dry bulk sector increased by an estimated 39.63% to 13,576 billion tonne-miles. For some commodities, there has been a shift in demand due to changing trade routes. For example, the Brazil to China iron ore route started to be a significant trade some six to eight years ago. The increase in trade on this route has an increased effect on demand due to the length of the voyage. Conversely, as Chinese demand has grown, there has been some shift in the sourcing of iron ore from the Asia Pacific region, such as India.

A breakdown of tonne-mile demand by dry bulk commodities is summarised in the following table. While iron ore demand continues to grow significantly, minor bulk demand growth was not far behind in 2006.

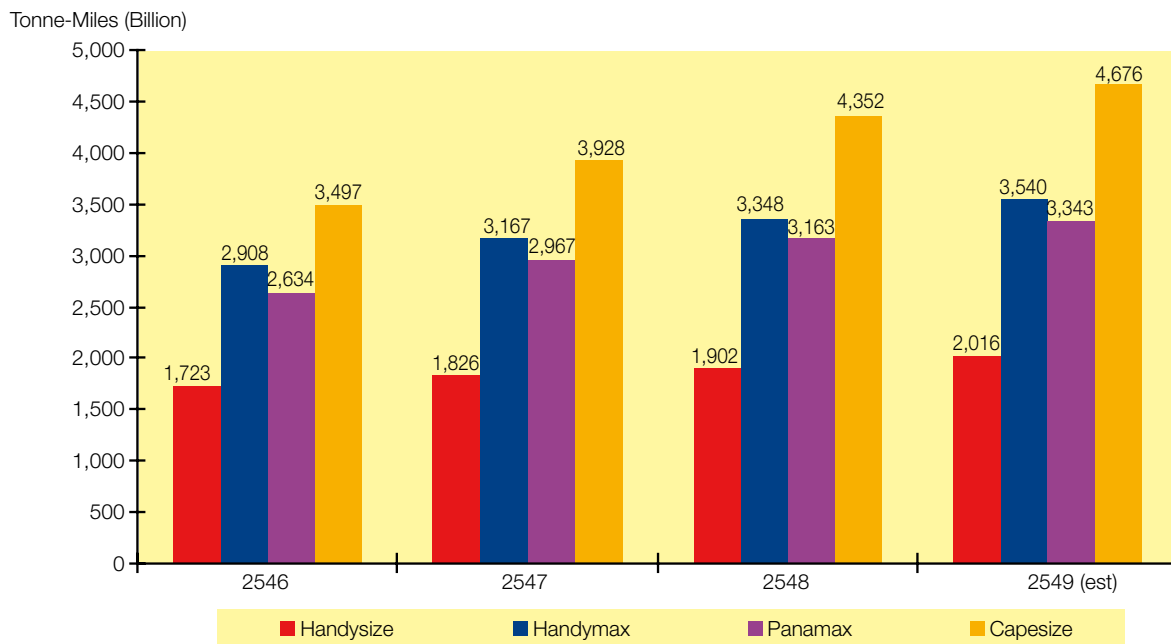
Table 16 : Tonne-Mile Demand By Dry Bulk Commodities

Commodities	2003		2004		2005		2006 (est)	
	Tonne Mile (Billion)	% Change	Tonne Mile (Billion)	% Change	Tonne Mile (Billion)	% Change	Tonne Mile (Billion)	% Change
Coal	2,852	12.68%	3,319	16.37%	3,565	7.41%	3,711	4.10%
Iron Ore	3,050	11.27%	3,463	13.54%	3,905	12.76%	4,264	9.19%
Grain	1,251	2.71%	1,277	2.08%	1,301	1.88%	1,362	4.69%
Bauxite / Alumina	221	9.95%	246	11.31%	258	4.88%	271	5.04%
Phosrock	137	-4.86%	143	4.38%	147	2.80%	152	3.40%
Minor Bulks	3,252	3.70%	3,442	5.84%	3,587	4.21%	3,816	6.38%
Total	10,763	7.94%	11,889	10.46%	12,763	7.35%	13,576	6.37%

Source : Drewry – Dry Bulk Forecaster (Q3-2006)

A breakdown of tonne-mile demand by vessel size is summarised in the following chart. Due to the accelerating minor bulk demand in 2006, estimated tonne miles for the Handymax and Handysize fleets grew 5.7% and 5.9%, respectively.

Chart 7 : Tonne-Mile Demand By Vessel Size



Source : Drewry – Dry Bulk Forecaster (Q3 – 2006)

Dry bulk vessels are one of the most versatile elements of the global shipping fleet in terms of employment alternatives. Dry bulk vessels seldom operate on round trip voyages. Rather, the norm is port-to-port liner service and triangular or multi-leg voyages. Hence, trade distances assume greater importance in the demand equation. Demand for dry bulk vessels is also affected by the operating efficiency of the global fleet, with port congestion absorbing additional tonnage.

Dry Bulk Supply

The dry bulk fleet is divided into four vessel size categories, which are based on cargo carrying capacity.

- Capesize** : vessels over 100,000 dwt. Capesize vessels focus on long haul iron ore and coal trade routes. Due to the size of the vessels, there are a relatively small number of ports around the world with the infrastructure to accommodate them.
- Panamax** : vessels between 60,000 dwt and 80,000 dwt. Panamax vessels, defined as those with the maximum beam (width) of 32.2 metres permitted to transit the Panama Canal, carry coal, grain, and to a lesser extent, minor bulks, including steel products, forest products, and fertilisers.
- Handymax** : vessels between 35,000 dwt and 60,000 dwt. Handymax vessels operate in a large number of geographically dispersed global trades, mainly carrying grains and minor bulks including steel products, forest products, and fertilisers. Vessels less than 60,000 dwt are usually built with on-board cranes that enable them to load and discharge cargo in countries and ports with limited infrastructure.
- Handysize** : vessels up to 35,000 dwt, which carry exclusively minor bulk cargoes. Historically, the Handysize sector was seen as the most versatile. Increasingly, however, this has become more of a regional trading, niche sector. The vessels are well suited for small ports with length and draft restrictions and poor infrastructure.

The dry bulk fleet is expected to grow 8.10% in 2006, ending the year at 369.615 million dwt. The following table illustrates the projected size and composition of the dry bulk fleet at the end of 2006.

Table 17 : Dry Bulk Fleet Statistics

Size (dwt)	Projected Fleet		
	No.	dwt (Millions)	% of Fleet
10-40,000	2,779	73.964	20.00%
40-60,000	1,506	71.882	19.45%
60-80,000	1,287	91.581	24.78%
80-120,000	130	11.404	3.09%
120,000+	709	120.783	32.68%
Total	6,411	369.615	100.00%

Source : Fearnleys – Bulk Fleet Update (October - 2006)

The following table illustrates the size and composition of the dry bulk fleet orderbook.

Table 18 : Dry Bulk Fleet Orderbook

Size (dwt)	Orderbook			2007		2008		2009		2010		2011	
	No.	dwt Millions	% of Fleet	No.	dwt Millions	No.	dwt Millions	No.	dwt Millions	No.	dwt Millions	No.	dwt Millions
10-40,000	174	5.242	9.62%	55	1.537	55	1.694	49	1.590	15	0.422		
40-60,000	203	10.775	19.78%	76	3.990	80	4.281	37	1.976	10	0.529		
60-80,000	96	7.105	13.04%	54	4.082	25	1.804	16	1.143	1	0.075		
80-120,000	64	5.591	10.26%	27	2.375	19	1.615	17	1.496	1	0.106		
120,000+	122	25.760	47.30%	32	6.169	34	6.891	33	7.333	22	5.066	1	0.300
Total	659	54.474	100.00%	244	18.154	213	16.286	152	13.538	49	6.197	1	0.300

Source : Fearnleys – Bulk Fleet Update (October – 2006)

Future supply in the dry bulk sector is dependent on delivery of new vessels from the orderbook and deletions of vessels from the existing fleet, either through scrapping or loss. The size of the dry bulk vessel orderbook fluctuates over time and in October 2006, amounted to 54.474 million dwt, which is approximately 14.74% of the projected fleet (369.615 million dwt). Most of the vessels on order will be delivered within the next two to three years.

The number of vessels removed from the fleet in any period is dependent upon prevailing charter market conditions, scrap prices, and the age profile of the existing fleet. Generally, as a vessel increases in age, its operational efficiency declines due to rising maintenance requirements, to the point where it becomes unprofitable to keep it in operation.

Market Situation

Market Situation

The following table indicates the scrapping rates of dry bulk vessels since 2003.

Table 19 : Dry Bulk Fleet Scrapping

Capesize	2003	2004	2005	2006
No. of Vessels	2	1	2	3
dwt (in millions)	0.248	0.123	0.247	0.422
% of Fleet Scrapped	0.25	0.11	0.21	0.12
Panamax	2003	2004	2005	2006
No. of Vessels	7	1	3	11
dwt (in millions)	0.465	0.095	0.202	0.728
% of Fleet Scrapped	0.62	0.12	0.23	0.20
Handymax	2003	2004	2005	2006
No. of Vessels	29	0	4	18
dwt (in millions)	1.103	0.0	0.165	0.708
% of Fleet Scrapped	1.96	0.00	0.25	0.20
Handysize	2003	2004	2005	2006
No. of Vessels	25	5	4	24
dwt (in millions)	0.597	0.113	0.109	0.575
% of Fleet Scrapped	0.87	0.16	0.15	0.16
TOTAL	2003	2004	2005	2006
No. of Vessels	63	7	13	56
dwt (in millions)	2.413	0.331	0.723	2.433
% of Fleet Scrapped	0.81	0.10	0.21	0.67

Source : Drewry – Dry Bulk Forecaster (Q3 – 2006)

In the last five years, the average age at demolition has been twenty-six years. Even though there has been little variation in the age at which dry bulk vessels are scrapped, many well maintained vessels continue to trade to ages of over thirty years.

The supply of dry bulk vessels is not only a result of the number of vessels in service, but also the operating efficiency of the worldwide fleet. For example, port congestion, which was a prominent feature of the market in 2004, has absorbed additional tonnage and therefore tightened the underlying supply/demand balance, with the result that charter hire rates have become less volatile.

Charter Rates

Charter hire rates fluctuate by varying degrees among dry bulk vessel size categories. The volume and pattern of trade in major bulks affect demand for larger vessels. Therefore, charter hire rates and values of larger vessels often show greater volatility. Conversely, trade in minor bulks drives demand for smaller dry bulk vessels. Accordingly, charter hire rates and values for those vessels are subject to less volatility.

Charter hire rates paid for dry bulk vessels are primarily a function of the underlying balance between vessel supply and demand. Furthermore, the pattern seen in charter hire rates is broadly mirrored across the different dry bulk vessel categories. However, because demand for larger dry bulk vessels is affected by the volume and pattern of trade in a relatively small number of commodities, charter hire rates and values of larger vessels tend to be more volatile than those for smaller vessels.

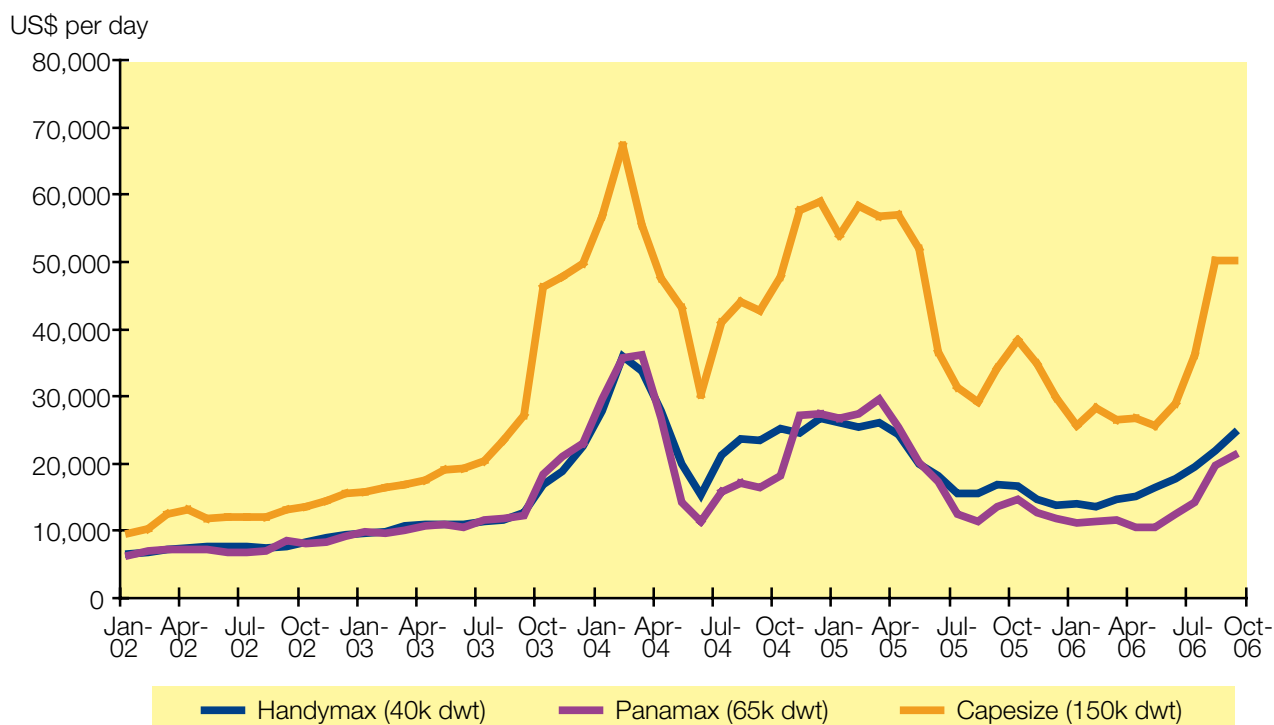
In the time charter market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed, and fuel consumption. Short-term time charter rates are generally higher than long-term charter rates. The market benchmark tends to be a one-year time charter rate based on a modern vessel.

In the voyage charter market, rates are influenced by cargo size, commodity, port dues, and canal transit fees, as well as delivery and redelivery regions. In general, a larger cargo size is quoted at a lower rate per tonne than a smaller cargo size. Routes with costly ports or canals generally command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargo or a discharge port within a region with ports where vessels load cargo also are generally quoted at lower rates, because such voyages generally increase vessel utilisation by reducing the unloaded portion or ballast leg that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the charter hire rate references most likely to be monitored are the freight rate indices issued by the Baltic Exchange. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers.

The following chart shows one-year time charter rate for Handymax, Panamax, and Capesize dry bulk vessels between January 2002 and October 2006.

Chart 8 : One-Year Time Charter Rates



Source : Clarkson – Shipping Review & Outlook (Autumn – 2006) & Dry Bulk Trade Outlook (Oct. 2006)

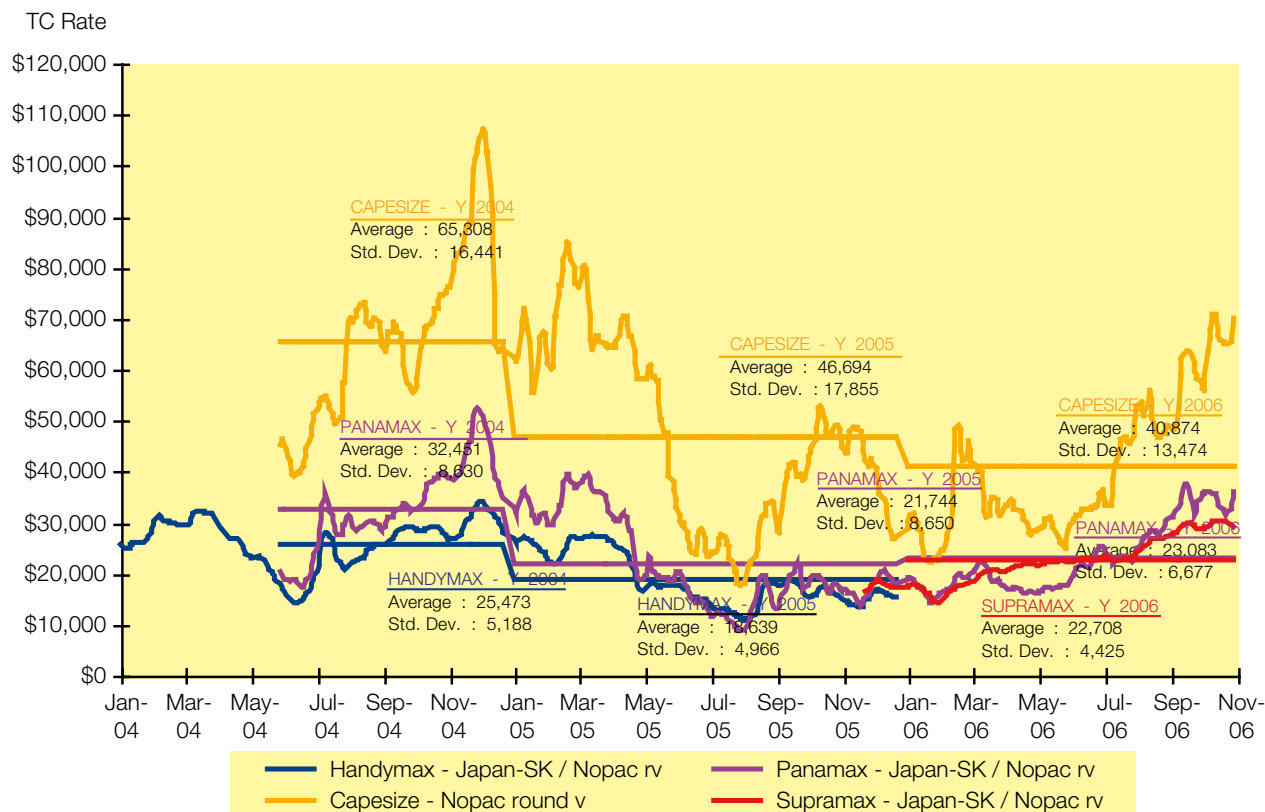
The following chart shows spot voyage charter rates for Handymax, Panamax, and Capesize dry bulk vessels between January 2004 and November 2006.



Market Situation

Market Situation

Chart 9 : Spot Baltic Freight Indices



Source : Baltic Exchange (Nov. 2006)

In 2003 and 2004, rates for all sizes of dry bulk vessels strengthened to historically high levels. The primary driver of this dramatic upsurge in charter rates was the high level of demand for raw materials imported by China. Rates fell in 2005 due to the significant increase in the dry bulk fleet. Rates in 2006 started out at slightly lower levels but increased steadily throughout the year as demand remained consistently strong.

Vessel Prices

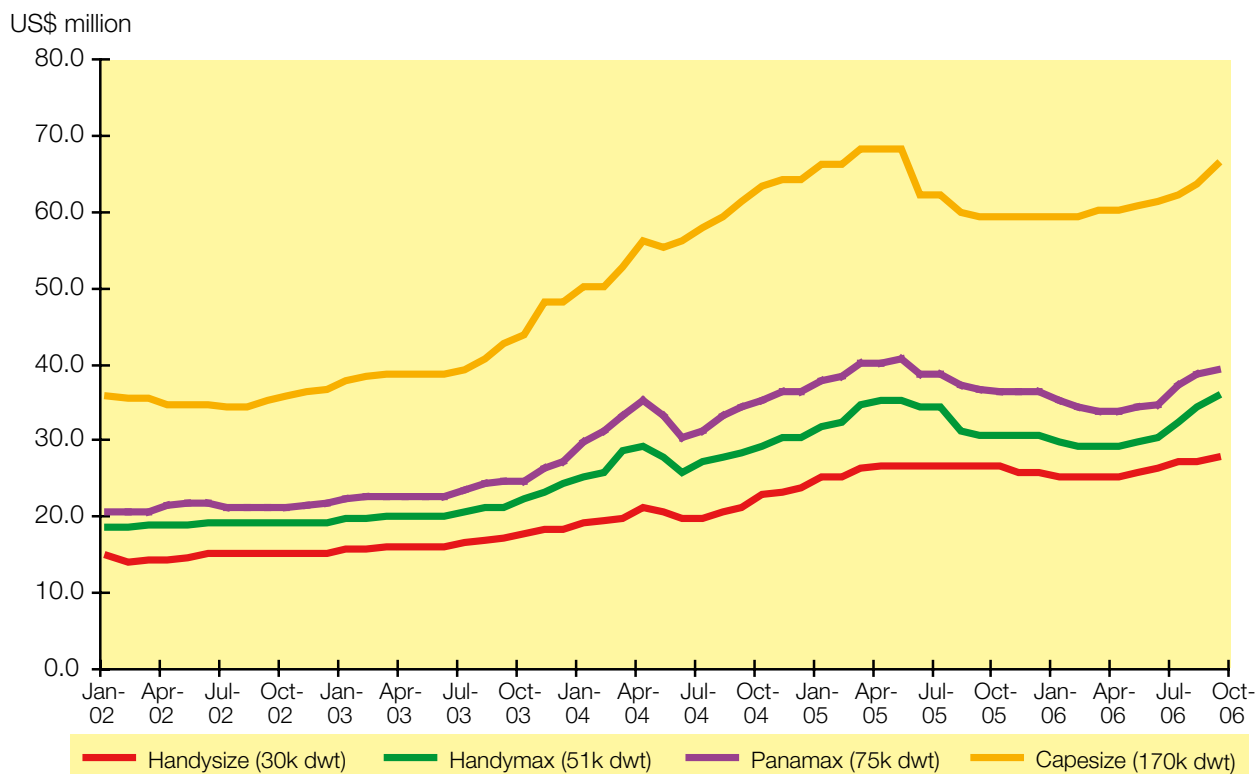
Vessel prices in each of the major sectors in the shipping industry, dry bulk vessels, tankers, and containerships, have prospered over the past three years. This has created an upsurge in newbuilding activity across each fleet sector. In addition, newbuilding demand is also strong for Liquefied Natural Gas carriers and other specialised vessel categories. Consequently, the near-term availability of newbuilding berths for vessel delivery before the end of 2009 is scarce, and newbuilding prices have increased significantly, due to a combination of rising demand, shortage in berth space, and rising raw material costs, especially the price of steel.



Market Situation

The trend in indicative newbuilding prices for dry bulk vessels is shown in the chart below.

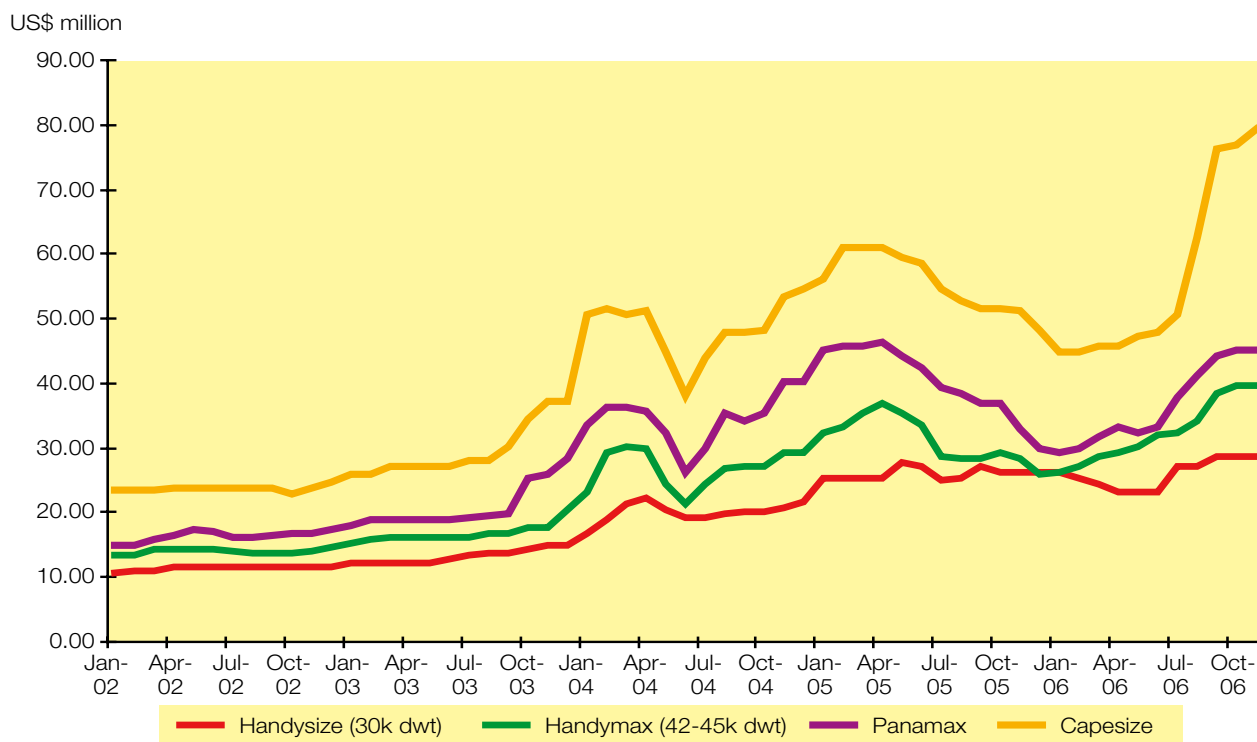
Chart 10 : Dry Bulk Vessel Newbuilding Prices



Source : Clarkson – Shipping Review & Outlook (Autumn – 2006) & World Shipyard Monitor (Oct. 2006)

The steep increase in newbuilding prices and the strength in the charter market have also affected vessel prices in the second-hand market. The trend in second-hand prices for dry bulk vessels is shown in the chart below.

Chart 11 : Dry Bulk Vessel Second-Hand Prices



Source : Clarkson – Shipping Review & Outlook (Autumn – 2006) & Shipping Intelligence Weekly (Nov. 2006)

With vessel earnings running at high levels and a lack of available newbuilding berths, demand for vessels offering early delivery has been at a premium. In 2006, the market has witnessed second-hand prices for five year-old dry bulk vessels reaching levels higher than those for comparably sized new buildings.

OFFSHORE SERVICES INDUSTRY

Demand for offshore services is driven by investments and level of activity in the exploration, development, and production of crude oil and natural gas. The investment level depends on oil companies' cash flows and revenues, areas available for exploration and development, and existing and forecasted oil and gas prices.

The market for offshore services is cyclical. As a consequence of a strong global economy and oil demand increase, the offshore markets showed healthy growth from 1995 to 1997. The financial crisis in Asia and the oil price collapse in 1998 and 1999 led, however, to a weak market from 1998 to 2000. During the latter half of 2004 and 2005, there was a significant increase in oil demand, resulting in higher offshore service requirements.

Production Capacity

The steady increase in oil prices over the last two years is expected to slow and even turn around, although significant reductions are not anticipated. Many of the same factors that drove world oil markets in 2005, such as low world spare oil production capacity and rapid world oil demand growth, will continue to affect markets in 2006 and 2007.

World oil demand growth is expected to increase from 1.2 million barrels per day ("BPD") in 2005 to 1.6 million BPD in 2006, largely because U.S. demand is projected to recover from a net decline in 2005 to show growth of 410,000 BPD in 2006. Growth in demand is projected to increase further to 1.9 million BPD in 2007, as demand picks up in developing Asian countries (excluding China). Subsidy cuts in countries, such as Indonesia and Thailand, have slowed demand growth there. Chinese demand growth is projected to stay on its overall annual trend of about 500,000 BPD.

Except for the period from 1979 to 1982, oil demand has grown every year since 1971. This, combined with only moderate growth in production capacity, has reduced the world's production buffer. Furthermore, production in many fields is likely to peak in the next couple of years and start declining, although the impact of last year's price surge has made this more uncertain.

Because natural gas prices remain high and summer weather in 2006 was cooler than 2005, total natural gas demand in 2006 will likely remain near 2005 levels and increase by 1.3 percent in 2007. Demand for natural gas for production of electricity is expected to fall by 4.7 percent in 2006 and increase by 2.4 percent in 2007.

World spare oil production capacity is projected to increase during 2006 and 2007 as non-OPEC and OPEC supplies increase. This increase is expected to ease the current tightness in world oil markets and moderate the world oil price increases seen during the past two years. Non-OPEC supply, which grew by an average of 800,000 BPD in 1995 to 2005, is projected to grow by 900,000 BPD in 2006 and by 1.7 million BPD in 2007.

Non-OPEC supplies are projected to show significant gains on a net basis over 2006-2007 despite continued declines in mature fields in the North Sea, Mexico, the Middle East, and Russia. Net production increases of 100,000-200,000 BPD are expected in the Caspian Sea, Canada, Angola, Russia, Brazil, and Mexico. Large new projects in 2007 are projected to lead to increases of almost 500,000 BPD in Angola, almost 400,000 BPD in the Caspian Sea, over 200,000 BPD in Brazil, and over 200,000 BPD in Canada.

Investments in Exploration and Development

Oil companies have until recently been reluctant to increase exploration and production spending. Until 2003, high oil prices were more a result of OPEC's success in controlling supply rather than growing demand. Since then, the situation has changed, and oil demand has shown strong growth. Since there is currently only about 1% excess production capacity worldwide, increased exploration and production activity is expected.

Crude oil prices are determined largely by the supply and demand balance and the mix of OPEC and non-OPEC production. Between 2003 and 2010, crude oil prices are expected to decline as new deepwater oil fields are brought into production in the Gulf of Mexico and West Africa, new oil sands production is initiated in Canada, and OPEC and Russia expand production capacity. Near-term price expectations are highly uncertain, however, given the potential for political instability in many oil-exporting countries. Any production shutdown as a consequence of political upheavals can significantly change the world's oil demand and supply picture.

Exploration and production spending worldwide is expected to increase more than 10% annually for the next few years. This situation is affected by recently published information regarding the actual reserves held by the major oil companies (ref. Shell's downgrading of its reserves by 20%), and variations between oil companies reporting discoveries and actually making finds. As reporting of reserves includes upgrades of previously announced estimates, these reports can, over time, be expected to substantially surpass new commercial finds.

Overview of Mobile Drilling Rigs

The worldwide fleet of mobile drilling rigs totals 592 units. Of these, three hundred ninety (390) are jack-up rigs (most of which are capable of drilling in water depths between 150 and 300 feet), one hundred sixty-four (164) are semi-submersible rigs, and thirty-eight (38) are drillships. With 496 of these employed as of 31 October 2006, the fleet utilisation is 84%; however, the effective utilisation for the mobile drilling rigs being marketed is close to 100% as twenty-nine units remain cold-stacked, while another twenty-one units are either at a shipyard for repair/upgrade/classing or are en-route between contracts.

Table 20 : Rig Fleet Utilisation Rates

Type	Working	Idle	Yard	Yard A	Yard B	En Route	Total Rigs	Effective Utilisation	Marketed Utilisation	Total Utilisation
Semi-submersibles	132	2	10	10	5	5	164	99	89	80
Jack-ups	335	5	16	6	22	6	390	99	93	86
Drillships	29	0	2	5	2	0	38	100	94	76
Worldwide Fleet	496	7	28	21	29	11	592	99	92	84

Source : ODS-Petrodata, World Rig Forecast, October 2006

Yard A = Rigs in yard for at least six months and with a contract in place thereafter

Yard B = cold stacked/upgrade without contracts in place

ODS-Petrodata has developed a rolling 13-month forecast of the worldwide mobile rig market, as shown below:

Table 21 : Rig Fleet Utilisation Forecast

	Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	Avg
Demand	535	548	557	574	591	599	616	619	617	611	617	615	612	598
Supply	595	598	597	600	601	604	607	608	609	610	612	614	617	606
Marketed Supply	564	567	568	572	576	580	582	586	586	587	590	591	592	581
Total Utilisation	90	92	93	96	98	99	101	102	101	100	101	100	99	99
Marketed Utilisation	95	97	98	100	103	103	106	106	105	104	104	104	103	103

Source : ODS-Petrodata, World Rig Forecast, October 2006

The demand forecast is based on market information about contract commitments and future demand. Based on this data, ODS-Petrodata believes that forecast demand exceeds marketed supply in many instances during the next thirteen months. In this situation, either new marketed supply will be required to match demand or a portion of demand will remain unsatisfied.

Overview of Drilling Rig Technologies

Tender rigs

A tender rig is a barge moored along side a platform and contains crew quarters, mud tanks, mud pumps, and power generation systems. The only equipment transferred to the platform for drilling operations is the derrick equipment set, which consists of the substructure, drill floor, derrick, and draw works. A tender rig carries its own derrick equipment and has a crane capable of erecting the derrick on the platform, thereby eliminating the need for a separate derrick barge and related equipment.

The tender rig was developed for production from a central platform, which serves a number of smaller wellhead platforms. A tender rig moves from platform to platform using its own drilling package. A typical tender barge has dimensions of 300 feet by 80 feet with a gross tonnage of about 4,500 tons. Typical water depths are between 30 to 400 feet. Accommodation is in excess of 100 beds.

Jack-up rigs

A jack-up rig is a mobile self-elevating drilling platform equipped with legs that can be lowered to the ocean floor until a foundation is established to support the platform. Once a foundation is established, the drilling platform is then elevated up the legs so that it is above the highest expected waves. When the rig is relocated, the platform is lowered to sea level and towed by a supply vessel to its next location.

A modern jack-up rig will normally have the ability to move its drill floor aft of its own hull (cantilever), so that multiple wells can be drilled without re-positioning the rig. Ultra premium jack-up rigs have capabilities enabling them to work in water depths in excess of 300 feet.

Semi-submersible rigs

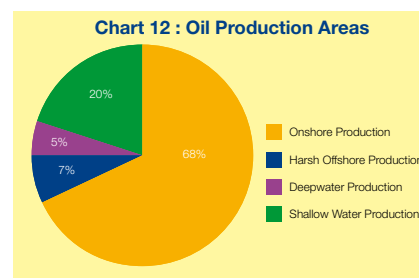
A semi-submersible rig is a floating vessel that can be submerged by a water ballast system such that the lower hulls are below the water surface during drilling operations. This reduces the rig's exposure to ocean conditions (waves, winds, and currents) and increases its stability. A semi-submersible rig is capable of maintaining its position over the well through the use of an anchoring system or a computer controlled dynamic positioning ("DP") thruster system. Some semi-submersible rigs are self-propelled and move between locations under their own power, although most rigs are relocated by supply vessels.

Drillships

Drillships are generally self-propelled, shaped like conventional vessels, and are the most mobile of the major rig types. Drilling operations are conducted through openings in the hull ("moon pools"). Drillships normally have a higher load capacity than semi-submersible rigs and are well suited to offshore drilling in remote areas due to their mobility and high load capacity. Like semi-submersible rigs, drillships can be equipped with conventional mooring systems or DP systems.

Operations are geographically dispersed in oil and gas exploration and development areas throughout the world. Rigs can be moved from one region to another, but the cost of moving a rig and the availability of rig-moving vessels may cause the supply and demand balance to vary between regions. However, significant variations between regions do not tend to exist long-term because of rig mobility.

Offshore oil production is still dominated by shallow water resources. Oil production from harsh environment areas currently represents approximately 7% of the global production, while deepwater areas represent only 5%.



Deepwater areas represent the new growth areas of offshore exploration and production growth. In recent years, there has been increased emphasis on exploration and production in deeper waters. This is in part due to technological developments that have made exploration more feasible and cost effective. The primary areas of existing and potential deepwater and harsh environment oil and gas resources include West Africa, South America (Brazil), Gulf of Mexico, North Atlantic/North Sea, Barents Sea, Sakhalin, East Canada/Greenland, and Australia.

Deepwater oil and gas production is expected to grow substantially during the next few years. Most of this growth will come from discoveries already made, as the lead-time to put new significant deepwater and harsh environment oil and gas fields on stream is substantial.

During the last couple of years, the world's deepwater reserves have more than doubled. Deepwater oil and gas output is projected to triple from 2004 to 2010, and the deepwater share of the global offshore oil and gas production is projected to increase from 9% to 21% during this period.

The deepwater and mid-water markets are served by semi-submersible rigs and drillships. The term "deepwater" generally begins in water depths of 4,500 feet to a maximum water depth of 10,000 feet. The term "mid-water" generally ranges from 300 feet to 4,500 feet. The shallow water market extends to water depths of 300 feet. The sector is serviced by jack-up rigs and tender rigs. This sector has been developed to a significantly greater degree than the deepwater sector, because the water depths are more accessible.

Tender Rig Market Overview

The tender rig market is a niche market comprising twenty-five (25) rigs globally. There is no industry index that tracks contract day rates in this market segment. Contracts for tender rigs can range between six months to three years. As a result, there is typically a large variance in contracted day rates depending on when contracts were entered into.



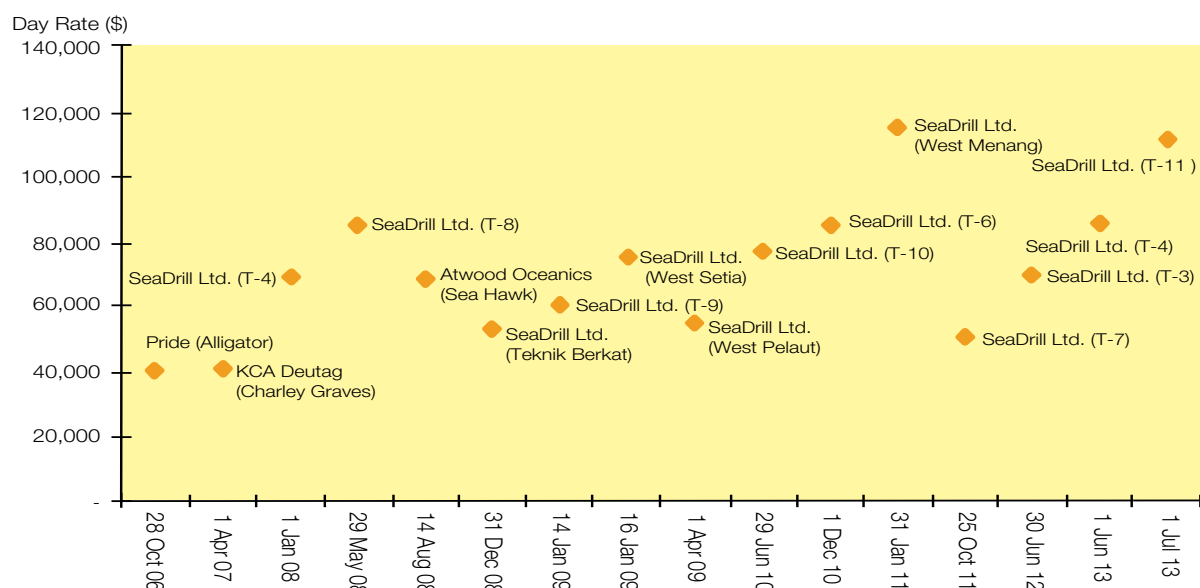
Market Situation

Market Situation

Table 22 : Global Tender Rig Fleet List

Rig name	Owner	Client	Current region
1. Seahawk	Atwood Oceanics	Amerada Hess	West Africa
2. Charley Graves	KCA Deutag	Chevron	South East Asia
3. Searex 9	KCA Deutag	N/A	West Africa
4. Searex 10	KCA Deutag	Cabinda Gulf (Chevron)	West Africa
5. W D Kent	KCA Deutag	N/A	South East Asia
6. MTR-1	Mermaid Drilling Ltd.	Amerada Hess	South East Asia
7. MTR-2	Mermaid Drilling Ltd.	Chevron	South East Asia
8. Al Baraka	Pride International Inc.	CNR	West Africa
9. Alligator	Pride International Inc.	Cabinda Gulf (Chevron)	West Africa
10. Barracuda	Pride International Inc.	ENI	West Africa
11. Baruna I	PT Patra	N/A	South East Asia
12. T-3	SeaDrill Ltd.	PTTEP	South East Asia
13. T-4	SeaDrill Ltd.	Chevron	South East Asia
14. T-6	SeaDrill Ltd.	Petronas Carigali	South East Asia
15. T-7	SeaDrill Ltd.	Chevron	South East Asia
16. T-8	SeaDrill Ltd.	Total	West Africa
17. T-9	SeaDrill Ltd.	ExxonMobil	South East Asia
18. T-10	SeaDrill Ltd.	N/A	Under construction
19. T-11	SeaDrill Ltd.	N/A	Under construction
20. Teknik Berkat	SeaDrill Ltd.	Petronas Carigali	South East Asia
21. West Alliance	SeaDrill Ltd.	Shell	South East Asia
22. West Berani	SeaDrill Ltd.	N/A	Under construction
23. West Menang	SeaDrill Ltd.	Total	West Africa
24. West Pelaut	SeaDrill Ltd.	Shell	South East Asia
25. West Setia	SeaDrill Ltd.	Shell/Murphy	South East Asia

Source : rigzone.com and company data

Chart 13 : Contract Coverage For Tender Rig Fleet


Notwithstanding this, contracted day rates in the tender rig market generally track rates in the jack-up market, as both rig types serve the shallow water market. Current rates in the tender rig market range between to US\$ 50,000/day to US\$ 120,000/day, depending on location and rig specifications. In South East Asia, contract rates for tender rigs currently stand at approximately US\$ 85,000/day. These rates are significantly lower than rates in the jack-up market, which range from US\$ 180,000/day to US\$ 240,000/day.

The major oil and gas companies began planning in the mid-1990s to undertake their development programmes with jack-ups providing the drilling package rather than tender rigs. This was partly a function of the relatively low jack-up day rate in the period from 1983 onwards and partly because of the nature of the fields that were under development. However, operators continued to retain tender drilling capacity under contract to provide a means to return to old fields.

Today, there are some three hundred ninety competitive jack-ups in the world compared to twenty-five tender drilling rigs, thereby giving the operator greater flexibility. In October 2006, effective utilisation in the jack-up rig market in Asia Pacific was 96%.

The use of a tender rig solution will reduce costs for the oil companies as a result of lightening the weight of the installation, shortening the construction period by reducing the complexity of the installation, and hence reduce construction risk. In addition, as jack-up rig utilisation increases and day rates rise, tender rig demand will grow by consequence.

While tender rigs have their own special niche in water depths where jack-ups cannot be used, high jack-up day rates open up more opportunities for tender rigs that can do the same work at a lower rate.

Overview of the Jack-up Rig Market

The jack-up rig market has traditionally had its strongest focus in the Gulf of Mexico. However, during the last couple of years, several units have migrated from this region to other regions, such as the Pacific and the Middle East.

During the latest downturn, the jack-up rig market experienced fairly high utilisation as compared to the semi-submersible rig market. However, there were considerable variations between the different geographic markets.

Over the last eighteen months, there has been an extensive global improvement. Jack-up rigs with drilling capacity in excess of three hundred feet have been awarded contracts above US\$ 150,000/day, while the level for the most modern units is roughly US\$ 200,000/day. The following table highlights some of the most recent jack-up rig fixtures.



Market Situation

Market Situation

Table 23 : Recent Jack-Up Rig Market Rates

Fixture Date	Rig	Rig Type	Operator	Region	Rate \$/day	Contractor	Duration	Start-up
13 Sept	Hank Boswell	Mlt 225-C Tarzan	Rowan	USA	165	Maritech Resources	180D	Oct 06
10 Sept	Gsf High Island 7	Marathon L.T. 82-sd-C	Global Santa Fe	Gabon	160	Total	17M	Mar 07
10 Sept	Trident 9	Modec 400c	Jvpc	Vietnam	200	Jvpc	1Y	Sept 07
8 Sept	202	Bethlehem Ju-200mc	Transocean	USA	125	Prime Offshore	90D	Dec 06
7 Sept	West Atlas	Kfels B Class	Seadrill	Australia	262	Coogee Resources	2Y	Oct 07
30 Aug	Scooter Yeargain	Mlt 225-C Tarzan	Rowan	Saudi Arabia	190	Saudi Aramco	4Y	Mar 07
28 Aug	West Janus	lhc Gusto	Seadrill	Thailand	190	Pearl Oil	210D	May 07
17 Aug	Pride Wisconsin	Marathon L.T. 84	Pride	Mexico	130	Petroleos Mexicanos	613D	Apr 07
8 Aug	Ensco 68	Marathon L.T. 84	Ensco	USA	120	Chevron	21D	Sept 06
1 Aug	Gsf Rig 136	F&G 780 Mod 2	Global Santa Fe	Indonesia	162	Total	18M	Sept 06
26 Jul	Gsf Adriatic 08	Marathon L.T. 116-C	Global Santa Fe	Nigeria	188	Exxon Mobil	2Y	May 07
17 Jul	Noble Percy Johns	Friede & Goldm 780 M2	Noble Drilling	Nigeria	171	Exxon Mobil	2Y	Apr 07
3 Jul	West Larissa	Msc Cj50	Seadrill	Indonesia	195	Premier	135D	May 07
30 Jun	D.R. Stewart	Marathon L.T. 116-C	Transocean	Italy	168	Eni	3Y	Apr 07

Source : R.S. Platou

Utilisation Increases

Global utilisation for jack-up rigs with drilling capacity in excess of three hundred feet has increased from 85% at the end of 2004 to close to 90-95% today. The utilisation ratio is currently curbed by many units undergoing repairs following the damages caused by the hurricanes in the Gulf of Mexico. Demand is, according to ODS-Petrodata, set to increase by another forty-nine units in the next twelve months, which implies that there will be a significant shortage next year.

The Jack-up Rig Fleet

With an average age of twenty-four years, there is a significant need to modernise and renew the jack-up rig fleet. Only thirty units have been built since 1993.

Based on the current order back-log, sixty-one jack-up rigs will be delivered during the next three and one-half years. Eight of these rigs were built to meet the challenges of harsh environments, usually resulting in significantly increased construction cost. Harsh environment units are also generally able to compete in the Middle East, India and South East Asia markets. However, the primary markets for these units are currently strong, and no migration is expected.

Whilst new building activity is expected to increase going forward, current yard capacity and the availability of certain steel qualities pose major bottlenecks. Nonetheless, considering the expected growth in demand and the high average age of the world jack-up rig fleet, the number of newbuildings to be delivered the next three and one-half years (16% of total existing fleet) is not a very high figure.

Market Situation

Table 24 : Jack-Up Rig Orderbook

Rig Name	Delivery	Design	Owner Name	Builder Name	WD	Price
HANK BOSWELL	1/10/2006	LeT 225-C Tarzan	Rowan Co's	LeTourneau, Vicksburg	300	100
DEEP DRILLER 3	15/12/2006	KFELS Super B Class	Sinvest	Keppel FELS	350	126
AL KHOR	15/12/2006	KFELS Mod. 5B	Gulf Drilling Int'l	Keppel FELS	300	110
WILCRAFT	31/12/2006	KFELS B Class	Awilco Drilling	Keppel FELS	400	125
Total 2006	4					
SOEHANAH	15/1/2007	BM Pac. Class 375	ApexIndo	PPL Shipyard	375	134
WILSUPERIOR	28/2/2007	BM Pac. Class 375	Awilco Drilling	PPL Shipyard	375	120
PV DRILLING 1	1/3/2007	KFELS Mod. 5B	PV Drilling	Keppel FELS	295	110
ENSCO 108	31/3/2007	KFELS Mod. 5B	ENSCO	Keppel FELS	400	117.2
PETROJACK 1	31/3/2007	BM Pac. Class 375	A.P. Møller-Mærsk	Jurong Shipyard	375	131
PANUCO	1/5/2007	LeT Super 116E	Perforadora Central	LeTourneau, Vicksburg	350	
OFFSHORE COURAGEOUS	15/5/2007	LeT Super 116-C	Scorpion Offshore	Keppel AmFELS	350	133
DEEP DRILLER 4	31/5/2007	BM Pac. Class 375	Sinvest	PPL Shipyard	350	119.6
DEEP DRILLER 5	31/5/2007	KFELS Super B Class	Sinvest	Keppel FELS	350	132.8
WEST PROSPERO	15/7/2007	KFELS B Class	SeaDrill	Keppel FELS	350	119.5
NOBLE ROGER LEWIS	1/8/2007	F&G JU-2000E	Noble Drilling	Dalian New Shipyard	400	156.4
J.P. BUSSELL	15/8/2007	LeT 225-C Tarzan	Rowan Co's	LeTourneau, Vicksburg	300	100
WEST ATLAS	15/9/2007	KFELS B Class	SeaDrill	Keppel FELS	400	128.8
OFFSHORE DEFENDER	15/10/2007	LeT Super 116-C	Scorpion Offshore	Keppel AmFELS	350	133
THULE ENERGY	15/11/2007	F&G Super Mod.2	Thule Drilling	QGM GROUP	300	126
WILBOSS	30/11/2007	KFELS B Class	Awilco Drilling	Keppel FELS	400	134
MAERSK JU 1	15/12/2007	MSC CJ50	A.P. Møller-Mærsk	Keppel FELS	350	153
WEST TRITON	15/12/2007	BM Pac. Class 375	SeaDrill	PPL Shipyard	375	129
GULF-5	31/12/2007	KFELS Mod. 5B	Gulf Drilling Int'l	Keppel FELS	300	130
COSL 942	31/12/2007	F&G JU-2000E	China Oilfield Services	Dalian New Shipyard	400	147
Total 2007	20					
OCEAN SHIELD	1/1/2008	KFELS Super B Class	Diamond Offshore	Keppel FELS	350	150
PETROJACK 2	31/12/2008	BM Pac. Class 375	PetroJack	Jurong Shipyard	375	127.1
HAKURYU 10	15/2/2008	BM Pac. Class 375	Japan Drilling	PPL Shipyard	375	130
THULE FORCE	15/2/2008	F&G Super Mod.2	Thule Drilling	QGM Group	300	126
WILFORCE	28/2/2008	BM Pac. Class 375	Awilco Drilling	PPL Shipyard	375	144
OCEAN SCEPTER	1/3/2008	KFELS Super B Class	Diamond Offshore	Keppel AmFELS	350	150
NOBLE HANS DEUL	1/3/2008	F&G JU-2000E	Noble Drilling	Dalian New Shipyard	400	153.4
OFFSHORE RESOLUTE	15/3/2008	LeT Super 116-C	Scorpion Offshore	Keppel AmFELS	350	
WEST ARIEL	15/4/2008	KFELS B Class	SeaDrill	Keppel FELS	400	132

Rig Name	Delivery	Design	Owner Name	Builder Name	WD	Price
MAERSK JU 2	15/5/2008	MSC CJ50	A.P. Møller-Mærsk	Keppel FELS	350	153
ROWAN 240-C 1	1/6/2008	LeT 240-C	Rowan Co's	LeTourneau, Vicksburg	400	165
OFFSHORE VIGILANT	15/6/2008	LeT Super 116-C	Scorpion Offshore	Keppel AmFELS	350	
PETROJACK 3	30/6/2008	BM Pac. Class 375	A.P. Møller-Mærsk	Jurong Shipyard	350	131
WILSEEKER	30/6/2008	BM Pac. Class 375	Awilco Drilling	PPL Shipyard	375	132-140
ABAN JU 1	1/7/2008	BM Pac. Class 375	Aban Loyd Chiles	PPL Shipyard	375	175
DEEP DRILLER 6	31/8/2008	KFELS Super B Class	Sinvest	Keppel FELS	350	145
MOSVOLD JU 1	31/8/2008	F&G Super Mod.2	Mosvold Jackup	MIS Shipyard	300	143
ATWOOD AURORA	30/9/2008	LeT Super 116E	Atwood Oceanics	Keppel AmFELS	350	150-160
STANDARD JU 1	30/9/2008	MSC CJ46-X100-D	Standard Drilling	Labroy Marine Shipyard	350	146
MAERSK JU 3	15/11/2008	MSC CJ50	A.P. Møller-Mærsk	Keppel FELS	350	153
JINDAL JU 1	15/11/2008	KFELS B Class	Jindal Group	Keppel FELS	350	171
DEEP DRILLER 7	30/11/2008	KFELS Super B Class	Sinvest	Keppel FELS	350	139.6
OFFSHORE INTREPID	30/11/2008	LeT Super 116-C	Scorpion Offshore	Keppel AmFELS	350	143
PETROJACK 4	1/12/2008	BM Pac. Class 375	PetroJack	Jurong Shipyard	375	165.5
GESCO JU 2	31/12/2008	LeT Super 116E	Great Eastern Ship-ping	Bharati Shipyard	350	
JINDAL JU 2	31/12/2008	KFELS B Class	Jindal Group	Keppel FELS	350	184
MOSVOLD JU 2	31/12/2008	F&G Super Mod.2	Mosvold Jackup	MIS Shipyard	300	143
Total 2008	27					
ROWAN 240-C 2	1/1/2009	LeT 240-C	Rowan Co's	LeTourneau, Vicksburg	400	165
MERCATOR JU 1	15/2/2009	KFELS B Class	Mercator Lines	Keppel FELS	350	180
DEEP DRILLER 8	28/2/2009	BM Pac. Class 375	Sinvest	PPL Shipyard	350	140.1
NOBLE SCOTT MARKS	31/3/2009	F&G JU-2000E	Noble Drilling	Dalian Shipb. Industry Co.	400	190
STANDARD JU 2	30/4/2009	MSC CJ46-X100-D	Standard Drilling	Labroy Marine Shipyard	350	146
WILSTRIKE	30/4/2009	KFELS B Class	Awilco Drilling	Keppel FELS	400	146
MAERSK JU 4	15/5/2009	MSC CJ50	A.P. Møller-Mærsk	Keppel FELS	350	153
STANDARD JU 3	30/6/2009	MSC CJ46-X100-D	Standard Drilling	Labroy Marine Shipyard	350	153.5
STANDARD JU 4	31/10/2009	MSC CJ46-X100-D	Standard Drilling	Labroy Marine Shipyard	350	153.5
GESCO JU 1	15/11/2009	KFELS B Class	Great Eastern Ship-ping	Keppel FELS	350	182
Total 2009	10					
Total 2010	0					
Total Contracts	61					

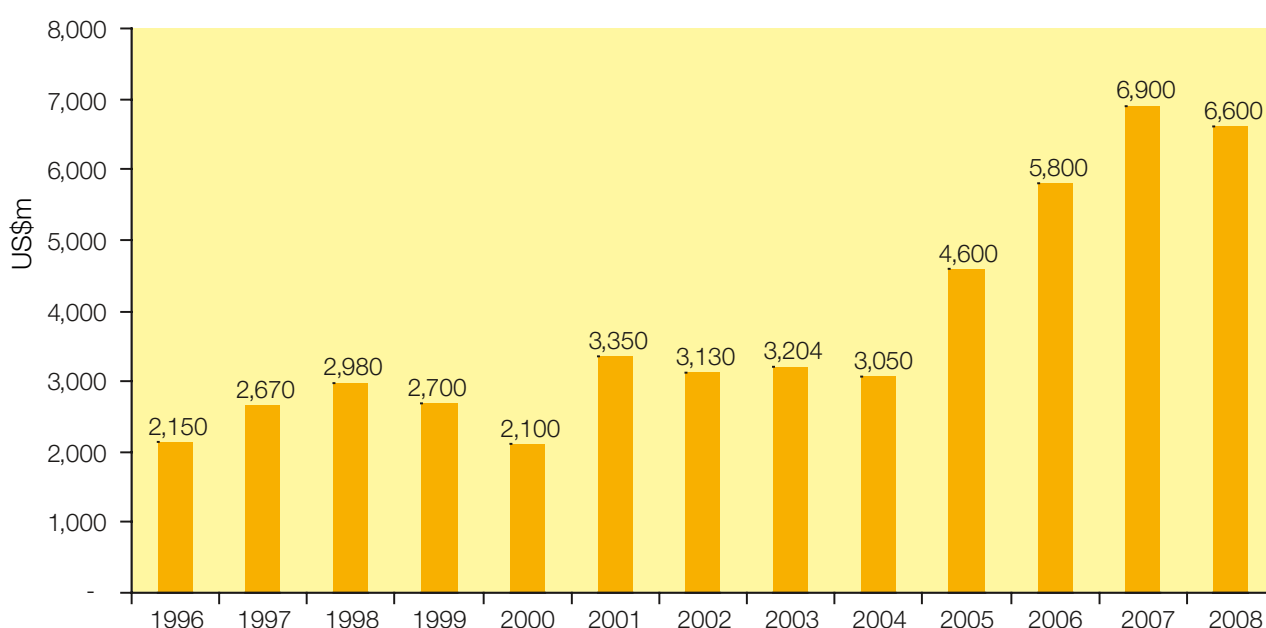
Source : R.S. Platou

Sub-Sea Market Overview

The demand for sub-sea services is driven by oil and gas exploration. High and oil gas prices are one of the most important drivers for increased exploration and production activity. Following a sustained period of relatively weak prices and low infrastructure investment in the 1990's and early 2000's, according to various energy analysts, growth in the sub-sea market will continue in 2006 and beyond.

The below graph shows the expected development in the global sub-sea market. The figures show that the total market fell in 2000, which was due to low oil prices in 1998-1999 and even after a rebound in 2001, the market growth was modest during the period of 2002-2004. According to the latest data from Infield, the number of sub-sea wells forecast to be installed in the 2006-2010 timeframe is expected to increase 90% from the number of wells installed between 1999 and 2003. Overall, Infield forecasts sub-sea expenditure to rise from \$14.5 billion during 1999-2003 to over \$20.0 billion during 2006-2008.

Chart 14 : Global Sub-Sea Capital Expenditure (Excluding Drilling And Completions)



Source : Infield

SHIPPING SERVICES INDUSTRY

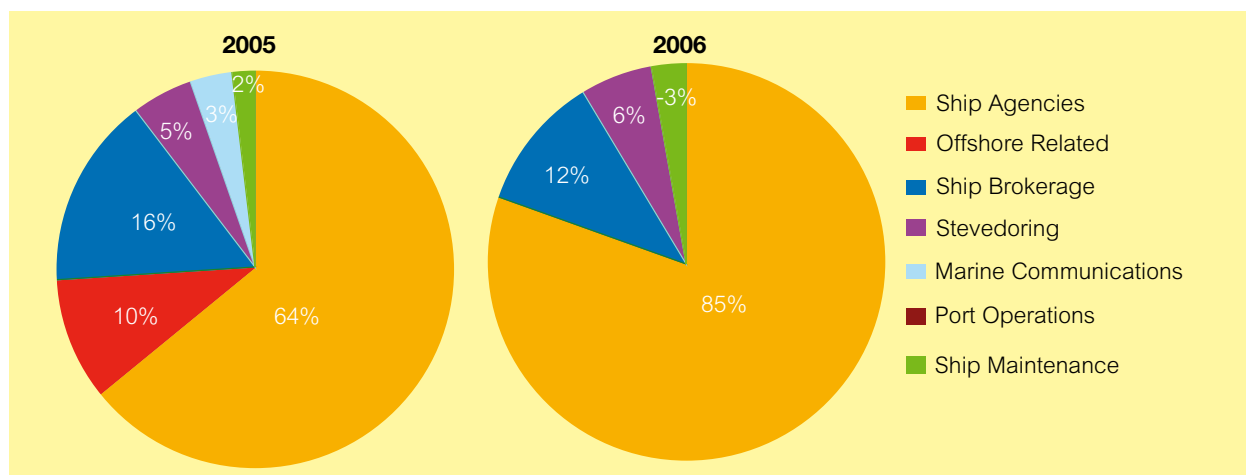
TTA has a long history of providing shipping services to the maritime industry. Our shipping services have expanded over the years to include stevedoring, ship brokerage, ship maintenance and repairs, and port operations.

The combined net contributions of the Shipping Services Group amounted to Baht 142.31 million in 2006 versus Baht 145.29 million in 2005. The 2.05% decrease in net contributions was due to lower than expected revenues and higher costs. A breakdown of the net contributions of the service companies is shown in the following chart:

Market Situation

Market Situation

Chart 15 : Net Contributions Of Service Companies



Note : Excluded Gains / Losses on Exchange Rates

TTA remains the leading ship agency provider in Thailand. In a market that is highly fragmented and competitive, it is not realistic to expect significantly higher contributions from these operations. With our investments in ISS Thoresen Agencies Ltd. and Gulf Agency Company (Thailand) Ltd., we already dominate the Thai ship agency business in terms of market share, so there is limited growth opportunity unless the number of vessels calling into Thailand increases significantly. Thus, these companies are focusing on other business opportunities, primarily in the area of logistics. We expect that net contributions will increase at an annual rate of 5% - 10% over the next few years.

In 2006 Fearnleys (Thailand) Ltd. contributed Baht 16.46 million to TTA, compared to Baht 22.74 million in 2005. The net contributions dropped as the company expanded into other shipping segments, such as Panamax trades. As the company hired additional brokers to penetrate additional shipping businesses, it is expected that volume growth and net contributions will increase in the coming years.

Chidlom Transport & Services Co.,Ltd. and Chidlom Marine Services & Supplies Ltd. embarked on a strategic shift to strengthen its long-term future. Since the stevedoring business is extremely competitive and the number of TTA vessels calling in Thailand has decreased, strong focus was given on the vessel supply and warehouse businesses. In 2006, vessel supply sales accounted for 65.93% of total revenues, compared to only 47.96% in 2005. Our existing warehouses are fully rented to top-tier clients, including Cementhai Logistics Co., Ltd. (Siam Cement Group), DHL Excel Supply Chain Ltd., and Excel Logistics (Far East).

Although Sharjah Ports Services LLC did not contribute significantly in 2006, the company is planning for substantial capacity increases. While Port Khalid is almost fully utilised, an expansion at Port Hamriyah could result in some investment opportunities for TTA. There is significant potential for the future, considering the high economic growth rates in the Middle East. It should also be noted that our liner trades to the Middle East derive significant benefits from this joint venture, although these are recorded under the heading of income from shipping operations. Due to the strong growth of our liner trades to the Middle East, Thoresen Shipping FZE has handled higher cargo volumes. Net contributions in 2006 increased 47.99% to Baht 69.11 million.

Overall, we expect gradual increases in contributions from the Shipping Services Group in 2007.

Management Discussion & Analysis

The discussion and analysis of our operating results is based upon our consolidated financial statements, which have been prepared in accordance with Thai Generally Accepted Accounting Principles (“GAAP”). We use a variety of financial and operational terms and concepts to analyse our performance. These include the following:

- **Calendar-ship-days/Caldendar-rig-days.** We define calendar-ship-days and calendar-rig-days as the total number of days during which the vessels and drilling rigs in our fleet have been owned and operated by us.
- **Available days.** We define available days as the number of calendar-ship-days or calendar-rig-days less the total number of days that our vessels and drilling rigs are off-hire due to scheduled repairs or repairs under guarantee, upgrades or special surveys, and the amount of time that we spend positioning our fleet. Available days match up to the number of days during which our fleet is capable of generating revenues.
- **Operating days.** We define operating days as the number of available days less the total number of days that our fleet is off-hire due to any reason, including unforeseen circumstances. Operating days match up to the number of days during which our fleet actually generate revenues.
- **Fleet utilisation.** We calculate fleet utilisation by dividing the number of operating days by the number of available days. Fleet utilisation measures our efficiency in finding suitable employment for our vessels and drilling rigs and minimising the amount of days that they are off-hire for reasons other than scheduled repairs or repairs under guarantee, upgrades, special surveys, or positioning.
- **Voyage revenues.** Voyage revenues are primarily generated from our liner services, voyage charters, time charters, and COA's. Hire rates and the number of operating days for our vessels affect our revenues. The mix between liner services, time charters, voyage charters, and COA's also affects voyage revenues. Hire rates for voyage charters are more volatile, since they are typically tied to prevailing market rates at the time of a voyage.
- **Voyage expenses.** Voyage expenses are all expenses related to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees, and commissions. Voyage expenses are typically paid by the client under time charters and by us under our liner services, voyage charters, and COA's. When we pay voyage expenses, we typically add them to our hire rates at an approximate cost. We expect that cargo loading and unloading and fuel expenses will represent a relatively large portion of our overall voyage expenses, because a large portion of our vessels is employed in our liner, voyage, and COA trades.
- **Net voyage revenues.** Net voyage revenues represent voyage revenues less voyage expenses. Because the amount of voyage expenses we incur for a particular charter differs, we use net voyage revenues to compare between revenues that are generated by different forms of charters.
- **Time charter equivalent rates.** Time charter equivalent (“TC”) rates are calculated as our net voyage revenues divided by the number of calendar-ship-days. The TC rate is the main performance measure used to compare daily earnings generated on time charters with daily earnings generated on our liner services, voyage charters, and COA's, because charter rates for vessels on these services are generally not expressed in per day amounts, while charter rates for vessels on time charters generally are expressed in such amounts.

- Vessel operating expenses. Under all types of charters for our vessels, except for bareboat charters, we are responsible for vessel operating expenses, which include crewing, repairs and maintenance, insurance, stores, lube oils, tonnage taxes, communication expenses, etc. Our vessel operating expenses, which generally represent fixed costs, will increase as our fleet grows. There are a number of factors beyond our control that cause these expenses to rise. For example, insurance premiums may rise quickly if the number of global marine accidents increases above historical norms, or the cost of lubricants, which are made from crude oil, may rise when oil prices increase rapidly.
- Dry-docking. We must periodically dry-dock each of our vessels and drilling rigs for inspection, repairs and maintenance, and any modifications to comply with industry certification or government requirements. Generally, we dry-dock each of our vessels every two and a half years and each of our drilling rigs every five years. We capitalise a substantial portion of the dry-docking costs and amortise them on a straight-line basis from the completion of a dry-docking to the estimated completion of the next dry-docking. We expense costs related to routine repairs and maintenance that do not improve or extend a vessel's or a drilling rig's useful life during the quarter in which the expenses are incurred.
- Depreciation and amortisation. Our depreciation and amortisation expenses typically consist of two components. First, there is a depreciation charge for the acquisition cost of our fleet less an estimated residual value. For example, the acquisition cost of a dry bulk vessel is depreciated on a straight-line basis over its expected useful life which is twenty-five years from the date of initial delivery from the shipyard to the original owner. Furthermore, we estimate the residual value of a dry bulk vessel to be US\$ 140 per lightweight ton. Our depreciation charges will increase as our fleet grows. Second, there is an amortisation charge related to dry-docking expenses, which is reported in our total vessel operating expenses.
- General and administrative expenses. General and administrative expenses include our onshore fleet related expenses such as payroll, rent, legal and professional expenses, and other general expenses. We expect general and administrative expenses to increase as our fleet grows.

The following table summarises our operating results from the Dry Bulk Shipping Group and the Offshore Services Group.

Table 25 : Operating Results From Key Business Groups

Unit : Baht in Millions

	2006			
	Shipping Group	MOS	MDL	Total
Voyage revenues	12,820.99	-	-	12,820.99
Offshore service revenues	-	1,717.36	1,225.59	2,942.95
Vessel operating expenses	6,730.91	-	-	6,730.91
Offshore service expenses	-	956.28	601.93	1,558.21
Time charter hire expenses	1,565.43	173.57	-	1,739.00
Net operating/offshore revenues	4,524.65	587.51	623.66	5,735.82
Depreciation	1,277.80	114.39	170.12	1,562.31
General and administrative expenses ⁽¹⁾	388.35	132.69	108.62	629.66
Writedown/(gain) on sale of vessels and equipment	(102.48)	-	(9.41)	(111.89)
Operating results	2,960.98	340.43	354.33	3,655.74

Note : (1) Includes direct general and administrative expenses and indirect general and administrative expenses (allocated to each segment based on estimated use of corporate resources).

Dry Bulk Shipping Group

The principal factors that affect our operating results include:

1. Charter hire rates and periods.
2. Vessel operating expenses and voyage costs, which are incurred primarily in U.S. dollars.
3. Depreciation and dry-docking amortisation expenses, which are a function of the cost of our vessels, significant vessel improvement costs, and our vessels' estimated useful lives.
4. Financing costs related to our indebtedness.

As of 30 September 2006, our dry bulk fleet consisted of forty-five owned vessels and two vessels that have been chartered with a remaining period of two to three years. Our owned fleet has a total cargo carrying capacity of 1,230,514 dwt, while the two chartered in vessels have a total cargo carrying capacity of 106,650 dwt.

In accordance with GAAP, we report gross voyage revenues in our income statements and include voyage expenses among our operating expenses. However, we base economic decisions regarding vessel employment upon anticipated TC rates. A summary of average TC rates by type of service is provided below.

Table 26 : TC Rates By Type Of Service (TTA Fleet Only)

Unit : US\$

TC Rates	FY 2004	FY 2005	FY 2006
Liner Service	9,784	12,628	9,453
Tramp - COA	10,595	13,476	5,022
Tramp - Voyage Charter	11,722	12,216	6,786
Tramp - Spot Time Charter	15,334	15,114	9,919
Tramp - Period Time Charter	15,291	16,992	16,090

While dry bulk shipping demand remained strong and spot freight rates climbed in 2006, a significant portion of our revenues was booked in 2005, when the freight rate environment was lower. In 2006, the average TC rate fell 25.92% to US\$ 11,079 per day, compared to our average TC rate in 2005 of US\$ 14,955 per day. On the other hand, spot freight rates fell in 2005, but we recorded an excellent average TC rate, because a significant portion of 2005 revenues was booked during the freight rate peaks of 2004.

The following table provides a summary of the change in fleet size, based on calendar-ship-days of our owned and chartered in vessels.

Table 27 : Calendar-Ship-Days For Dry Bulk Vessels

Unit: Days

Calendar-Ship-Days	FY 2004	FY 2005		FY 2006	
	No. of days	No. of days	% Change	No. of days	% Change
Owned Vessels	14,631	17,217	17.67%	17,031	(1.08)%
Chartered in Vessels	718	1,124	56.55%	2,299	104.54%
Total	15,349	18,341	19.49%	19,330	5.39%

The average size of our own dry bulk fleet decreased 1.08% from 17,217 calendar-ship-days in 2005 to 17,031 calendar-ship-days in 2006. This decrease was primarily the result of the sale of three older Santa Fe design vessels in 2006. To meet higher cargo volumes, we chartered in a significantly larger amount of vessels in 2006.

Net Voyage Revenues: Net voyage revenues decreased 29.46% to Baht 7,262.76 million in 2006, from Baht 10,296.04 million in 2005. This decrease was primarily due to the decrease in gross freight rates and 350 less operating days. Voyage expenses increased 31.63% to Baht 5,558.23 million in 2006, primarily as a result of an increase in bunker fuel prices and cargo expenses. In 2006, most of the chartered-in vessels were operated in our liner segment. Vessel utilisation remained at similar levels in 2005 and 2006. Port expenses also increased by 5.57% as a result of increased security concerns.

Table 28 : Fleet Utilisation

Item	FY 2004	FY 2005		FY 2006	
	No. of Days	No. of Days	% Change	No. of Days	% Change
Calendar-Ship-Days	14,631	17,217	17.67%	17,031	(1.08)%
Planned Off-Hire Days	511	367	(28.18)%	552	50.41%
Available Days	14,120	16,850	19.33%	16,479	(2.20)%
Unplanned Off-Hire Days	323	423	30.96%	402	(4.96)%
Operating Days	13,797	16,427	19.06%	16,077	(2.13)%
Fleet Utilisation	97.71%	97.49%	(0.22)%	97.56%	0.07%

Table 29 : Cargo Volumes By Type Of Service

Unit : Tonnes

Type of Service	FY 2004	FY 2005		FY 2006	
	Quantity	Quantity	% Change	Quantity	% Change
Liner Service	1,394,565	2,391,656	71.50%	2,844,923	18.95%
Tramp - COA	1,137,211	1,126,357	(0.95)%	795,532	(29.37)%
Tramp - Voyage Charter	1,474,290	1,462,813	(0.78)%	1,877,081	28.32%
Tramp - Tramp Charter	3,730,561	8,128,996	117.90%	8,556,374	5.26%
Total	7,736,627	13,109,822	69.45%	14,073,910	7.35%

Vessel Operating Expenses: Vessel operating expenses increased 11.21% to Baht 2,738.11 million, or US\$ 4,177 per calendar-ship-day in 2006, from Baht 2,462.08 million, or US\$ 3,576 per calendar-ship-day in 2005. The increase in vessel operating expenses was primarily due to significant price increases in lube oils, spare parts, and dry-docking costs. Our repair and maintenance costs equalled 56.82% of vessel operating expenses. This increase was partially offset by the sale of three older vessels. Each major component of vessel operating expenses, such as crew salaries, insurance premiums, spare parts orders, repairs that are not covered under insurance policies, and lubricants, is specific to a vessel.

Time Charter Hire Expense: Time charter hire expenses increased 148.91% to Baht 1,565.43 million in 2006, from Baht 628.92 million in 2005, primarily due to an increase in chartered in vessels. In 2006, we chartered in thirty-six vessels on either a voyage or short-term basis to employ on our liner and COA services. In 2005, we chartered in nineteen vessels for a similar purpose. Furthermore, our average charter hire rate increased 26.53% to US\$ 17,689 per day in 2006 from US\$ 13,980 per day in 2005.

Depreciation and Amortisation: Depreciation and amortisation expenses increased 11.81% to Baht 1,277.80 million in 2006, from Baht 1,142.81 million in 2005. Depreciation and amortisation expenses increased due to the lengthening of three vessels totalling Baht 370.73 million. This was partially offset by the previously mentioned vessel sales. Total dry-docking costs increased 83.22% to Baht 694.30 million in 2006, from Baht

378.95 million in 2005. Amortisation of dry-docking costs in 2006 was Baht 471.29 million, compared to Baht 278.74 million in 2005. The increase in dry-dock amortisation was due to the larger number of vessels entering dry-dock. In 2006, there were outstanding dry-docking expenses to be amortised on forty vessels, which was the same in 2005.

Gain on Sale of Vessels: Due to the sale of three older vessels, we recorded a gain of Baht 99.38 million in 2006. The gain on sale of vessel in 2005 was Baht 13.81 million.

Offshore Services Group

The following table provides a summary of the changes in calendar-ship-days by owned and chartered-in vessels for our offshore service vessels.

Table 30 : Calendar-Ship-Days For Offshore Service Vessels

Unit : Days

Calendar-Ship-Days	FY 2004	FY 2005		FY 2006	
	No. of Days	No. of Days	% Change	No. of Days	% Change
Owned Vessels	365	365	0%	1,313	259.73%
Chartered in Vessels	0	279	100%	320	14.70%
Total	365	644	76.44%	1,633	153.57%

The average fleet size of our offshore service vessels increased 153.57% in 2006, due to the acquisition of three offshore service vessels in 2006. We also chartered-in one vessel beginning in FY 2005.

Service Revenues: Service revenues increased 184.08% to Baht 1,717.36 million in 2006, or US\$ 27,001 per calendar-ship-day, from Baht 604.54 million, or US\$ 23,475 per calendar-ship-day in 2005. Vessel utilisation days improved from 406 days in 2005 to 970 days in 2006, reflecting the higher number of sub-sea engineering projects. On the other hand, fleet utilisation in 2006 dropped to 59%, because certain vessels had to be dry-docked.

Table 31 : Fleet Utilisation For Shipping Services

Item	FY 2004	FY 2005		FY 2006	
	No. of Days	No. of Days	% Change	No. of Days	% Change
Calendar-Ship-Days	365	644	76.44%	1,633	153.57%
Available Days	365	644	76.44%	1,633	153.57%
Operating Days	180	406	125.56%	970	138.92%
Fleet Utilisation	49.32%	63.04%	13.72%	59.40%	(3.64)%

Service Expenses : Service expenses increased 137.96% to Baht 956.28 million, or US\$ 15,035 per calendar-ship-day, in 2006 from Baht 401.87 million or US\$ 20,412 per calendar-ship-day, in 2005. The increase in service expenses was primarily due to a larger crew, increased repairs, and higher insurance premiums due to the addition of three vessels.

Time Charter Hire Expense: Time charter hire expenses increased 40.24% to Baht 173.57 million in 2006, from Baht 123.77 million in 2005. The increase was primarily due to higher utilisation days in 2006. We chartered only one vessel in 2005 and 2006, but charter hire rates increased 5% from US\$ 16,000 per day in 2005 to US\$ 16,800 per day in 2006.

Depreciation and amortisation: Depreciation and amortisation expenses increased 441.36% to Baht 114.39 million in 2006, from Baht 21.13 million in 2005. An increase of Baht 93.26 million was related to the acquisition of three offshore service vessels. There were no dry docking expenses in 2005 and 2006.

The following table provides a summary of the changes in calendar-ship-days for our drilling rigs.

Table 32 : Calendar-Rig-Days For Drilling Rigs

Calendar-Rig-Days	FY 2005	FY 2006	
	No. of Days	No. of Days	% Change
Owned Rigs	173	652	276.88%
Chartered in Rigs	0	0	0%
Total	173	652	276.88%

Table 33 : Fleet Utilisation For Drilling Rigs

Item	FY 2005	FY 2006	
	No. of Days	No. of Days	% Change
Calendar-Rig-Days	173	652	276.88%
Planned Off-Hire Days	0	0	0%
Available Days	173	652	276.88%
Unplanned Off-Hire Days	0	20	100%
Operating Days	173	629	263.58%
Fleet Utilisation	100%	96.47%	3.53%

The results of our drilling segment reflect the operations of two tender drilling rigs acquired in April and July 2005. We had no drilling operations prior to the acquisition of these two tender drilling rigs.

Service Revenues: Service revenues increased 398.76% to Baht 1,225.59 million, or US\$ 48,262 per calendar-rig-day, in 2006, compared to Baht 245.73 million, or US\$ 35,521 per calendar-rig-day, in 2005. The increase was due to a larger number of operating days and higher day rates. MTR-1 and MTR-2 were operated for the full year and nine months in 2006, respectively.

Service Expenses: Service expenses increased 244.75% to Baht 601.93 million, or US\$ 23,703 per calendar-rig-day, in 2006 compared to Baht 174.60 million, or US\$ 25,233 per calendar-rig-day, in 2005. The increase in expenses results from the full operation of both rigs. On a per day basis, expenses fell because significant start-up and mobilisation costs were incurred in 2005 ahead of the two rig deliveries.

Depreciation: Depreciation increased 238.61% to Baht 170.12 million in 2006, from Baht 50.24 million in 2005. This was primarily due to a full year of ownership of both drilling rigs.

Other Operating Results

General and administrative expenses: General and administrative expenses increased 21.18% to Baht 1,122.75 million in 2006, from Baht 926.50 million in 2005. One of the key reasons was the consolidation of MML into our financial statements. MML's general and administrative expenses were Baht 322.02 million in 2006. On the other hand, general and administrative expenses in the Dry Bulk Shipping Group and Shipping Services Group fell 13.57% to Baht 800.73 million.

Interest expenses: Interest expenses increased 57.43% to Baht 701.08 million in 2006. The Dry Bulk Shipping Group did not acquire any vessels and repaid over US\$ 40 million of debt in 2006, but interest expenses increased 15.19% to Baht 535.30 million due to higher US dollar interest rates. MML increased its total debt to US\$ 65.90 million as of 30 September 2006. Since our revenues are primarily denominated in U.S. dollars, we elected to fund our acquisitions in U.S. dollars. The long-term loan balance increased 7.48% to US\$ 232.40 million as of 30 September 2006. Besides the higher average loan balance, U.S. dollar LIBOR interest rates also rose significantly.

Interest and dividend income: Interest and dividend income increased 65.37% to Baht 81.54 million in 2006, from Baht 49.31 million in 2005. We maintained a lower average cash balance in 2006 and invested the funds into a diversified pool of money market, fixed income, and equity investments. Our average cash balance in 2006 was Baht 1,535.26 million, compared to Baht 2,175.94 million in 2005.

Equity Income from Joint Ventures: Equity income from joint ventures decreased from a gain of Baht 28.94 million in 2005 to a loss of Baht 3.16 million in 2006 due to MML's change from an affiliate company to a subsidiary company. MML recorded a loss of Baht 15.51 million prior to the consolidation. Other affiliates, including Gulf Agency (Thailand) Limited and Thoresen Indochina S.A., recorded a total gain of Baht 12.35 million in 2006.

Foreign Exchange Gains (Losses): Foreign exchange gains of Baht 742.09 million were recorded in 2006, as a result of the strengthening of the Thai Baht relative to the US dollar. Most of our foreign exchange gains or losses are attributable to the revaluation of our US dollar denominated term loans at the end of each financial reporting period, and substantially all of the gains or losses are unrealised. As of the date of this report, our US dollar denominated revenues generally approximate our US dollar denominated operating expenses and interest and principal repayments.

Other Income (Loss): Other revenues increased 70.70% to Baht 236.15 million mainly from gains of selling three vessels amounting to Baht 99.38 million and income from sales of dunnage and cargo lashing materials of Baht 37.23 million.

As a result of the discussed factors and the elimination of various inter-company transactions, our net income fell to Baht 3,502.44 million in 2006 versus Baht 5,948.65 million in 2005.

Liquidity and Capital Resources

The following table sets forth our consolidated capitalisation for the three previous financial years.

Table 34 : Total Capitalisation

Unit : Baht

Item	As of 30 September		
	FY 2004	FY 2005	FY 2006
Debt			
Bank overdrafts	10,831,177	-	40,058,490
Short-term debt	-	-	160,000,000
Current portion, long-term debt	633,747,932	1,208,241,668	1,450,126,683
Long-term debt	7,090,142,952	7,473,400,059	7,311,727,988
Total Debt	7,734,722,061	8,681,641,727	8,961,913,161
Shareholders' Equity			
Ordinary shares, Baht 1 par value, 693,684,422 shares authorised;	643,684,422	643,684,422	643,684,422
Additional paid-in capital	1,540,410,208	1,540,410,208	1,540,410,208
Retained earnings	4,529,810,841	6,938,873,031	9,057,647,332
Others	(18,826,796)	20,942,322	781,320,831
Total Shareholders' Equity	6,695,078,675	9,143,909,983	12,023,062,793
Total Capitalisation	14,429,800,736	17,825,551,710	20,984,975,954
Total Debt to Total Capitalisation	0.54	0.49	0.43
Net Debt to Total Net Capitalisation	0.42	0.41	0.38

As of 30 September 2006, our total cash and cash equivalents equalled Baht 1,372.49 million, compared to Baht 1,698.03 million at 30 September 2005. Our total liquidity, including cash, cash equivalents, and undrawn borrowings, was Baht 2,900.43 million as of 30 September 2006, down from Baht 3,568.13 million as of 30 September 2005. The decrease in total liquidity was mainly the result of long-term debt repayments,

cash used for capital expenditures and investments, and payment of dividends, partially offset by cash flow from operations and proceeds from the sale of vessels. In our opinion, working capital is sufficient for our present requirements.

Net cash flow from operating activities fell to Baht 4,206.52 million in 2006 from Baht 7,022.60 million in 2005, mainly reflecting the decrease in the average TC rate and higher operating expenses. Furthermore, the average collection period for MML's trade accounts receivable is longer than the Dry Bulk Shipping Group.

Net cash flow used in investing activities was Baht 2,483.75 million in 2006, primarily as a result of three lengthening projects and the acquisition of additional shares in MML. The net cash flow used in investing activities was Baht 5,442.45 million in 2005, mainly as a result of six vessel acquisitions.

Net cash flow from financing activities was Baht (2,860.64) million in 2006, primarily as a result of the dividends paid to shareholders and loan repayments. We have followed a clear policy to reduce our leverage. The total bank debt to total capitalisation ratio was 0.43 x as of 30 September 2006 versus 0.49 x as of 30 September 2005. Similarly, the net bank debt to total net capitalisation ratio was 0.38 x and 0.41 x, respectively, and the debt to equity ratio was 0.74 x and 0.95 x, respectively, on the same dates.

As of 30 September 2006, TTA had total long-term debt of US\$ 231.30 million, compared to US\$ 210.33 million as of 30 September 2005. Outstanding loans for the Dry Bulk Shipping Group equalled US\$ 165.40 million as of 30 September 2006 compared to US\$ 210.33 million as of 30 September 2005. MML had outstanding loans of US\$ 65.90 million as of 30 September 2006 compared to US\$ 53.55 million as of 30 September 2005.

We had scheduled principal repayments of US\$ 29.11 million in 2006. Debt prepayments of US\$ 15.00 million were done in 2006. We used cash flow from operations and proceeds from vessel sales to make these prepayments. We also have revolving credit facilities of US\$ 31 million provided by a foreign bank and Baht 380 million provided by local banks. As of 30 September 2006, Baht 200.06 million was drawn down. The revolving credit facilities are secured by mortgages over certain vessels, land, and buildings.

The typical credit facility used to finance our vessel acquisitions will be secured by a first priority mortgage on one or more vessels in our fleet, a first assignment of all freight earnings, insurances, and requisition compensation. Our credit facilities will also limit our ability to create liens on our assets in favour of other parties.

Our long-term debt agreements generally provide for the maintenance of certain market value to loan ratios and minimum consolidated financial covenants and prepayment privileges (with penalties). Certain loan agreements require that we maintain a minimum level of free cash. This amount was US\$ 15 million.

Our treasury activities follow a clear policy to minimise borrowing costs and to maximise investment returns, but we must maintain the safety of the funds and appropriate levels of liquidity to conduct our business. We hold the majority of our cash and cash equivalents in U.S. dollar, with the remaining balances in Thai Baht.

Dividends paid during 2006 were Baht 1,383.67 million.

Capital Expenditures

In 2006, we acquired three vessels for a total cost of US\$ 27.38 million, all owned by MML. We funded our acquisitions with a combination of existing cash balances, operating cash flows, and borrowings under various credit facilities. The Dry Bulk Shipping Group also lengthened three vessels at a cost of Baht 370.73 million. We funded this investment from operating cash flows.

In addition to acquisitions that we may undertake in future periods, we will incur additional capital expenditures in 2007 when fifteen vessels undergo dry-docking and special surveys.

Over the next four financial years, fourteen of our vessels will reach the age of twenty-five years, which could result in immediate scrapping.

Table 35 : Vessels Reaching 25 Years

Vessel Reaching 25 Years Old	FY 2007	FY 2008	FY 2009	FY 2010
Number of Vessels	1	5	3	5
DWT	17,298	109,759	84,402	717,991

Given our growing client base, we need to not only replace these vessels but also expand the fleet. We plan to wait for the appropriate time to acquire additional vessels, so any future capital expenditures are subject to the prices at which we can acquire them.

Our business strategy is to become a broad-based provider of marine services. Besides investments into our fleet, we spent another Baht 1,014.77 million to acquire another 24.01% of Mermaid Maritime Ltd. from five existing shareholders. The company plans to further expand its assets, particularly drilling rigs and offshore service vessels, to serve the offshore oil and gas industry.

Qualitative and Quantitative Market Risk

Foreign Currency Fluctuation Risk

The international maritime industry utilises the U.S. dollar as its functional currency. Consequently, virtually all of our revenues and most of our operating costs are in U.S. dollars. We incur certain voyage expenses, vessel operating expenses, dry-docking and overhead costs in foreign currencies, the most significant of which is the Euro and Singapore dollar. During 2006, approximately 18.85% of vessel and voyage costs, overhead, and dry-dock expenditures were denominated in other currencies besides the US dollar.

We entered into forward exchange contracts as a hedge against our Thai Baht exposures. The fair market value of the forward exchange contracts was Baht 1,710.11 million as of 30 September 2006. The table below summarises our foreign currency forward contracts.

Table 36 : Forward Foreign Exchange Contract Summary

Item	FY 2007	FY 2008
US Dollars to Thai Baht Contract Amount	US \$ 36 million	US \$ 6 million
Average Contractual Exchange Rate	39.1433	39.1433

We realise foreign exchange gains or losses from this hedge on the settlement date of each forward contract.

Interest Rate Risk

We are subject to market risks relating to changes in U.S. dollar interest rates, because almost all of our loans are denominated in U.S. dollars and set against LIBOR. We pay interest on debt incurred under our existing credit facilities at a rate of LIBOR plus a margin between 2.25% - 3.00%. We have entered into interest rate caps to manage the impact of interest rate changes on our earnings and cash flows. The table below provides information about our long-term debt maturity and interest rate caps as at 30 September 2006.

In addition to acquisitions that we may undertake in future periods, we will incur additional capital expenditures in 2007 when fifteen vessels undergo dry-docking and special surveys.

Over the next four financial years, fourteen of our vessels will reach the age of twenty-five years, which could result in immediate scrapping.

Table 35 : Vessels Reaching 25 Years

Vessel Reaching 25 Years Old	FY 2007	FY 2008	FY 2009	FY 2010
Number of Vessels	1	5	3	5
DWT	17,298	109,759	84,402	171,991

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We do not intend to enter into interest rate derivative transactions for speculative purposes.

Table 37 : Debt Maturity, Capital Commitments, And Interest Rate Cap Profile

Unit : US\$ in Millions

Item	Less Than 1 Year	1- 2 years	2 - 5 years	Thereafter	Total
Long Term Debt					
Variable Rate Debt US Dollar Denominated	36.07	40.32	91.76	53.05	221.20
Variable Rate Debt Thai Baht Denominated	2.04	2.04	5.62	0.4	10.10
Capital Commitments					
New Building Installments	14.93	3.46	58.85	-	77.24
New Vessel Acquisition	33.30	-	-	-	33.30
Chartered In Vessels	32.44	38.90	14.78	-	86.12
Interest Rate Cap					
Contract Amount	200.00	200.00	200.00	-	200.00
Average Cap. Rate	6.09%	6.28%	6.53%	-	6.33%

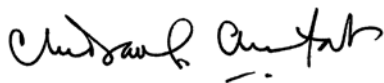
Management Discussion & Analysis

Statement of the Board of Directors Responsibilities for the Financial Statements


The Board of Directors realises the significance of its duties and responsibilities in supervising the company's business to ensure good management in accordance with laws, detailed objectives, the company's Articles of Association, and resolutions of the shareholders meetings with integrity and prudence. The Board of Directors protects the benefits of the company and its stakeholders by ensuring that the company's financial report contains accurate and full accounting records that reflect the company's actual financial status and operational results.

The Board of Directors has established the Audit Committee comprising independent directors fully qualified in accordance with the requirements of the Stock Exchange of Thailand to review and ensure accuracy and sufficiency of the financial report, to review the internal control systems including compliance with securities law, regulations of the Stock Exchange of Thailand, or laws relating to the business of the company. In this regard, the Audit Committee has already reported its performance to the Board of Directors.

The Board of Directors is of the opinion that the financial statements for the year 2006 of the company and its subsidiaries, which have been reviewed by the Audit Committee in conjunction with the management, and audited by the company's auditor, accurately reflect the financial status and operational results in all material aspects in accordance with generally accepted accounting standards.



(M.R. Chandram S. Chandratat)
Chairman of the Board of Directors



(M.L. Chandchutha Chandratat)
Managing Director

*Thoresen Thai Agencies Public Company Limited
Consolidated and Company Financial Statements
30 September 2006*

Auditor's Report

To the Shareholders of Thoresen Thai Agencies Public Company Limited

I have audited the accompanying consolidated and Company balance sheets as at 30 September 2006 and 2005, and the related consolidated and Company statements of income, changes in shareholders' equity, and cash flows for the years then ended of Thoresen Thai Agencies Public Company Limited and its subsidiaries, and of Thoresen Thai Agencies Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and Company financial statements referred to above present fairly, in all material respects, the consolidated and Company financial position as at 30 September 2006 and 2005, and the results of their operations and cash flows for the years then ended of Thoresen Thai Agencies Public Company Limited and its subsidiaries, and of Thoresen Thai Agencies Public Company Limited, respectively in accordance with generally accepted accounting principles.



ANOTHAI LEEKITWATTANA
Certified Public Accountant
(Thailand) No. 3442
PricewaterhouseCoopers ABAS Limited

Bangkok
21 December 2006

Balance Sheets

As at 30 September 2006 and 2005

		Consolidated		Company	
		2006	2005	2006	2005
	Notes	Baht	Baht	Baht	Baht
Assets					
Current Assets					
Cash and cash equivalents	4	1,372,484,623	1,698,029,423	896,770,706	980,855,598
Investments	5	245,719,370	562,726,530	140,719,370	562,726,530
Trade accounts receivable - others	6	1,827,231,664	1,026,817,462	25,449	65,884
Amounts due from related parties	24	291,924	294,898	5,401,474	399,443
Short-term loans to related parties	24	-	-	1,846,860,620	381,998,411
Current portion of long-term loans to related party	24	6,000,000	4,000,000	6,000,000	4,000,000
Vessel supplies and spareparts		698,560,248	535,296,971	-	-
Prepayments		115,343,119	81,297,240	347,527	605,367
Other current assets, net	7	529,423,859	305,139,359	37,860,891	2,436,563
Total current assets		4,795,054,807	4,213,601,883	2,933,986,037	1,933,087,796
Non-Current Assets					
Long-term loans to related parties	24	12,000,000	16,000,000	16,000,000	16,000,000
Investments in subsidiaries	8	-	-	16,995,527,196	12,492,348,631
Investments in associates	9	60,827,300	903,927,167	30,336,675	873,436,542
Investments in joint venture	10	18,283,048	16,710,170	18,283,048	16,710,170
Goodwill, net	11	521,710,886	-	-	-
Property, plant and equipment, net	12	16,943,097,566	13,772,587,537	260,417,940	267,043,959
Other assets	13	789,420,242	546,557,603	2,025,553	3,267,091
Total non-current assets		18,345,339,042	15,255,782,477	17,322,590,412	13,668,806,393
Total Assets		23,140,393,849	19,469,384,360	20,256,576,449	15,601,894,189

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Balance Sheets

As at 30 September 2006 and 2005

		Consolidated		Company	
		2006	2005	2006	2005
	Notes	Baht	Baht	Baht	Baht
Liabilities and Shareholders' Equity					
Current Liabilities					
Bank overdrafts	14	40,058,490	-	-	-
Short-term loans	15	160,000,000	-	-	-
Trade accounts payable - others		1,157,704,716	858,056,010	4,065,311	5,244,880
Amounts due to related parties	24	492,361	3,909,950	7,414,528	8,055,514
Other accounts payable		246,044,912	74,274,767	99,759	26,397
Advances from customers		136,465,333	150,778,016	-	-
Short-term loans from related parties	24	-	-	8,882,822,183	6,307,618,594
Current portion of long-term loans	15	1,450,126,683	1,208,241,668	-	555,361
Accrued income taxes		47,464,538	39,079,121	-	-
Accrued expenses		396,862,348	447,025,553	2,379,161	5,465,895
Other current liabilities		170,383,687	70,709,233	665,533	2,352,865
Total current liabilities		3,805,603,068	2,852,074,318	8,897,446,475	6,329,319,506
Non-Current Liabilities					
Long-term loans	15	7,311,727,988	7,473,400,059	-	-
Total non-current liabilities		7,311,727,988	7,473,400,059	-	-
Total Liabilities		11,117,331,056	10,325,474,377	8,897,446,475	6,329,319,506

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Balance Sheets

As at 30 September 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
Liabilities and Shareholders' Equity (Cont'd)					
Shareholders' Equity					
Share capital	16				
Registered share capital					
- ordinary shares		693,684,422	693,684,422	693,684,422	693,684,422
Issued and paid-up share capital					
- ordinary shares		643,684,422	643,684,422	643,684,422	643,684,422
Premium on ordinary shares		1,540,410,208	1,540,410,208	1,540,410,208	1,540,410,208
Capital reserves - adjustment arising under pooling of interest		(50,029,892)	(50,029,892)	-	-
Net excess of realisable value over the carrying amount	23	-	-	124,542,422	124,542,422
Translation adjustment for investment in overseas subsidiaries		(21,752,808)	637,651	(21,752,808)	-
Unrealised gain on investments in marketable securities-available for sale, net	5	14,598,398	25,064,600	14,598,398	25,064,600
Retained earnings					
Appropriated - Legal reserves	20	77,000,000	77,000,000	77,000,000	77,000,000
Unappropriated		8,980,647,332	6,861,873,031	8,980,647,332	6,861,873,031
Total parent's shareholders' equity		11,184,557,660	9,098,640,020	11,359,129,974	9,272,574,683
Minority interests		838,505,133	45,269,963	-	-
Total Shareholders' Equity		12,023,062,793	9,143,909,983	11,359,129,974	9,272,574,683
Total Liabilities and Shareholders' Equity		23,140,393,849	19,469,384,360	20,256,576,449	15,601,894,189

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Statements of Income

For the years that ended on 30 September 2006 and 2005

		Consolidated		Company	
		2006	2005	2006	2005
	Notes	Baht	Baht	Baht	Baht
Revenues					
Freight charges		12,820,993,100	14,518,553,881	-	-
Offshore service income		2,752,821,058	-	-	-
Other service income		263,752,826	203,181,629	3,402,734	6,799,838
Commission income		159,653,586	165,254,015	-	-
Interest income		74,504,246	26,172,967	68,152,824	45,163,206
Gain on exchange rates		742,092,519	16,171,916	-	-
Share of profit in subsidiaries	8	-	-	3,710,406,162	6,204,449,158
Share of profit in associates and joint venture	9, 10	-	28,942,876	-	28,942,876
Other income	22	243,184,642	161,478,786	26,596,755	127,705,495
Total revenues		17,057,001,977	15,119,756,070	3,808,558,475	6,413,060,573
Expenses					
Vessels operating expenses		8,167,239,013	6,520,582,904	-	-
Offshore service expenses		1,566,276,577	-	-	-
Depreciation charges	12	1,613,994,460	1,182,838,031	17,351,768	16,907,626
Service and administrative expenses		1,116,591,326	920,832,879	95,330,449	224,325,906
Loss on exchange rates		-	-	96,740,213	24,649,525
Share of loss in associates and joint venture	9, 10	3,160,923	-	3,160,923	-
Directors' fees		6,160,000	5,670,000	6,160,000	5,670,000
Total expenses		12,473,422,299	8,629,923,814	218,743,353	271,553,057
Income from operations before interest expenses and income tax		4,583,579,678	6,489,832,256	3,589,815,122	6,141,507,516
Interest expenses		(701,077,348)	(445,316,967)	(87,371,792)	(192,856,605)
Income tax		(103,553,816)	(74,926,155)	-	-
Income from operations after interest expenses and income tax	18	3,778,948,514	5,969,589,134	3,502,443,330	5,948,650,911
Minority interests, net of tax		(276,505,184)	(20,938,223)	-	-
Net income for year		3,502,443,330	5,948,650,911	3,502,443,330	5,948,650,911
Basic earnings per share					
Net income for year	19	5.44	9.24	5.44	9.24

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Statements of Changes in Shareholders' Equity

For the years that ended on 30 September 2006 and 2005

Consolidated 2006										
Notes	Issued and paid-up share capital	Premium on ordinary shares	Capital reserves - adjustment arising under pooling of interest in 1993	Translation adjustments for investments in overseas subsidiaries	Unrealised gains (losses) on investments in marketable securities, net	Retained earnings		Minority interests	Total	Baht
						Legal reserves	Unappropriated			
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening Balance										
1 October 2005	643,684,422	1,540,410,208	(50,029,892)	637,651	25,064,600	77,000,000	6,861,873,031	45,269,963	9,143,909,983	
Increase in balance from change of associate to subsidiary	-	-	-	-	-	-	-	774,861,342	774,861,342	
Translation adjustments for investments in overseas subsidiaries	-	-	-	(22,390,459)	-	-	-	(619,886)	(23,010,345)	
Effects from additional investment in subsidiary	-	-	-	-	-	-	-	(257,190,470)	(257,190,470)	
Unrealised gains (losses) on investments in marketable securities, net	-	-	-	-	(10,466,202)	-	-	-	(10,466,202)	
Net income for year	-	-	-	-	-	-	3,502,443,330	276,505,184	3,778,948,514	
Dividends paid	-	-	-	-	-	-	(1,383,669,029)	(321,000)	(1,383,990,029)	
Closing Balance										
30 September 2006	643,684,422	1,540,410,208	(50,029,892)	(21,752,808)	14,598,398	77,000,000	8,980,647,332	838,505,133	12,023,062,793	

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Statements of Changes in Shareholders' Equity

For the years that ended on 30 September 2006 and 2005

Consolidated 2005												
		Capital										
		reserves -		Translation		Unrealised		Retained earnings		Minority		
		adjustment		adjustments		gains (losses) on		investments		Legal		
		arising under		for investments		in marketable		securities, net		Unappropriated		
		pooling of		in overseas		in subsidiaries		Baht		Baht		
		interest in 1993		Baht		Baht		Baht		Baht		
		Advances		Premium		Issued and		Paid-up		Total		
		received		on ordinary		share		share		Baht		
		for warrant		shares		capital		Baht		Baht		
		conversion		Baht		Baht		Baht		Baht		
		interest in 1993		Baht		Baht		Baht		Baht		
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		Baht		Baht		Baht		Baht		Baht		
		Baht		Baht		Baht		Baht		Baht		
		Baht		Baht		Baht		Baht		Baht		
		Baht		Baht		Baht		Baht		Baht		

Statements of Changes in Shareholders' Equity

For the years that ended on 30 September 2006 and 2005

	Company 2006									
	Notes	Issued and paid-up share capital	Premium on ordinary shares	Net excess of realisable value over the carrying amount	Translation adjustments for investments in overseas subsidiary		Unrealised gains (losses) on investments in marketable securities, net		Retained earnings	
					Baht	Baht	Baht	Baht	Baht	Baht
Opening Balance 1 October 2005		643,684,422	1,540,410,208	124,542,422	-	25,064,600	77,000,000	6,861,873,031	9,272,574,683	
Translation adjustments for investments in overseas subsidiary		-	-	-	(21,752,808)	-	-	-	(21,752,808)	
Unrealised gains (losses) on investments in marketable securities, net		-	-	-	-	(10,466,202)	-	-	(10,466,202)	
Net income for year		-	-	-	-	-	-	3,502,443,330	3,502,443,330	
Dividends paid	21	-	-	-	-	-	-	(1,383,669,029)	(1,383,669,029)	
Closing Balance 30 September 2006		643,684,422	1,540,410,208	124,542,422	(21,752,808)	14,598,398	77,000,000	8,980,647,332	11,359,129,974	

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Statements of Changes in Shareholders' Equity

For the years that ended on 30 September 2006 and 2005

Company 2005										
	Notes	Issued and paid-up share capital	Premium on ordinary shares	Advances received for warrant conversion	Unrealised				Total	
					Baht	Net excess of realisable value over the carrying amount	gains (losses) on investments in marketable securities, net	Retained earnings		
								Baht		Baht
Opening Balance 1 October 2005		639,567,720	1,540,410,208	4,116,702	124,542,422	5,579,307	77,000,000	4,452,810,841	6,844,027,200	
Ordinary shares		4,116,702	-	(4,116,702)	-	-	-	-	-	
Unrealised gains (losses) on investments in marketable securities, net		-	-	-	-	19,485,293	-	-	19,485,293	
Net income for year		-	-	-	-	-	-	5,948,650,911	5,948,650,911	
Dividends paid	21	-	-	-	-	-	-	(3,539,588,721)	(3,539,588,721)	
Closing Balance 30 September 2006		643,684,422	1,540,410,208	-	124,542,422	25,064,600	77,000,000	6,861,873,031	9,272,574,683	

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Statements of Cash Flows

For the years that ended on 30 September 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
Cash flows from operating activities	17	4,206,516,415	7,022,597,228	(209,178,817)	(384,291,993)
Cash flows from investing activities					
Payments on investments		(1,157,307,021)	(1,442,637,300)	(1,037,477,809)	(1,442,637,300)
Proceeds from disposal of investments		1,450,770,777	1,212,749,404	1,435,897,202	1,212,749,404
Dividends received from investments		7,039,520	23,136,548	7,039,520	23,136,548
Net (increase) decrease in short-term loans to related parties		-	-	(1,464,862,209)	131,691,591
Payments for investments in subsidiaries	8	(1,014,768,420)	-	-	(2,264,997,900)
Payments for investments in associate	9	-	(540,920,946)	-	(537,796,020)
Dividends received from joint venture		3,325,254	-	3,325,254	-
Dividends received from subsidiaries	8	-	-	2,889,000	4,623,714,996
Dividends received from associate	9	-	1,396,900	-	1,396,900
Proceeds from disposal of investments in an associate		-	62,938,426	-	62,938,426
Proceeds from sales of fixed assets		308,005,704	103,224,569	71,766	5,457,703
Purchases of fixed assets		(935,790,739)	(4,428,051,641)	(11,323,359)	(33,880,170)
Payments for dry-docking		(533,189,164)	(420,385,887)	-	-
Payments for long-term loans to related parties	24	-	(13,900,000)	(4,000,000)	(13,900,000)
Proceeds from settlement of long-term loans to related parties	24	2,000,000	-	2,000,000	144,300
Proceeds from reorganisation of entity under common controls		-	-	-	59,200,000
Net cash inflows (outflows) from investing activities		(1,869,914,089)	(5,442,449,927)	(1,066,440,635)	1,827,218,478
Cash flows from financing activities					
Net received (paid) from bank overdrafts		40,058,490	(10,831,177)	-	-
Net increase in short-term loans from related parties		-	-	2,575,203,589	1,208,535,450
Proceeds from short-term loans		174,713,000	-	-	-
Repayment of short-term loans		(81,916,598)	-	-	-
Proceeds from long-term loans		251,258,447	1,647,053,551	555,361	1,083,917
Repayments of long-term loans		(1,860,758,630)	(632,233,181)	(555,361)	(1,083,917)
Proceeds for shares from minority interests		-	2,100	-	-
Dividends paid to shareholders	21	(1,383,669,029)	(3,539,588,721)	(1,383,669,029)	(3,539,588,721)
Dividends paid to minority interests		(321,000)	(370,000)	-	-
Net cash inflows (outflows) from financing activities		(2,860,635,320)	(2,535,967,428)	1,191,534,560	(2,331,053,271)
Net increase (decrease) in cash and cash equivalents		(524,032,994)	(955,820,127)	(84,084,892)	(888,126,786)
Beginning balance		1,698,029,423	2,653,849,550	980,855,598	1,868,982,384
		1,173,996,429	1,698,029,423	896,770,706	980,855,598
Increase in cash on hand from change of associate to subsidiary		198,488,194	-	-	-
Ending balance		<u>1,372,484,623</u>	<u>1,698,029,423</u>	<u>896,770,706</u>	<u>980,855,598</u>

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Statements of Cash Flows

For the years that ended on 30 September 2006 and 2005

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Additional cash flows information				
Interest paid	742,037,399	398,568,839	85,404,243	207,388,018
Interest received	58,958,752	25,450,516	55,487,215	48,188,597
Income taxes paid	174,777,802	69,248,913	1,003,466	3,089,869

Non-cash transactions

Consolidated

As at 30 September 2006, the Group has unpaid liabilities from dry-docking, purchases of fixed assets, and hire purchase agreements amounting to Baht 223,840,671, Baht 22,204,241, and Baht 18,887,251, respectively (2005: Baht 41,138,953, Baht 33,135,814, and Baht 9,843,857, respectively).

Company

As at 30 September 2006, the Company has unpaid liabilities from purchases of fixed assets amounting to Baht 99,759 and has no unpaid liabilities hire purchase agreements (2005 : Baht 26,397 and Baht 555,361, respectively).

The notes to financial statements on pages 73 to 119 form an integral part of these consolidated and Company financial statements.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

1 General information

Thoresen Thai Agencies Public Company Limited is a public limited company and is incorporated in Thailand.

The address of its registered office is as follows:

26/26-27 Orakarn Building, 8th Floor
Soi Chidlom, Ploenchit Road
Kwaeng Lumpinee, Khet Pathumwan
Bangkok 10330

The principal business operations of the Company and its subsidiaries (the “Group”) involve the entire spectrum of shipping services. The Group’s activities can be separated into three main categories, namely shipping operations, shipping related services and offshore services.

As at 30 September 2006, the Group employs approximately 1,847 people (2005 : 1,817 people).

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below :

2.1 Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles (“GAAP”) under the Accounting Act, B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (or 1992).

The consolidated and Company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

An English version of the consolidated and Company financial statements has been prepared from the statutory financial statements that are issued in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

The consolidated financial statements incorporate the financial statements of Thoresen Thai Agencies Public Company Limited and its subsidiaries, by eliminating intercompany balances, related transactions, investments in subsidiaries, and the share capital of subsidiaries.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Subsidiaries are companies whose financial and operating policies are controlled by Thoresen Thai Agencies Public Company Limited. (see Note 2.2)

These consolidated and Company financial statements have been approved for issue by the Board of Directors for release on 21 December 2006.

As at 30 September 2006, the 60 subsidiaries (2005 : 59 subsidiaries) included in the consolidated accounts are as follows:

	Percentage of holdings	
	2006	2005
<u>Shipping group</u>		
Thoresen & Company (Bangkok) Limited	99.9	99.9
Thor Orchid Shipping Co., Ltd.	99.9	99.9
Thor Mercury Shipping Co., Ltd.	99.9	99.9
Thor Mariner Shipping Co., Ltd.	99.9	99.9
Thor Merchant Shipping Co., Ltd.	99.9	99.9
Thor Navigator Shipping Co., Ltd.	99.9	99.9
Thor Captain Shipping Co., Ltd.	99.9	99.9
Helios Shipping Co., Ltd.	99.9	99.9
Hermes Shipping Co., Ltd.	99.9	99.9
Thor Pilot Shipping Co., Ltd.	99.9	99.9
Thor Master Shipping Co., Ltd.	99.9	99.9
Thor Commander Shipping Co., Ltd.	99.9	99.9
Thor Transporter Shipping Co., Ltd.	99.9	99.9
Thor Nereus Shipping Co., Ltd.	99.9	99.9
Herakles Shipping Co., Ltd.	99.9	99.9
Heron Shipping Co., Ltd.	99.9	99.9
Thor Nectar Shipping Co., Ltd.	99.9	99.9
Hermelin Shipping Co., Ltd.	99.9	99.9
Thor Jasmine Shipping Co., Ltd.	99.9	99.9
Thor Champion Shipping Co., Ltd.	99.9	99.9
Thor Star Shipping Co., Ltd.	99.9	99.9
Thor Skipper Shipping Co., Ltd.	99.9	99.9
Thor Sailor Shipping Co., Ltd.	99.9	99.9
Thor Sun Shipping Co., Ltd.	99.9	99.9
Thor Sky Shipping Co., Ltd.	99.9	99.9

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

	Percentage of holdings	
	2006	2005
<u>Shipping group</u> (Cont'd)		
Thor Spirit Shipping Co., Ltd.	99.9	99.9
Thor Sea Shipping Co., Ltd.	99.9	99.9
Thoresen Chartering (HK) Limited	99.9	99.9
Thor Lotus Shipping Co., Ltd.	99.9	99.9
Thor Trader Shipping Co., Ltd.	99.9	99.9
Thor Traveller Shipping Co., Ltd.	99.9	99.9
Thor Venture Shipping Co., Ltd.	99.9	99.9
Thor Triumph Shipping Co., Ltd.	99.9	99.9
Thor Guardian Shipping Co., Ltd.	99.9	99.9
Thor Confidence Shipping Co., Ltd.	99.9	99.9
Thor Nautica Shipping Co., Ltd.	99.9	99.9
Thor Neptune Shipping Co., Ltd.	99.9	99.9
Thor Nexus Shipping Co., Ltd.	99.9	99.9
Thor Tribute Shipping Co., Ltd.	99.9	99.9
Thor Jupiter Shipping Co., Ltd.	99.9	99.9
Thor Alliance Shipping Co., Ltd.	99.9	99.9
Thor Nautilus Shipping Co., Ltd.	99.9	99.9
Thor Wind Shipping Co., Ltd.	99.9	99.9
Thor Wave Shipping Co., Ltd.	99.9	99.9
Thor Dynamic Shipping Co., Ltd.	99.9	99.9
Thor Enterprise Shipping Co., Ltd.	99.9	99.9
Thor Harmony Shipping Co., Ltd.	99.9	99.9
Thor Integrity Shipping Co., Ltd.	99.9	99.9
Thor Transit Shipping Co., Ltd.	99.9	99.9
Thor Endeavour Shipping Co., Ltd.	99.9	99.9
Thor Energy Shipping Co., Ltd.	99.9	99.9
<u>Shipping related services group</u>		
ISS Thoresen Agencies Ltd.	99.9	99.9
Chidlom Transport & Services Co., Ltd.	99.9	99.9
Fearnleys (Thailand) Ltd.	51.0	51.0
Thoresen Chartering (PTE) Ltd.	100.0	100.0
Thai P&I Services International Ltd.	90.0	90.0
T.S.C. Maritime Ltd.	99.9	99.9
Chidlom Marine Services & Supplies Ltd.	99.9	99.9
Thoresen Shipping FZE and its subsidiary	100.0	100.0
<u>Offshore services group</u>		
Mermaid Maritime Ltd. and its subsidiaries	74.0	-(*)

(*) As at 30 September 2005, Mermaid Maritime Ltd. was an associate company. Therefore, it was not included in the consolidated financial statements for the year that ended on 30 September 2005.

2 Accounting policies (Cont'd)

2.2 Investments in subsidiaries

Subsidiaries, which are those entities in which the Group has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Intercompany transactions, balances, and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are reported by using the equity method of accounting in the Company's separate financial statements. In cases where the subsidiary incurs a loss, the Company will reduce the investment in a subsidiary company until it reaches zero, and records the excess of the loss over the capital as a liability.

A list of the group's principal subsidiaries is set out in Note 2.1. The financial effect of the acquisition and disposal of subsidiaries is shown in Note 8.

2.3 Investments in associates

Investments in associates are accounted for by the equity method of accounting in the consolidated and Company financial statements. Under this method, the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the Group generally has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associates are eliminated, to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not have to recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

A list of the Group's principal associates and the effects of acquisitions and disposals of associates are shown in Note 9.

2 **Accounting policies** (Cont'd)

2.4 **Investment in joint venture**

The Group and the Company have accounted for the investment in joint venture by using the equity method in the consolidated financial statements.

The excess of the cost of the acquisition over the fair value of the Company's share of the net assets of the acquired joint controlled entity represents goodwill which is included in the investment amount.

Goodwill is amortised using the straight-line method over its estimated useful life. Management determines the estimated useful life of goodwill based on its evaluation of the respective company at the time of the acquisition, considering factors such as existing market share, potential growth, and other factors inherent in the acquired company.

A list of the Group's principal joint venture and the effects of acquisitions and disposals of the joint venture are shown in Note 10.

2.5 **Foreign currency transactions**

Items included in the financial statements of each entity in the Group are measured using the reporting currency of each entity in which the entity incorporated. The consolidated financial statements are presented in Thai Baht.

Transactions denominated in foreign currencies are translated into the entity's reporting currency at the rates of exchange ruling on the transaction dates. Realised gains and losses on foreign exchange transactions are recognised in the statements of income as incurred. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the rate ruling on that date. Unrealised gains and losses on foreign exchange are recognised in the statements of income as incurred.

Statements of income of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year, and balance sheets are translated at the exchange rates on the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statements of income as part of the gain or loss on sale.

2.6 **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call at banks, and other short-term, highly, liquid investments with original maturities of three-months or less.

2 Accounting policies (Cont'd)

2.7 Trade receivables

Trade accounts receivable are carried at original invoice amounts less an allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, which are dispersed and cover the spectrum of manufacturing companies, trading companies, and vessel owners and operators and have a variety of end markets in which they sell. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection of losses is inherent in the Group's trade accounts receivable.

2.8 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Available-for-sale investments represent investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs. Available-for-sale investments are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will be needed to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments in marketable equity securities which are classified as available-for-sale securities, are fair valued annually at the close of business on 30 September 2006 and 30 September 2005. Fair value is determined by reference to the Stock Exchange of Thailand's quoted bid price. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets. The unrealised gains and losses of available-for-sale investments are recognised in equity.

When disposing part of the Group's holding of a particular investment in equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

Investments in non-marketable equity securities are classified as general investments and carried at cost. A test for impairment is carried out when there is a factor indicating that such investments might be impaired. If its recoverable amount is less than the carrying value of the investment, an impairment loss is charged to the income statement.

2 **Accounting policies** (Cont'd)

2.9 **Property, plant and equipment**

The Group accounting policy with respect to property, plant and equipment and depreciation is as follows:

Carrying value

Property, plant and equipment are recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset and bringing it to the location and condition necessary for its intended use. Property, plant and equipment, except land, are presented in the balance sheet at cost less accumulated depreciation.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings and factories	20 years
Factory and building improvements	10-20 years
Furniture, fixtures and equipment	3-10 years
Motor vehicles	5 years
Ocean vessels	6-23 years
Support & supply vessels	6-16 years
Tender rigs	11, 13 years
Motor launches	5, 10 years

The estimated useful lives of ocean vessels, support & supply vessels, and tender rigs are based on the in remaining useful lives of the vessels or tender rigs at the acquisition date. Depreciation is calculated on the cost of the vessel or tender rig less the estimated scrap value.

The Group records depreciation as an expense for the period. When a long-term asset is retired, the Company will write-off both the asset and the related accumulated depreciation from the accounts and recognise any gain or loss from retirement of the asset in the statements of income.

Capital expenditures

Expenditures for addition, renewal and betterment, which result in a substantial increase in an asset's current replacement value, are capitalised. Repair and maintenance costs are recognised as an expense when incurred.

2.10 **Vessel supplies and spareparts**

Vessel supplies and spareparts mainly comprise bunker and vessel supplies and spareparts. Bunker is stated at cost, determined on the first-in first-out basis, and vessel supplies, rig supplies and spareparts are stated at historical cost. The vessel supplies and spareparts purchased to replace those used during the year are reported as vessel operating expenses in the statements of income.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

2 Accounting policies (Cont'd)

2.11 Other assets

Other assets mainly comprise deferred dry-docking expenses and deferred front-end fees which are amortised to the statements of income on a straight line basis over a period of 2 - 3 years and over the period of loan, respectively. Dry-docking is required at 2 - 3 year intervals.

2.12 Accounting for leases - where a group company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statements of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant, or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.14 Revenue recognition

Freight charges

Freight charges of each voyage are generally recognised as revenues at the completion of the voyage. Where a voyage is incomplete as of the balance sheet date, freight charges are recognised as revenue in proportion to the lapsed time of the voyage. Freight charges shown in the income statement represent the net freight charges after deduction of related commissions.

Commission and service income

Commissions for services rendered to ships and service income are generally recognised as revenues when services are completed and billed.

Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period of maturity, when it is determined that such income will be accrued to the Group.

2 Accounting policies (Cont'd)

2.15 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.16 Provident fund

The Group operates a provident fund, being a defined contribution plan, the asset for which is held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Group.

The Group's contributions to the provident fund are charged to the income statement in the year to which they relate.

2.17 Deferred income taxes

The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, because the Thai Accounting Standard in relation to Deferred Income Taxes has not been effective. The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward.

2.18 Reorganisation of companies

On 1 October 2003, the Company transferred its agency business and operation to ISS Thoresen Agencies Ltd., (Formerly named "ISS Shipping (Thailand) Ltd."), a 99.99% owned subsidiary (see Note 23). The transfer of assets to ISS Thoresen Agencies Ltd., was a transaction between enterprises under common control. The Company had therefore not accounted for this transaction as an acquisition but applied the predecessor basis for common control transactions.

The Company had recognised the excess of realisable value over the carrying amount of assets transferred in the equity portion of the balance sheet.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

2 Accounting policies (Cont'd)

2.19 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those in other economic environments.

2.20 Financial instruments

The Group's financial assets carried on the balance sheet include cash and cash equivalents, short-term investments, trade accounts receivable, and loans to related parties. The Group's financial liabilities carried on the balance sheet include bank overdrafts and short-term loans, trade accounts payable, loans from related parties, and long-term loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is a party to financial instruments that reduce its exposure to fluctuations in interest rate and foreign exchange risks. These instruments, which are interest rate cap contracts and foreign currency forward contracts, respectively, are not recognised in the financial statements on inception.

Interest rate cap contracts are entered into to protect against higher interest rates. Any payment to be received from the contracts will be recognised in the income statements on the settlement date. The premium paid for the interest rate cap is amortised on a straight line method over the period of the contract.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset and liability will be settled. Gains or losses from the foreign currency forward contracts will be recorded on the settlement date.

3 Change in the reporting units

The Company has consolidated an additional reporting unit in Mermaid Maritime Ltd. ("MML"). MML was formerly classified as an investment in an associate and is now an investment in a subsidiary due to the additional investment by the Company's subsidiary during the first quarter. As a result, the Company has the power to govern the financial and operating policies of this company (Note 8). From 23 November 2005, the Company has consolidated the financial statements of MML.

The net effects resulting from the above change on the consolidated balance sheet as at 30 September 2006 are as follows:

	Million Baht
Balance sheet	
Increase in cash and cash equivalents	185.3
Increase in trade accounts receivable – others	937.0
Increase in vessel supplies and spare parts	107.8
Increase in prepayments and other current assets	124.8
Increase in property, plant and equipment, net	4,182.8
Increase in other assets	17.4
Increase in bank overdrafts	40.1
Increase in short-term loans	160.0
Increase in trade accounts payable – others and other accounts payable	253.9
Increase in accrued income tax, accrued expenses and other current liabilities	109.6
Increase in long-term loans	2,496.4
Increase in minority interests	180.9

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

4 Cash and cash equivalents

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Cash on hand	1,697,780	483,416	50,000	50,000
Deposits at banks	1,370,786,843	1,697,546,007	896,720,706	980,805,598
Cash and bank balances	<u>1,372,484,623</u>	<u>1,698,029,423</u>	<u>896,770,706</u>	<u>980,855,598</u>

5 Investments

Investments as at 30 September comprise the following:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Ordinary shares of listed companies	126,120,972	337,661,930	126,120,972	337,661,930
Debt securities	105,000,000	-	-	-
Fixed income funds	-	200,000,000	-	200,000,000
	<u>231,120,972</u>	<u>537,661,930</u>	<u>126,120,972</u>	<u>537,661,930</u>
Add: Unrealised gains from adjusting to market price	<u>14,598,398</u>	<u>25,064,600</u>	<u>14,598,398</u>	<u>25,064,600</u>
Net investments	<u>245,719,370</u>	<u>562,726,530</u>	<u>140,719,370</u>	<u>562,726,530</u>

6 Trade accounts receivable - others

Trade accounts receivable - others as at 30 September comprise:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Trade accounts receivable	1,427,725,296	480,818,374	102,615	736,620
Accrued income	<u>427,088,634</u>	<u>561,997,906</u>	<u>-</u>	<u>-</u>
	1,854,813,930	1,042,816,280	102,615	736,620
Less: Allowance for doubtful accounts	<u>(27,582,266)</u>	<u>(15,998,818)</u>	<u>(77,166)</u>	<u>(670,736)</u>
	<u>1,827,231,664</u>	<u>1,026,817,462</u>	<u>25,449</u>	<u>65,884</u>

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

6 Trade accounts receivable - others (Cont'd)

Trade accounts receivable - others as at 30 September include balances which are overdue by more than three months, classified as follows:

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Overdue 3 – 6 months	36,791,331	8,148,542	-	-
Overdue 6 - 12 months	47,290,677	16,209,335	-	-
Overdue more than 12 months	19,272,408	12,670,339	102,615	736,620
Total	103,354,416	37,028,216	102,615	736,620
Less: Allowance for doubtful accounts	(27,582,266)	(15,998,818)	(77,166)	(670,736)
	<u>75,772,150</u>	<u>21,029,398</u>	<u>25,449</u>	<u>65,884</u>

Full provision has been made for all trade accounts receivable which are classified as non-collectible. In addition, it is the Company's policy to set aside a 35% and 70% allowance for all trade accounts receivable which have been outstanding for a period over 6-12 months and overdue by more than 12 months, respectively.

7 Other current assets

Other current assets as at 30 September comprise the following:

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Pending for insurance claims	258,849,580	178,619,336	-	-
Value added tax refundable	91,976,250	50,143,564	427,473	46,427
Advances to employees	59,316,643	41,479,913	-	-
Advances for business expenses	56,827,340	46,013,949	-	2,053
Accrued interest income	13,188,990	2,364,504	13,188,990	2,364,504
Pending value added tax	49,556,511	26,343,228	-	-
Other current assets	42,708,545	3,174,865	24,244,428	23,579
	572,423,859	348,139,359	37,860,891	2,436,563
Less : Allowance for impairment of assets	(43,000,000)	(43,000,000)	-	-
Other current assets, net	<u>529,423,859</u>	<u>305,139,359</u>	<u>37,860,891</u>	<u>2,436,563</u>

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

8 Investments in subsidiaries

Investments in subsidiaries as at 30 September in the consolidated and Company financial statements comprise investments in the following companies:

2006						in Baht		
				Paid-up capital		Amount of		
	Nature of business	Country of incorporation	Nature of relationship	(Million Baht)	Investment Portion (%)	Cost method	Equity method	Amount in Balance Sheet
Company financial statements								
Shipping group								
- Thoresen & Company (Bangkok) Limited	Ship management	Thailand	Holding	125.0	99.9	166,459,952	69,537,065	69,537,065
- Thor Orchid Shipping Co., Ltd.	International maritime transportation	Thailand	Holding	47.3	99.9	47,249,300	227,694,921	227,694,921
- Thor Mercury Shipping Co., Ltd.	"	Thailand	Holding	60.0	99.9	59,999,400	171,682,899	171,682,899
- Thor Mariner Shipping Co., Ltd.	"	Thailand	Holding	35.0	99.9	38,599,280	198,673,043	198,673,043
- Thor Merchant Shipping Co., Ltd.	"	Thailand	Holding	20.0	99.9	19,999,400	126,259,670	126,259,670
- Thor Navigator Shipping Co., Ltd.	"	Thailand	Holding	45.0	99.9	44,999,300	105,889,153	105,889,153
- Thor Captain Shipping Co., Ltd.	"	Thailand	Holding	153.0	99.9	152,999,400	412,059,517	412,059,517
- Helios Shipping Co., Ltd.	"	Thailand	Holding	80.0	99.9	79,999,300	242,158,411	242,158,411
- Hermes Shipping Co., Ltd.	"	Thailand	Holding	27.0	99.9	26,999,400	94,607,225	94,607,225
- Thor Pilot Shipping Co., Ltd.	"	Thailand	Holding	80.0	99.9	79,999,300	219,771,497	219,771,497
- Thor Master Shipping Co., Ltd.	"	Thailand	Holding	188.0	99.9	187,999,300	271,344,719	271,344,719
- Thor Commander Shipping Co., Ltd.	"	Thailand	Holding	115.0	99.9	114,999,300	335,351,898	335,351,898
- Thor Transporter Shipping Co., Ltd.	"	Thailand	Holding	200.0	99.9	199,999,300	232,414,512	232,414,512
- Thor Nereus Shipping Co., Ltd.	"	Thailand	Holding	165.0	99.9	164,999,300	351,097,811	351,097,811
- Herakles Shipping Co., Ltd.	"	Thailand	Holding	25.0	99.9	24,999,300	144,810,874	144,810,874
- Heron Shipping Co., Ltd.	"	Thailand	Holding	25.0	99.9	24,999,300	149,360,721	149,360,721
- Thor Nectar Shipping Co., Ltd.	"	Thailand	Holding	210.0	99.9	209,999,300	298,126,812	298,126,812
- Hermelin Shipping Co., Ltd.	"	Thailand	Holding	100.0	99.9	99,999,300	201,207,500	201,207,500
- Thor Jasmine Shipping Co., Ltd.	"	Thailand	Holding	70.0	99.9	69,999,300	374,237,467	374,237,467
- Thor Champion Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	343,780,005	343,780,005
- Thor Star Shipping Co., Ltd.	"	Thailand	Holding	30.0	99.9	29,999,300	131,708,002	131,708,002
- Thor Skipper Shipping Co., Ltd.	"	Thailand	Holding	30.0	99.9	29,999,300	129,331,520	129,331,520
- Thor Sailor Shipping Co., Ltd.	"	Thailand	Holding	30.0	99.9	29,999,300	172,527,090	172,527,090
- Thor Sun Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	122,711,922	122,711,922
- Thor Sky Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	176,452,286	176,452,286
- Thor Spirit Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	193,905,087	193,905,087
- Thor Sea Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	137,629,636	137,629,636
- Thoresen Chartering (HK) Ltd.	"	Hong Kong	Holding	64,078				
				US dollars	99.9	2,725,995	427,028,872	427,028,872
- Thor Lotus Shipping Co., Ltd.	"	Thailand	Holding	63.0	99.9	63,810,860	292,845,507	292,845,507
- Thor Trader Shipping Co., Ltd.	"	Thailand	Holding	45.0	99.9	44,999,300	140,583,419	140,583,419
- Thor Traveller Shipping Co., Ltd.	"	Thailand	Holding	45.0	99.9	44,999,300	101,319,630	101,319,630
- Thor Venture Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	355,254,203	355,254,203
- Thor Triumph Shipping Co., Ltd.	"	Thailand	Holding	60.0	99.9	59,999,300	137,720,462	137,720,462
- Thor Guardian Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	372,491,056	372,491,056
- Thor Confidence Shipping Co., Ltd.	"	Thailand	Holding	50.0	99.9	49,999,300	322,026,402	322,026,402
- Thor Nautica Shipping Co., Ltd.	"	Thailand	Holding	50.0	99.9	49,999,300	145,978,743	145,978,743
- Thor Neptune Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	206,985,301	206,985,301
- Thor Nexus Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	303,898,298	303,898,298
- Thor Tribute Shipping Co., Ltd.	"	Thailand	Holding	55.0	99.9	54,999,300	103,707,589	103,707,589
- Thor Jupiter Shipping Co., Ltd.	"	Thailand	Holding	85.0	99.9	84,999,300	415,397,488	415,397,488
- Thor Alliance Shipping Co., Ltd.	"	Thailand	Holding	80.0	99.9	79,999,300	347,433,702	347,433,702
- Thor Nautilus Shipping Co., Ltd.	"	Thailand	Holding	50.0	99.9	49,999,300	45,896,930	45,896,930
- Thor Wind Shipping Co., Ltd.	"	Thailand	Holding	200.0	99.9	199,999,300	399,749,285	399,749,285
- Thor Wave Shipping Co., Ltd..	"	Thailand	Holding	200.0	99.9	199,999,300	482,996,664	482,996,664
- Thor Dynamic Shipping Co., Ltd.	"	Thailand	Holding	360.0	99.9	359,999,300	583,079,551	583,079,551
- Thor Enterprise Shipping Co., Ltd.	"	Thailand	Holding	300.0	99.9	299,999,300	508,310,516	508,310,516
- Thor Harmony Shipping Co., Ltd.	"	Thailand	Holding	350.0	99.9	349,999,300	727,949,079	727,949,079
- Thor Integrity Shipping Co., Ltd.	"	Thailand	Holding	280.0	99.9	279,999,300	631,826,876	631,826,876
- Thor Transit Shipping Co., Ltd.	"	Thailand	Holding	100.0	99.9	99,999,300	116,511,505	116,511,505
- Thor Endeavour Shipping Co., Ltd.	"	Thailand	Holding	1,100.0	99.9	1,099,999,300	1,261,167,884	1,261,167,884
- Thor Energy Shipping Co., Ltd.	"	Thailand	Holding	1,000.0	99.9	999,999,300	1,166,758,618	1,166,758,618
						6,916,813,587	15,231,248,843	15,231,248,843

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8 Investments in subsidiaries (Cont'd)

2006							in Baht	
	Nature of Business	Country of incorporation	Nature of relationship	Paid-up capital (Million Baht)	Investment Portion (%)	Amount of		Amount in Balance Sheet
						Cost method	Equity method	
Company financial statements (Cont'd)								
Shipping related service group								
- ISS Thoresen Agencies Ltd.	Ship agency	Thailand	Holding	50.0	99.9	49,999,300	140,530,928	140,530,928
- Chidlom Transport & Services Co., Ltd.	Stevedoring	Thailand	Holding	5.0	99.9	9,964,000	12,253,383	12,253,383
- Fearnleys (Thailand) Ltd.	Ship brokerage	Thailand	Holding	2.0	51.0	12,833,170	61,325,403	61,325,403
With subsidiary as follows:								
- PT. Fearnleys Indonesia	"	Indonesia	Indirect holding	106,000 US dollars				
- Thoresen Chartering (PTE) Ltd.	Ship brokerage	Singapore	Holding	100,000 Singapore dollars	100.0	2,158,391	29,984,361	29,984,361
- Thai P&I Services International Ltd.	Claim handling	Thailand	Holding	1.0	90.0	876,033	8,008,350	8,008,350
- T.S.C. Maritime Ltd.	Ship spareparts and equipment repairing and maintenance	Thailand	Holding	35.0	99.9	34,999,300	34,184,887	34,184,887
- Chidlom Marine Services & Supplies Ltd.	Supply cargo lashing materials	Thailand	Holding	60.0	99.9	59,999,300	88,904,039	88,904,039
- Thoresen Shipping FZE	Ship agency	U.A.E.	Holding	550,500 dirhams	100	6,600,210	184,715,255	184,715,255
With associate as follows:								
- Sharjah Ports Services LLC	Port operations	U.A.E.	Indirect holding	2.6 million dirhams				
Total						177,429,704	559,906,606	559,906,606
Offshore service group								
- Mermaid Maritime Ltd.	Ship-care services	Thailand	Holding	383.2	74.0	810,598,020	1,204,371,747	1,204,371,747
With subsidiaries as follows:								
- Mermaid Supply Ltd.	Ships chandlery	Thailand	Indirect holding	10.0				
- Darium Thai Offshore Ltd.	Owning and operating multipurpose offshore service vessels	Thailand	Indirect holding	212.4				
- Mermaid Offshore Services Ltd.	Turn-key diving ROV and DNDT service to offshore industries	Thailand	Indirect holding	550.0				
- Mermaid Safety Services Ltd.	Safety equipment service and supply	Thailand	Indirect holding	4.0				
- Mermaid Drilling Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	240.0				
With subsidiaries as follows:								
- MTR -1 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	240.0				
- MTR -2 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	350.0				
- MTR Drilling (Malaysia) Sdn. Bhd.	Drilling manager	Malaysia	Indirect holding	250,000 Malaysia Ringgit				
- Mermaid Maritime (Vietnam) Ltd.	Sales and services safety equipment and supplies to merchant shipping and offshore industries	Vietnam	Indirect holding	580,013 US dollars				
- MTR -3 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	1.0				
- MTR -4 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	1.0				
- Mermaid Training and Technical Services Ltd.	Sub-sea engineering Training and examination service	Thailand	Indirect holding	2.0				
- MCON Pte. Ltd.	Manpower services	Singapore	Indirect holding	0.0				
Total						810,598,020	1,204,371,747	1,204,371,747
Grand total						7,904,841,311	16,995,527,196	16,995,527,196

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8 Investments in subsidiaries (Cont'd)

2005						in Baht		
	Nature of business	Country of incorporation	Nature of relationship	Paid-up capital (Million Baht)	Investment Portion (%)	Amount of		Amount in Balance Sheet
						Cost method	Equity method	
<u>Company financial statements</u>								
<u>Shipping group</u>								
- Thoresen & Company (Bangkok) Limited	Ship management	Thailand	Holding	125.0	99.9	166,459,952	58,250,642	58,250,642
- Thor Orchid Shipping Co., Ltd.	International maritime transportation	Thailand	Holding	47.3	99.9	47,249,300	171,590,909	171,590,909
- Thor Mercury Shipping Co., Ltd.	"	Thailand	Holding	60.0	99.9	59,999,400	142,350,913	142,350,913
- Thor Mariner Shipping Co., Ltd.	"	Thailand	Holding	35.0	99.9	38,599,280	159,130,640	159,130,640
- Thor Merchant Shipping Co., Ltd.	"	Thailand	Holding	20.0	99.9	19,999,400	105,626,342	105,626,342
- Thor Navigator Shipping Co., Ltd.	"	Thailand	Holding	45.0	99.9	44,999,300	114,164,654	114,164,654
- Thor Captain Shipping Co., Ltd.	"	Thailand	Holding	153.0	99.9	152,999,400	275,719,928	275,719,928
- Helios Shipping Co., Ltd.	"	Thailand	Holding	80.0	99.9	79,999,300	152,890,666	152,890,666
- Hermes Shipping Co., Ltd.	"	Thailand	Holding	27.0	99.9	26,999,400	79,570,160	79,570,160
- Thor Pilot Shipping Co., Ltd.	"	Thailand	Holding	80.0	99.9	79,999,300	195,746,264	195,746,264
- Thor Master Shipping Co., Ltd.	"	Thailand	Holding	188.0	99.9	187,999,300	242,216,005	242,216,005
- Thor Commander Shipping Co., Ltd.	"	Thailand	Holding	115.0	99.9	114,999,300	241,595,538	241,595,538
- Thor Transporter Shipping Co., Ltd.	"	Thailand	Holding	200.0	99.9	199,999,300	234,330,438	234,330,438
- Thor Nereus Shipping Co., Ltd.	"	Thailand	Holding	165.0	99.9	164,999,300	226,840,329	226,840,329
- Herakles Shipping Co., Ltd.	"	Thailand	Holding	25.0	99.9	24,999,300	128,565,208	128,565,208
- Heron Shipping Co., Ltd.	"	Thailand	Holding	25.0	99.9	24,999,300	96,369,869	96,369,869
- Thor Nectar Shipping Co., Ltd.	"	Thailand	Holding	210.0	99.9	209,999,300	222,542,920	222,542,920
- Hermelin Shipping Co., Ltd.	"	Thailand	Holding	100.0	99.9	99,999,300	199,670,224	199,670,224
- Thor Jasmine Shipping Co., Ltd.	"	Thailand	Holding	70.0	99.9	69,999,300	250,073,457	250,073,457
- Thor Champion Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	218,539,647	218,539,647
- Thor Star Shipping Co., Ltd.	"	Thailand	Holding	30.0	99.9	29,999,300	94,589,829	94,589,829
- Thor Skipper Shipping Co., Ltd.	"	Thailand	Holding	30.0	99.9	29,999,300	110,789,981	110,789,981
- Thor Sailor Shipping Co., Ltd.	"	Thailand	Holding	30.0	99.9	29,999,300	134,204,365	134,204,365
- Thor Sun Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	110,303,927	110,303,927
- Thor Sky Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	123,202,199	123,202,199
- Thor Spirit Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	134,518,343	134,518,343
- Thor Sea Shipping Co., Ltd.	"	Thailand	Holding	40.0	99.9	39,999,300	103,623,157	103,623,157
- Thoresen Chartering (HK) Ltd.	"	Hong Kong	Holding	64,078				
				US dollars	99.9	2,725,995	477,940,204	477,940,204
- Thor Lotus Shipping Co., Ltd.	"	Thailand	Holding	63.0	99.9	63,810,860	206,842,641	206,842,641
- Thor Trader Shipping Co., Ltd.	"	Thailand	Holding	45.0	99.9	44,999,300	141,732,601	141,732,601
- Thor Traveller Shipping Co., Ltd.	"	Thailand	Holding	45.0	99.9	44,999,300	113,657,573	113,657,573
- Thor Venture Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	244,666,484	244,666,484
- Thor Triumph Shipping Co., Ltd.	"	Thailand	Holding	60.0	99.9	59,999,300	136,442,285	136,442,285
- Thor Guardian Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	259,250,882	259,250,882
- Thor Confidence Shipping Co., Ltd.	"	Thailand	Holding	50.0	99.9	49,999,300	179,403,926	179,403,926
- Thor Nautica Shipping Co., Ltd.	"	Thailand	Holding	50.0	99.9	49,999,300	141,478,625	141,478,625
- Thor Neptune Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	169,848,340	169,848,340
- Thor Nexus Shipping Co., Ltd.	"	Thailand	Holding	75.0	99.9	74,999,300	177,587,934	177,587,934
- Thor Tribute Shipping Co., Ltd.	"	Thailand	Holding	55.0	99.9	54,999,300	131,561,871	131,561,871
- Thor Jupiter Shipping Co., Ltd.	"	Thailand	Holding	85.0	99.9	84,999,300	283,848,062	283,848,062
- Thor Alliance Shipping Co., Ltd.	"	Thailand	Holding	80.0	99.9	79,999,300	277,938,380	277,938,380
- Thor Nautilus Shipping Co., Ltd.	"	Thailand	Holding	50.0	99.9	49,999,300	84,739,691	84,739,691
- Thor Wind Shipping Co., Ltd.	"	Thailand	Holding	200.0	99.9	199,999,300	253,488,266	253,488,266
- Thor Wave Shipping Co., Ltd.	"	Thailand	Holding	200.0	99.9	199,999,300	342,657,087	342,657,087
- Thor Dynamic Shipping Co., Ltd.	"	Thailand	Holding	360.0	99.9	359,999,300	498,923,514	498,923,514
- Thor Enterprise Shipping Co., Ltd.	"	Thailand	Holding	300.0	99.9	299,999,300	379,738,614	379,738,614
- Thor Harmony Shipping Co., Ltd.	"	Thailand	Holding	350.0	99.9	349,999,300	552,092,691	552,092,691
- Thor Integrity Shipping Co., Ltd.	"	Thailand	Holding	280.0	99.9	279,999,300	413,515,954	413,515,954
- Thor Transit Shipping Co., Ltd.	"	Thailand	Holding	100.0	99.9	99,999,300	94,469,759	94,469,759
- Thor Endeavour Shipping Co., Ltd.	"	Thailand	Holding	1,100.0	99.9	1,099,999,300	1,119,676,956	1,119,676,956
- Thor Energy Shipping Co., Ltd.	"	Thailand	Holding	1,000.0	99.9	999,999,300	1,024,429,152	1,024,429,152
						6,916,813,587	12,032,948,046	12,032,948,046

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

8 Investments in subsidiaries (Cont'd)

2005						in Baht		
	Nature of Business	Country of incorporation	Nature of relationship	Paid-up capital (Million Baht)	Investment Portion (%)	Amount of		Amount in Balance Sheet
						Cost method	Equity method	
<u>Company financial statements (Cont'd)</u>								
<u>Shipping related service group</u>								
- ISS Thoresen Agencies Ltd.	Ship agency	Thailand	Holding	50.0	99.9	49,999,300	111,646,908	111,646,908
- Chidlom Transport & Services Co., Ltd.	Stevedoring	Thailand	Holding	5.0	99.9	9,964,000	30,173,548	30,173,548
- Fearnleys (Thailand) Ltd.	Ship brokerage	Thailand	Holding	2.0	51.0	12,833,170	44,254,253	44,254,253
<u>With subsidiary as follows:</u>								
- PT. Fearnleys Indonesia	"	Indonesia	Indirect holding	106,000 US dollars				
- Thoresen Chartering (PTE) Ltd.	Ship brokerage	Singapore	Holding	100,000 Singapore dollars	100.0	2,158,391	27,537,587	27,537,587
- Thai P&I Services International Ltd.	Claim handling	Thailand	Holding	1.0	90.0	876,033	5,992,550	5,992,550
- T.S.C. Maritime Ltd.	Ship spareparts and equipment repairing and maintenance	Thailand	Holding	35.0	99.9	34,999,300	38,213,196	38,213,196
- Chidlom Marine Services & Supplies Ltd.	Supply cargo lashing materials	Thailand	Holding	60.0	99.9	59,999,300	78,069,877	78,069,877
- Thoresen Shipping FZE	Ship agency	U.A.E.	Holding	550,500 dirhams	100	6,600,210	123,512,616	123,512,616
<u>With associate as follows:</u>								
- Sharjah Ports Services LLC	Port operations	U.A.E.	Indirect holding	2.6 million dirhams				
Total						177,429,704	459,400,535	459,400,535
Grand total						7,094,243,291	12,492,348,631	12,492,348,631

The movement of investments in subsidiaries during the years are as follows:

	Company	
	2006 Baht	2005 Baht
Opening balance	12,492,348,631	8,646,616,569
<u>Add:</u> Change of investment from an associate to a subsidiary (Note 9)	834,414,211	-
	13,326,762,842	8,646,616,569
Additional investment by parent company	-	2,264,997,900
Share of profit in subsidiaries	3,710,406,162	6,204,449,158
Dividends received from subsidiaries	(2,889,000)	(4,623,714,996)
Accrued dividend	(17,000,000)	-
Translation adjustment for adjustment in overseas subsidiaries	(21,752,808)	-
Closing balance	16,995,527,196	12,492,348,631

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

8 Investments in subsidiaries (Cont'd)

Significant movement of investments in subsidiaries during the years

8.1 Additional investment in Mermaid Maritime Ltd.

During the year that ended on 30 September 2006, Thoresen Chartering (HK) Limited, a subsidiary, made additional investments in MML, previously an associate. As a result, the Company has the power to govern the financial and operating policies of MML, which becomes a subsidiary of the Company since 23 November 2005. Such investments (direct plus indirect investment) are as follows:

Additional investment sequence	Date of investment	Amount of investment	Investment Portion (%) after additional investment
First	23 November 2005	Baht 300.00 million	60.11
Second	14 December 2005	Baht 89.77 million	63.14
Third	8 September 2006	Baht 625.00 million	74.01

The assets and liabilities arising from the acquisition on 23 November 2005 were as follows:

	Consolidated Baht
Cash and cash equivalents	26,081,349
Trade accounts receivables - others	55,629,156
Other current assets and other assets	41,388,042
Property, plant and equipment, net	523,097,010
Short-term loans	(8,380,247)
Trade accounts payables - others	(25,640,490)
Other current liabilities	(36,822,439)
Long-term loans	(335,563,076)
Minority interests	(21,257,004)
Fair value of net assets	<u>218,532,301</u>

Details of net assets acquired and goodwill are as follows:

	Consolidated		
	Purchase consideration cash paid Baht	Fair value of net assets acquired Baht	Good will (Note 11) Baht
First and second on 23 November 2005 and 14 December 2005, respectively	389,768,520	(218,532,301)	171,236,219
Third on 8 September 2006	624,999,900	(257,190,470)	367,809,430
Total	<u>1,014,768,420</u>	<u>(475,722,771)</u>	<u>539,045,649</u>

No other restructuring provisions were established.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

8 Investments in subsidiaries (Cont'd)

8.2 Disposal of investment in a subsidiary

On 25 October 2006, the Company sold its entire investment in MCON Pte. Ltd. to an overseas company. The loss from disposal of this investment amounted to Baht 850,993.

8.3 Increase in subsidiaries' share capital

During the year that ended on 30 September 2005, Chidlom Marine Services & Supplies Ltd., and T.S.C. Maritime Ltd. increased their share capital, and the Company subscribed for 400,000 shares and 250,000 shares of their capital increases, respectively.

8.4 Additional investments in new subsidiaries

During the year that ended on 30 September 2005, the Company also acquired 999,993 shares, 10,999,993 shares, and 9,999,993 shares in newly established subsidiaries, Thor Transit Shipping Co., Ltd., Thor Endeavour Shipping Co., Ltd. and Thor Energy Shipping Co., Ltd., respectively. The total value of additional investments amounted to Baht 2,264,997,900.

9 Investments in associates

Investments in associates as at 30 September in the consolidated and Company financial statements comprise investments in the following companies:

2006						in Baht		
	Nature of business	Country of incorporation	Nature of relationship	Paid-up capital (Million Baht)	Investment Portion (%)	Amount of		Amount in Balance Sheet
						Cost method	Equity method	
<u>Consolidated financial statements</u>								
<u>Shipping related service group</u>								
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	Holding	22.0	51.0	11,213,000	30,336,675	30,336,675
- Sharjah Ports Services LLC (invested by Thoresen Shipping FZE)	Port operations	U.A.E.	Indirect holding	2.6 million dirhams	49.0	11,526,564	30,490,625	30,490,625
Total						22,739,564	60,827,300	60,827,300
<u>Company financial statements</u>								
<u>Shipping related service group</u>								
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	Holding	22.0	51.0	11,213,000	30,336,675	30,336,675
Total						11,213,000	30,336,675	30,336,675

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

9 Investments in associates (Cont'd)

2005						in Baht		
	Nature of business	Country of incorporation	Nature of relationship	Paid-up capital (Million Baht)	Investment Portion (%)	Amount of		Amount in Balance Sheet
						Cost method	Equity method	
<u>Consolidated financial statements</u>								
<u>Offshore service group</u>								
- Mermaid Maritime Ltd.	Ship-care services	Thailand	Holding	383.2	50.0	810,598,020	849,928,238	849,928,238
<u>With subsidiaries as follows:</u>								
- Mermaid Supply Ltd.	Ships chandlery	Thailand	Indirect holding	10				
- Darium Thai Offshore Ltd.	Owning and operating multi-purpose offshore service vessels	Thailand	Indirect holding	212.4				
- Mermaid Offshore Services Ltd.	Turn-key diving, ROV and NDT services to offshore industries	Thailand	Indirect holding	350.0				
- Mermaid Safety Services Ltd.	Safety equipment service and supply	Thailand	Indirect holding	4.0				
- Mermaid Drilling Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	240.0				
<u>With subsidiaries as follows:</u>								
- MTR – 1 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	240.0				
- MTR – 2 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	350.0				
- Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling manager	Malaysia	Indirect holding	Malaysia Ringgit 2				
- MCON PTE Ltd.	Provide personnel for diving and offshore service	Singapore	Indirect holding	10,000 Singapore dollars				
- Mermaid Maritime (Vietnam) Ltd.	Sales and services safety equipment and supplies to merchant shipping and offshore industries	Vietnam	Indirect holding	473,694 US dollars				
<u>Shipping related service group</u>								
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	Holding	22.0	51.0	11,213,000	23,508,304	23,508,304
- Sharjah Ports Services LLC (invested by Thoresen Shipping FZE)	Port operations	U.A.E.	Indirect holding	2.6 million dirhams	49.0	11,526,564	30,490,625	30,490,625
Total						833,337,584	903,927,167	903,927,167

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

9 Investments in associates (Cont'd)

2005						in Baht		
	Nature of business	Country of incorporation	Nature of relationship	Paid-up capital (Million Baht)	Investment Portion (%)	Amount of		Amount in Balance Sheet
						Cost method	Equity method	
<u>Company financial statements</u>								
<u>Offshore service group</u>								
- Mermaid Maritime Ltd.	Ship-care services	Thailand	Holding	383.2	50.0	810,598,020	849,928,238	849,928,238
<u>With subsidiaries as follows:</u>								
- Mermaid Supply Ltd.	Ships chandlery	Thailand	Indirect holding	10.0				
- Darium Thai Offshore Ltd.	Owning and operating multipurpose offshore service vessels	Thailand	Indirect holding	212.4				
- Mermaid Offshore Services Ltd.	Turn-key diving, ROV and DNDT service to offshore industries	Thailand	Indirect holding	350.0				
- Mermaid Safety Services Ltd.	Safety equipment service and supply	Thailand	Indirect holding	4.0				
- Mermaid Drilling Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	240.0				
<u>With subsidiaries as follows:</u>								
- MTR – 1 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	240.0				
- MTR – 2 Ltd.	Oil & gas drilling contractor	Thailand	Indirect holding	350.0				
- Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling manager	Malaysia	Indirect holding	Malaysia Ringgit 2				
- MCON PTE Ltd.	Provide personnel for diving and offshore service	Singapore	Indirect holding	10,000 Singapore dollars				
- Mermaid Maritime (Vietnam) Ltd.	Sales and services safety equipment and supplies to merchant shipping and offshore industries	Vietnam	Indirect holding	473,694 US dollars				
<u>Shipping related service group</u>								
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	Holding	22.0	51.0	11,213,000	23,508,304	23,508,304
Total						821,811,020	873,436,542	873,436,542

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

9 Investments in associates (Cont'd)

The movement of investments in associates during the years are as follows:

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Opening balance	903,927,167	382,201,836	873,436,542	354,836,137
<u>Less: Change of investment in</u> an associate to a subsidiary (Note 8)	<u>(834,414,211)</u>	<u>-</u>	<u>(834,414,211)</u>	<u>-</u>
	69,512,956	382,201,836	39,022,331	354,836,137
Additional investments by parent company	-	537,796,020	-	537,796,020
Additional investments by subsidiary	-	3,124,926	-	-
Disposal of investments in associate	-	(40,380,903)	-	(40,380,903)
Share of profits (losses) in associates	(8,685,656)	22,582,188	(8,685,656)	22,582,188
Dividends received from associates	-	(1,396,900)	-	(1,396,900)
Closing balance	<u>60,827,300</u>	<u>903,927,167</u>	<u>30,336,675</u>	<u>873,436,542</u>

During the second and the third quarters of 2005, the Company increased its investment in Mermaid Maritime Ltd. by 8,963,267 shares at the price of Baht 60 each, which was deemed fair by due diligence. The shareholding interest remained at 50% of issued shares. During the fourth quarter of 2005, the Company sold its entire investment in Horizon Mobile Communications Co., Ltd. of 1,396,900 shares at the price of USD 1.10 each, which was deemed fair by due diligence. Gain from the sale of this investment amounting to Baht 22,557,523 was recorded under other income in the statement of income.

10 Investment in joint venture

The principal jointly controlled entity is:

	Business	Country of Incorporation	% Ownership interest	
			2006	2005
Thoresen (Indochina) S.A	Ship agency and related services in Vietnam	Panama	50	50

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

10 Investments in joint venture (Cont'd)

Movement of interests in the joint venture for the year ended 30 September can be summarised as follows:

	Consolidated and Company 2006 Baht	Consolidated and Company 2005 Baht
Opening net book value	16,710,170	10,976,084
Goodwill amortisation	(626,601)	(626,602)
Share of profits in joint venture	5,524,733	6,360,688
Dividends received from joint venture	(3,325,254)	-
Closing net book value	<u>18,283,048</u>	<u>16,710,170</u>

The investments in the joint venture amounting to Baht 18,283,048 (2005: Baht 16,710,170) include Baht 4,437,709 (2005: Baht 5,064,310) representing goodwill, net, in respect of acquisition of the joint venture.

11 Goodwill, net

Goodwill, net in the balance sheet comprises:

	Consolidated Baht
For the year ended on 30 September 2006	
Opening net book value	-
Addition (Note 8)	539,045,649
Amortisation	(17,334,763)
Closing net book value	<u>521,710,886</u>

Goodwill is amortised on a straight-line basis over 10 years.

12.1.1 Property, plant and equipment in the balance sheets comprise:

As at 30 September 2006, there are property, plant and equipment which have been fully depreciated according to their useful lives, but are still in use with a cost and accumulated depreciation of Baht 133.21 million and Baht 117.17 million, respectively (2005 : Baht 116.31 million and Baht 100.27 million, respectively).

12.1 Property, plant and equipment in the balance sheets comprise: (Cont'd)

Menu

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

12 Property, plant and equipment (Cont'd)

12.2 The depreciation charges during the year that ended on 30 September are classified by nature as follows:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Depreciation charges				
- vessel operation	1,227,159,899	1,098,550,269	-	-
- offshore service	268,647,518	-	-	-
- service and administration	118,187,043	84,287,762	17,351,768	16,907,626
	<u>1,613,994,460</u>	<u>1,182,838,031</u>	<u>17,351,768</u>	<u>16,907,626</u>

12.3 Property, plant and equipment as of 30 September 2006 used as collateral for loan facilities can be summarised as follows:

The Group owns a total of 45 ocean vessels (2005: 48 ocean vessels). Forty-two (42) ocean vessels have been mortgaged with various banks as collateral for their loan facilities. The vessels are mortgaged at a total value of Baht 9,860 million (2005: Baht 10,470 million) and USD 31 million (2005: USD 38.5 million).

The Group owns a total of 2 supply vessels, 4 support vessels, 2 motor launches, and 2 tender rigs (2005: nil). 3 support vessels, 2 motor launches, and 2 tender rigs have been mortgaged with various banks as collateral for their loan facilities. The vessels and tender rigs are mortgaged at a total value of Baht 137.5 million (2005: nil) and USD 49.7 million (2005: nil). The remaining 1 support vessel was mortgaged on 12 October 2006.

Certain land and buildings of the Company and its subsidiaries have been mortgaged with various banks as collateral for term loan and bank overdraft facilities of the Company and its subsidiaries. The assets are mortgaged at a total value of Baht 505.4 million (2005: Baht 366.60 million).

Some motor vehicles are used as collateral for the loan facilities referred to in Note 15 below.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

13 Other assets

Other assets as at 30 September comprise the following:

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Deferred dry docking expenses	1,550,972,876	1,023,217,773	-	-
Less: Accumulated amortisation	(817,965,478)	(520,731,745)	-	-
Deferred dry docking expenses, net	733,007,398	502,486,028	-	-
Long-term portion of fee for interest rate cap	22,055,634	34,245,602	-	-
Deferred loan origination fee	-	447,733	-	-
Other assets	34,357,210	9,378,240	2,025,553	3,267,091
Total other assets	789,420,242	546,557,603	2,025,553	3,267,091

14 Bank overdrafts

Bank overdraft facilities of the Group in the amount of Bht 380 million (2005 : Bht 291.6 million) are guaranteed by the Company and a mortgage of the Group's land and buildings. As at 30 September 2006, the Group has unused bank overdraft facilities of Bht 339.9 million (2005 : Bht 291.6 million).

15 Loans

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Short-term loans	160,000,000	-	-	-
Loans for purchase of ocean vessels, supply vessels, tender rigs, and equipments	8,570,487,436	8,646,232,967	-	-
Loans for construction of building and warehouse	37,280,000	25,564,903	-	-
Loans for purchase of land and construction of buildings	135,200,000	-	-	-
	8,742,967,436	8,671,797,870	-	-
Hire purchase liabilities (motor vehicles)	21,103,695	10,621,080	-	605,354
Less: Deferred hire purchase charges	(2,216,460)	(777,223)	-	(49,993)
Total hire purchase liabilities	18,887,235	9,843,857	-	555,361
Total loans	8,761,854,671	8,681,641,727	-	555,361
Less : Current portion of long-term loans	(1,450,126,683)	(1,208,241,668)	-	(555,361)
Long-term portion of long-term loans	7,311,727,988	7,473,400,059	-	-

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

15 Loans (Cont'd)

The maturity profile of long-term loans is as follows :

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Due within 1 year	1,450,126,683	1,208,241,668	-	555,361
Later than 1 year but not later than 2 years	1,885,331,338	1,399,089,881	-	-
Later than 2 years but not later than 5 years	3,517,690,923	3,647,115,665	-	-
Later than 5 years	1,908,705,737	2,427,194,513	-	-
	7,311,727,988	7,473,400,059	-	-
	8,761,854,671	8,681,641,727	-	555,361

The movement of short-term loans during the year that ended on 30 September is as follows:

	Consolidated	
	2006 Baht	2005 Baht
Beginning balance	-	-
Add: Loans from change of an associate to a subsidiary	63,776,614	-
	63,776,614	-
Addition during year	174,713,000	-
Decrease during year	(81,916,598)	-
Realised loss on exchange rate (Note 17)	3,426,984	-
Ending balance	160,000,000	-

The movement of long-term loans (excluding hire purchase liabilities) during the year that ended on 30 September is as follows:

	Consolidated	
	2006 Baht	2005 Baht
Beginning balance	8,671,797,870	7,702,822,592
Add: Loans from change of associate to subsidiary	2,530,067,790	-
	11,201,865,660	7,702,822,592
Addition during year	258,685,936	1,633,190,543
Decrease during year	(1,844,501,409)	(618,370,173)
Realised (gains) on exchange rate (Note 17)	(47,507,636)	(3,522,267)
Unrealised (gains) on exchange rate (Note 17)	(825,575,111)	(42,322,825)
Ending balance	8,742,967,440	8,671,797,870

15 Loans (Cont'd)

- a) Short-term loans for working capital are loans from local commercial banks which represent promissory notes amounting to Baht 160,000,000 as of 30 September 2006 (2005: nil). The loans bear interest at MLR minus 0.00% - 1.50% per annum, and are due for repayment within 33 - 40 days.
- b) Loans for the purchases of vessels
- Loans for the purchase of ocean vessels are granted by local commercial banks and are denominated in US Dollars with a total outstanding balance of USD 165,404,350 as of 30 September 2006 (2005: USD 210,332,250) and repayment terms between 1.15 - 8.58 years. The loans are secured by mortgages of the subsidiaries' ocean vessels and by assignments of the beneficial rights in the insurance policies on the ocean vessels to the banks and are guaranteed by the Company. The US Dollar loans bear interest at USD-LIBOR plus 2.25% per annum (2005: USD-LIBOR plus 2.25% per annum).
 - Loans for the purchase of supply vessels and equipments are granted by local commercial banks, and are in Thai Baht and US Dollars, having a total outstanding balance of Baht 245,000,000 Baht and USD 21,148,750 as of 30 September 2006 (2005: nil) with repayment terms within 5-7 years. The Thai Baht loans bear interest at fixed rates of 5% per annum for the first 3 years and MLR per annum thereafter (for the loan balance of Baht 40,000,000), at MLR minus 1.5% per annum for the first 2 years and MLR per annum thereafter (for the loan balance of Baht 205,000,000). The US Dollar loans bear interest at USD-LIBOR plus 3% per annum (for the loan balance of USD 15,000,000) and at USD-LIBOR plus 2.25% per annum (for the loan balance of USD 6,148,750). These loans are secured by mortgages of supply vessels and their integral parts and equipment and are guaranteed by a subsidiary.
 - Loans for the purchase of tender rigs are granted by local commercial banks and are denominated in US Dollars with a total outstanding balance of USD 34,650,000 as of 30 September 2006 (2005: nil) with repayment terms within 9 years, including a 1.5 year grace period. These loans bear interest at USD-LIBOR plus 2.75% per annum, are secured by mortgages of the tender rigs, and guaranteed by three subsidiaries.
- According to a condition of the loan agreements, the Company and its subsidiaries are not allowed to create any encumbrance on the assets which are used as collateral, except for encumbrances created with the prior consent of the banks and permitted liens. The Company and its subsidiaries must comply with other conditions and restrictions stated in the term loan agreements.
- c) Loans for the construction of a building and warehouse are granted by a local commercial bank and are denominated in Thai Baht with a total outstanding balance of Baht 37,280,000 as of 30 September 2006 (2005: Baht 25,564,903) and repayment terms within 7.50 – 8.00 years. The loans are secured by mortgages of the subsidiary's land and buildings. This loans bear interest at the rates of the 1-year fixed deposit rate for personal account plus 2.75 - 3.00% per annum.
- d) Loan for the purchase of land and construction of buildings is granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 135,200,000 as of 30 September 2006 (2005: nil) and a repayment term of 6.25 years. The loan is secured by mortgages of the subsidiary's land and building. The loan bears interest at the rate of MLR minus 1% per annum until 14 June 2007 and MLR per annum thereafter.
- e) Hire purchase loans for motor vehicles are granted by finance companies, are denominated in Thai Baht, and have repayment terms within 3 - 4 years. The loans are secured by mortgages of motor vehicle registrations and bear interest rates of 0.00% - 9.00% per annum (2005: 0.00% - 5.60% per annum).

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For the years that ended on 30 September 2006 and 2005

15 Loans (Cont'd)

The interest rate risk of the long-term loans, including hire purchase liabilities of the Group and the Company is as follows:

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
At fixed rates	18,887,235	9,843,857	-	555,361
At floating rates	8,742,967,436	8,671,797,870	-	-
Total loans	<u>8,761,854,671</u>	<u>8,681,641,727</u>	<u>-</u>	<u>555,361</u>

16 Share capital

Share capital comprises:

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Registered:				
693,684,422 ordinary shares of Baht 1 each	<u>693,684,422</u>	<u>693,684,422</u>	<u>693,684,422</u>	<u>693,684,422</u>
Issued and fully paid-up:				
643,684,422 ordinary shares of Baht 1 each	<u>643,684,422</u>	<u>643,684,422</u>	<u>643,684,422</u>	<u>643,684,422</u>

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

17 Cash flows from operating activities

Reconciliation of net income cash flows from operating activities is as follows:

Notes	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Net income for year	3,502,443,330	5,948,650,911	3,502,443,330	5,948,650,911
Adjusted by:				
Depreciation	12	1,613,994,460	1,182,838,031	17,351,768
Amortisation on deferred expenses		471,290,246	278,743,844	-
Amortisation on prepayments		9,670,661	6,335,507	-
Amortisation on goodwill	10,11	17,961,364	626,602	626,602
Dividend income from investments		(7,039,520)	(7,039,520)	(23,136,548)
Net (gain) loss from sales of investments		13,121,565	(67,572,668)	13,121,565
Net (gain) loss from sales of fixed assets		(129,143,870)	(15,195,727)	43,844
Loss from write off fixed assets		11,115,338	7,445,397	-
Unrealised (gain) loss on exchange rate from long-term loans	15	(825,575,111)	(42,322,825)	-
Realised (gain) loss on exchange rate from long-term loans	15	(44,080,652)	(3,522,267)	-
Allowance for doubtful debt and impaired asset		11,583,448	51,180,979	(593,570)
Share of (profit) in subsidiaries	8	-	-	(3,710,406,162)
Share of (profit) loss of associates and joint venture	9,10	3,160,923	(28,942,876)	3,160,924
(Gain) from disposal of investments in an associate	9	-	(22,557,523)	-
Minority interests		276,505,184	20,938,223	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal):				
- Trade accounts receivable - others (*)		(350,669,007)	(263,140,031)	634,005
- Amounts due from related parties		2,974	2,696,973	(5,002,031)
- Vessels supplies and spareparts (*)		(150,480,070)	(131,969,309)	-
- Prepayments (*)		(9,544,978)	(16,523,222)	257,840
- Other current assets (*)		(60,683,442)	(186,135,815)	(18,424,328)
- Other assets (*)		(11,747,850)	(38,492,674)	1,241,538
- Trade accounts payable - others (*)		24,941,677	119,242,293	(1,179,569)
- Amounts due to related parties		(3,417,589)	(12,845,990)	(640,986)
- Advances from customers		(14,312,683)	47,967,912	-
- Accrued income tax (*)		(27,822,058)	(6,123,779)	-
- Accrued expenses (*)		(164,628,028)	188,489,692	(3,086,734)
- Other current liabilities (*)		49,870,103	25,922,118	(1,687,332)
Net cash inflows (outflows) from operating activities		4,206,516,415	7,022,597,228	(209,178,817)

(*) These items include the changes in the operating assets and liabilities of MML and its subsidiaries in consolidated financial statements as a result of MML becoming a subsidiary as of 23 November 2005 as mentioned in Note 3.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

18 Operating profit

The following expenses, classified by nature, other than those already disclosed in the statements of income, have been charged in arriving at operating profit (loss):

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Expenses included in vessel operating expenses				
Vessel supplies and spareparts expenses and repair and maintenance expenses	1,555,670,181	1,369,326,259	-	-
Crew and staff costs	924,206,268	843,611,990	-	-
Expenses included in offshore service expense				
Vessel supplies and spareparts expenses and repair and maintenance expenses	336,748,704	-	-	-
Crew, staff costs, and subcontractor costs	939,414,631	-	-	-
Charter hire and equipment rental	131,659,946	-	-	-
Expenses included in service and administrative expenses				
Staff costs	648,176,446	526,108,193	44,593,533	177,452,157
Depreciation charges				
Depreciation on owned assets (note 12)	1,613,994,460	1,182,838,081	17,351,768	16,907,626

19 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated and Company		
	2006		
	Income available Baht	Weighted average ordinary shares	Per share Baht
<u>Basic earnings per share</u>			
Net profit available to ordinary shareholders	3,502,443,330	643,684,422	5.44

	Consolidated and Company		
	2005		
	Income available Baht	Weighted average ordinary shares	Per share Baht
<u>Basic earnings per share</u>			
Net profit available to ordinary shareholders	5,948,650,911	643,605,472	9.24

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

20 Legal reserve

The Company shall allocate not less than five percent of its annual net profit, less the accumulated losses brought forward (if any) to a reserve fund until this fund attains an amount not less than ten percent of the registered capital, unless the Company's articles of association or other laws require a larger reserve fund.

21 Dividends paid

Year 2006

At the Board of Directors' Meeting held on 11 May 2006, it was resolved that a dividend be paid from the net income of the Company for the six-month period that ended on 31 March 2006 of Baht 0.65 per share, amounting to Baht 418,394,874. However, dividends of Baht 17,875 were not paid to certain shareholders due to disqualification. The remaining dividends of Baht 418,376,999 were paid during the year.

At the Annual General Meeting of Shareholders held on 30 January 2006, the shareholders approved the annual dividend payment from the Company's net income for the year that ended on 30 September 2005 of Baht 3.50 per share. Since the Board of Directors had declared and paid an interim dividend payment of Baht 2.00 per share for the six-month period that ended on 31 March 2005, the remaining balance of Baht 1.50 per share was approved to be paid for the 643,684,422 shares, amounting to Baht 965,526,633. However, dividends of Baht 234,603 were not paid to certain shareholders due to disqualification. The remaining dividends of Baht 965,292,030 were paid during the year.

Year 2005

At the Board of Directors' meeting held on 13 May 2005, it was resolved that a dividend be paid from the net income of the Company for the six-month period ended 31 March 2005 of Baht 2.00 per share amounting to Baht 1,287,368,844. However, dividends of Baht 623,400 were not paid to certain shareholders due to disqualification. The remaining dividends of Baht 1,286,745,444 were paid during the year.

At the Annual General Meeting of Shareholders held on 31 January 2005, the shareholders approved the annual dividend payment from the Company's net income for the year that ended on 30 September 2004 of Baht 4.50 per share. Since the Board of Directors had declared and paid two interim dividend payments of Baht 1.00 each in the financial year 2004 and the first quarter of 2005 totalling Baht 639,353,820 and Baht 643,632,222, respectively, the remaining balance of Baht 2.50 per share was approved to be paid for the 643,684,422 shares, amounting to Baht 1,609,211,055.

22 Other income

	For the years ended 30 September			
	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Gain on sales of marketable securities	-	67,572,668	-	67,572,668
Gain from disposal of investments in an associate	-	22,557,523	-	22,557,523
Sales	37,229,571	6,471,238	-	-
Insurance claims received	-	3,747,059	-	-
Gains (losses) on sales of fixed assets	111,300,554	15,195,727	-	(915,745)
Bad debt reversal	13,784,045	-	-	-
Dividend income	7,039,520	23,136,548	7,039,520	23,136,548
Rental income	9,750,247	4,939,530	-	14,820,539
Miscellaneous income	64,080,705	17,858,493	19,557,235	533,962
Total other income	243,184,642	161,478,786	26,596,755	127,705,495

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

23 Reorganisation of company

From 1 October 2003, the Company's agency activity was combined with ISS Thoresen Agencies Ltd., a 99.99% owned subsidiary, which operates a ship agency under the ISS License in order to be a part of the ISS global agency network. However, the combination of such agency activity will not have any impact on the consolidated financial statements. Such combination was agreed in the Board of Directors' Meeting on 14 August 2003.

Such combination of agency business included transferring net assets and the agency business as follows:

	Existing carrying amount Baht	Realisable value Baht	Excess of realisable value over the carrying amount Baht
Office equipment and furniture and vehicles	15,700,569	17,760,000	2,059,431
Considerations for business transfer	-	132,300,000	132,300,000
	<u>15,700,569</u>	<u>150,060,000</u>	<u>134,359,431</u>
Related tax			(9,817,009)
Net excess of realisable value over the carrying amount			<u>124,542,422</u>

Net realisable value over the carrying amount totaling Baht 124,542,422 has not been presented in the income statement but presented in the equity as such transactions are under common control.

Realisable values are as follows:

- Office equipment and furniture were transferred at the book value plus a margin on the transfer date.
- Vehicles were transferred at their fair market value based on an independent appraiser.
- Considerations for business transfer were calculated using an income approach method by an independent appraiser.

24 Related party transactions

Significant related party transactions between the Company and its subsidiaries and associates are as follows:-

24.1) Transactions with subsidiaries during the years ended 30 September are as follows:-

a) Service income

Subsidiaries

Chidlom Transport & Services Co., Ltd.
Fearnleys (Thailand) Ltd.
Thai P&I Services International Ltd.
Chidlom Marine Services & Supplies Ltd.

Company	
2006 Baht	2005 Baht
1,020,000	2,040,000
252,000	3,619,838
780,000	780,000
1,260,000	360,000
<u>3,312,000</u>	<u>6,799,838</u>

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

b) Interest income

	Company	
	2006	2005
	Baht	Baht
<u>Subsidiaries</u>		
Thoresen & Company (Bangkok) Limited	3,972,928	7,357,402
Thor Navigator Shipping Co., Ltd.	200,055	-
Hermes Shipping Co., Ltd.	-	165,706
Thor Nereus Shipping Co., Ltd.	-	1,823,714
Herakles Shipping Co., Ltd.	-	790,837
Thor Nectar Shipping Co., Ltd.	-	1,888,138
Fearnleys (Thailand) Ltd.	1,493	-
T.S.C. Maritime Ltd.	166,031	778,734
Thor Nautica Shipping Co., Ltd.	239,725	-
Thor Nautilus Shipping Co., Ltd.	1,230,586	2,036
Thor Traveller Shipping Co., Ltd.	15,270	-
Thor Enterprise Shipping Co., Ltd.	440,803	194,195
Thor Integrity Shipping Co., Ltd.	-	3,144,562
Thor Transit Shipping Co., Ltd.	387,584	6,724,969
Thor Endeavour Shipping Co., Ltd.	-	17,997
Thor Energy Shipping Co., Ltd.	-	536,430
Chidlom Marine Services & Supplies Ltd.	199,479	695,177
ISS Thoresen Agencies Ltd.	-	2,146,180
Thoresen Chartering (HK) Ltd.	377,849	-
Mermaid Maritime Ltd.	1,923,802	-
	<u>9,155,605</u>	<u>26,266,077</u>

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

c) Interest expenses

Subsidiaries

	Company	
	2006	2005
	Baht	Baht
Thor Orchid Shipping Co., Ltd.	1,163,162	942,277
Thor Mercury Shipping Co., Ltd.	842,886	3,625,728
Thor Mariner Shipping Co., Ltd.	1,182,044	2,465,601
Thor Merchant Shipping Co., Ltd.	626,172	2,739,611
Thor Nereus Shipping Co., Ltd.	2,212,444	1,718,491
Thor Nectar Shipping Co., Ltd.	1,635,425	1,450,569
Thor Navigator Shipping Co., Ltd.	298,100	921,828
Thor Captain Shipping Co., Ltd.	3,135,824	7,156,253
Helios Shipping Co., Ltd.	1,637,985	5,048,501
Thor Pilot Shipping Co., Ltd.	912,458	1,769,349
Thor Master Shipping Co., Ltd.	1,812,905	5,030,248
Thor Commander Shipping Co., Ltd.	2,247,855	9,165,768
Thor Transporter Shipping Co., Ltd.	1,949,119	5,879,021
Heron Shipping Co., Ltd.	1,117,655	1,632,155
Hermelin Shipping Co., Ltd.	2,048,764	6,500,756
Thor Jasmine Shipping Co., Ltd.	2,415,586	1,555,126
Thor Champion Shipping Co., Ltd.	2,543,978	7,448,268
Thor Star Shipping Co., Ltd.	958,945	5,770,969
Thor Skipper Shipping Co., Ltd.	1,008,339	6,319,323
Thor Sailor Shipping Co., Ltd.	1,391,874	6,326,503
Thor Sun Shipping Co., Ltd.	1,298,231	6,091,470
Thor Sky Shipping Co., Ltd.	1,358,130	7,118,614
Thor Spirit Shipping Co., Ltd.	1,741,246	8,100,874
Thor Sea Shipping Co., Ltd.	1,179,645	5,756,844
Thor Lotus Shipping Co., Ltd.	1,852,923	1,532,230
Thor Trader Shipping Co., Ltd.	979,040	4,261,627
Thor Traveller Shipping Co., Ltd.	324,758	2,370,760
Thor Venture Shipping Co., Ltd.	2,573,969	9,271,340
Thor Triumph Shipping Co., Ltd.	958,077	2,504,864
Thor Guardian Shipping Co., Ltd.	2,242,513	5,006,896
Thor Confidence Shipping Co., Ltd.	2,165,712	5,867,328
Thor Nautica Shipping Co., Ltd.	190,104	3,771,345
Chidlom Transport & Services Co., Ltd.	26,178	122,260
Thai P&I Services International Ltd.	23,973	35,000
Thor Nexus Shipping Co., Ltd.	2,187,436	4,090,713
Thor Alliance Shipping Co., Ltd.	2,898,299	8,651,945
Thor Neptune Shipping Co., Ltd.	1,383,648	2,933,913
Thor Tribute Shipping Co., Ltd.	811,778	2,541,309
Thor Wave Shipping Co., Ltd.	2,459,712	1,962,930
Thor Jupiter Shipping Co., Ltd.	2,695,570	8,132,563
Thor Nautilus Shipping Co., Ltd.	-	501,045
Thor Wind Shipping Co., Ltd.	1,499,721	2,333,908
Thor Dynamic Shipping Co., Ltd.	4,079,866	8,737,058
Thor Enterprise Shipping Co., Ltd.	90,239	821,576
Thor Harmony Shipping Co., Ltd.	3,343,877	1,750,607
Thor Integrity Shipping Co., Ltd.	2,837,232	972,880
Hermes Shipping Co., Ltd.	688,522	257,178
Herakles Shipping Co., Ltd.	1,181,348	192,891
Thor Transit Shipping Co., Ltd.	47,833	168
Thor Energy Shipping Co., Ltd.	1,351,343	102,248
Thor Endeavour Shipping Co., Ltd.	2,213,702	355,786
	77,826,145	189,616,515

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

d) Office and office equipment rental income

	Company	
	2006	2005
	Baht	Baht
<u>Subsidiaries</u>		
Thoresen & Company (Bangkok) Limited	11,185,176	10,068,813
Chidlom Transport & Services Co., Ltd.	278,598	365,200
Fearnleys (Thailand) Ltd.	1,304,940	1,268,069
Thai P & I Services International Ltd.	318,060	315,373
ISS Thoresen Agencies Ltd.	2,626,693	2,791,479
T.S.C. Maritime Ltd.	8,824	3,064
Chidlom Marine Services & Supplies Ltd.	98,253	8,541
	<u>15,820,544</u>	<u>14,820,539</u>

24.2) Transactions with associates during the years ended 30 September are as follows:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
a) Commission income				
Mermaid Maritime Ltd.	-	108,479	-	-
b) Service income				
Mermaid Maritime Ltd.	-	1,674,357	-	-
Gulf Agency Company (Thailand) Limited	1,260	1,080,683	-	-
c) Interest income				
Mermaid Maritime Ltd.	-	635,616	-	635,616
Gulf Agency Company (Thailand) Limited	1,539,542	1,297,478	1,539,542	1,297,478
d) IT and data expenses and IT equipment				
Horizon Mobile Communications Co., Ltd.	-	44,250,290	-	-
e) Office and office equipment rental income				
Mermaid Maritime Ltd.	-	182,158	-	182,158

The Group's policy for related party transactions are as follows:

- Commission income is transacted at prices normally charged to a third party.
- Service income is transacted at prices normally charged to a third party.
- Office and office equipment rental income is transacted at prices normally charged by a third party.
- Interest income is charged at the rate of 1% per annum, MLR plus 2% - 2.5% per annum, and fixed deposit rate per annum (2005 : 1% per annum) for subsidiaries, and MOR plus 1% per annum (2005 : MLR plus 1% - 2% per annum) for associates.
- Interest expenses are charged at the rate of 1% per annum (2005 : 1% per annum) for subsidiaries.
- IT and data expenses and equipment are transacted at prices normally charged to a third party.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

24.3) Outstanding balances arising from sales/purchases of goods/services and loans to/from related parties.

a) Amounts due from related parties

Amounts due from related parties as at 30 September in the consolidated and Company financial statements comprise the following :

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Associates and joint venture</u>				
- Mermaid Maritime Ltd.	-	13,725	-	-
- Mermaid Supply Ltd.	-	131,955	-	-
- Gulf Agency Company (Thailand) Ltd.	168,302	133,735	135,000	-
- Thoresen (Indochina) S.A	123,622	15,483	-	-
<u>Subsidiaries</u>				
- Thoresen & Company (Bangkok) Limited	-	-	527,890	226,959
- Thor Nautilus Shipping Co., Ltd.	-	-	219,562	-
- Thor Nautica Shipping Co., Ltd.	-	-	29,101	-
- Thor Traveller Shipping Co., Ltd.	-	-	604	-
- Thor Navigator Shipping Co., Ltd.	-	-	65,066	-
- Fearnleys (Thailand) Ltd.	-	-	-	28,883
- Thai P&I Services International Ltd.	-	-	13,363	13,548
- ISS Thoresen Agencies Ltd.	-	-	30,344	35,141
- T.S.C. Maritime Ltd.	-	-	21,411	-
- Chidlom Transport & Services Co., Ltd.	-	-	-	13,959
- Chidlom Marine Services & Supplies Ltd.	-	-	1,091,611	10,300
- Thor Enterprise Shipping Co., Ltd.	-	-	48,039	50,940
- Thor Transit Shipping Co., Ltd.	-	-	80,223	18,132
- Thoresen Chartering (PTE) Ltd.	-	-	5,200	1,581
- Thoresen Chartering (HK) Ltd.	-	-	2,553,580	-
- Mermaid Maritime Ltd.	-	-	580,480	-
	<u>291,924</u>	<u>294,898</u>	<u>5,401,474</u>	<u>399,443</u>

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

b) Amounts due to related parties

Amounts due to related parties as at 30 September in the consolidated and Company financial statements comprise the following :

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Associates and joint venture</u>				
- Mermaid Maritime Ltd.	-	72,715	-	1,346
- Mermaid Supply Co., Ltd.	-	60,173	-	-
- Mermaid Offshore Services Co., Ltd.	-	144,450	-	-
- Mermaid Safety Services Co., Ltd.	-	1,961,506	-	-
- Gulf Agency Company (Thailand) Ltd.	17,810	7,200	-	-
- Thoresen (Indochina) S.A	474,551	1,663,906	-	-
<u>Subsidiaries</u>				
- Thor Orchid Shipping Co., Ltd.	-	-	94,277	59,694
- Thor Mercury Shipping Co., Ltd.	-	-	100,450	46,004
- Thor Navigator Shipping Co., Ltd.	-	-	-	27,006
- Thor Captain Shipping Co., Ltd.	-	-	299,613	187,045
- Helios Shipping Co., Ltd.	-	-	222,109	89,798
- Thor Master Shipping Co., Ltd.	-	-	160,280	129,050
- Thor Commander Shipping Co., Ltd.	-	-	178,045	157,142
- Thor Transporter Shipping Co., Ltd.	-	-	81,686	155,371
- Hermelin Shipping Co., Ltd.	-	-	168,208	154,274
- Thor Jasmine Shipping Co., Ltd.	-	-	259,407	130,485
- Thor Champion Shipping Co., Ltd.	-	-	258,148	161,778
- Thor Star Shipping Co., Ltd.	-	-	94,971	82,970
- Thor Skipper Shipping Co., Ltd.	-	-	86,210	96,393
- Thor Sailor Shipping Co., Ltd.	-	-	130,404	92,466
- Thor Sun Shipping Co., Ltd.	-	-	240,564	112,613
- Thor Sky Shipping Co., Ltd.	-	-	128,799	118,779
- Thor Spirit Shipping Co., Ltd.	-	-	187,595	120,361
- Thor Sea Shipping Co., Ltd.	-	-	121,900	85,981
- Thor Mariner Shipping Co., Ltd.	-	-	115,313	65,359
- Thor Merchant Shipping Co., Ltd.	-	-	64,725	27,900
- Thor Pilot Shipping Co., Ltd.	-	-	64,710	112,757
- Thor Nereus Shipping Co., Ltd.	-	-	242,718	100,823
- Heron Shipping Co., Ltd.	-	-	131,304	29,604
- Thor Nectar Shipping Co., Ltd.	-	-	173,787	80,465
- Thoresen Chartering (HK) Ltd.	-	-	-	3,150,628
- Thor Lotus Shipping Co., Ltd.	-	-	163,470	131,755
- Thor Trader Shipping Co., Ltd.	-	-	63,128	50,944
- Thor Traveller Shipping Co., Ltd.	-	-	-	34,111

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

b) Amounts due to related parties (Cont'd)

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Subsidiaries</u> (Cont'd)				
- Thor Venture Shipping Co., Ltd.	-	-	233,185	177,387
- Thor Harmony Shipping Co., Ltd.	-	-	294,883	197,484
- Thor Dynamic Shipping Co., Ltd.	-	-	344,238	290,142
- Thor Wind Shipping Co., Ltd.	-	-	153,651	83,734
- Thor Wave Shipping Co., Ltd.	-	-	215,144	151,567
- Thor Nautilus Shipping Co., Ltd.	-	-	-	3,417
- Thor Tribute Shipping Co., Ltd.	-	-	57,318	56,827
- Thor Jupiter Shipping Co., Ltd.	-	-	263,812	167,357
- Thor Neptune Shipping Co., Ltd.	-	-	126,073	105,650
- Thor Alliance Shipping Co., Ltd.	-	-	255,205	184,543
- Thor Nexus Shipping Co., Ltd.	-	-	220,052	114,439
- Thor Triumph Shipping Co., Ltd.	-	-	48,340	69,826
- Thor Guardian Shipping Co., Ltd.	-	-	227,119	136,344
- Thor Confidence Shipping Co., Ltd.	-	-	219,666	115,506
- Thor Nautica Shipping Co., Ltd.	-	-	-	38,971
- T.S.C. Maritime Ltd.	-	-	-	21,928
- Hermes Shipping Co., Ltd.	-	-	69,136	39,492
- Herakles Shipping Co., Ltd.	-	-	126,711	47,998
- Thor Integrity Shipping Co., Ltd.	-	-	275,023	157,242
- Thor Endeavour Shipping Co., Ltd.	-	-	263,696	83,919
- Thor Energy Shipping Co., Ltd.	-	-	189,455	18,839
Total	492,361	3,909,950	7,414,528	8,055,514

c) Loans to related parties

Loans to related parties as at 30 September in the consolidated and Company financial statements comprise the following :

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Short term loans</u>				
<u>Subsidiaries</u>				
- Thoresen & Company (Bangkok) Limited	-	-	692,808,377	305,818,635
- Thor Traveller Shipping Co., Ltd.	-	-	8,102,474	-
- Thor Nautica Shipping Co., Ltd.	-	-	33,224,485	-
- Thor Navigator Shipping Co., Ltd.	-	-	79,483,745	-
- Thor Nautilus Shipping Co., Ltd.	-	-	240,243,058	4,645,364
- Thor Enterprise Shipping Co., Ltd.	-	-	52,189,169	28,625,032
- Thor Transit Shipping Co., Ltd.	-	-	110,124,912	12,359,380
- T.S.C. Maritime Ltd.	-	-	11,050,000	16,550,000
- Chidlom Marine Services & Supplies Ltd.	-	-	20,500,000	14,000,000
- Thoresen Chartering (HK) Ltd.	-	-	599,134,400	-
Total	-	-	1,846,860,620	381,998,411

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

c) Loans to related parties (Cont'd)

Short-term loans to related parties have repayments at call and are unsecured.

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Long term loans</u>				
<u>Associate</u>				
- Gulf Agency Company (Thailand) Ltd.	18,000,000	20,000,000	18,000,000	20,000,000
Less : Current portion of long-term loan	(6,000,000)	(4,000,000)	(6,000,000)	(4,000,000)
	12,000,000	16,000,000	12,000,000	16,000,000
<u>Subsidiary</u>				
- T.S.C. Maritime Ltd.	-	-	4,000,000	-
Total	12,000,000	16,000,000	16,000,000	16,000,000

As at 30 September 2006, the Company has an unsecured long-term loan to an associate amounting to Baht 18 million (2005: Baht 20 million) which carries interest at the rate of MOR plus 1% per annum (2005: MOR plus 1% per annum) and is due for repayment every six months after one year from the borrowing date and will be settled fully in May 2010. The Company has an unsecured loan to a subsidiary amounting to Baht 4 million (2005: nil), which carries interest at the rate of one-year fixed deposit and repayable every quarter after a 1-year grace period and will be settled fully in 2009.

Movement on short-term loans and long-term loans to related parties for the years that ended on 30 September is as follows :

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Short-term loans</u>				
Opening balance	-	-	381,998,411	513,690,002
Addition	-	-	3,418,250,552	2,761,848,923
Repayment	-	-	(1,953,388,343)	(2,893,540,514)
Closing balance	-	-	1,846,860,620	381,998,411
<u>Long-term loans</u>				
Opening balance	20,000,000	6,100,000	20,000,000	6,244,300
Addition	-	13,900,000	4,000,000	13,900,000
Repayment	(2,000,000)	-	(2,000,000)	(144,300)
Closing balance	18,000,000	20,000,000	22,000,000	20,000,000

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

d) Loans from related parties

Loans from related parties as at 30 September in the consolidated and Company financial statements comprise the following companies:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Short-term loans – Subsidiaries</u>				
- Thor Orchid Shipping Co., Ltd.	-	-	119,424,254	65,790,512
- Thor Mercury Shipping Co., Ltd.	-	-	117,453,126	51,354,012
- Thor Navigator Shipping Co., Ltd.	-	-	-	22,425,096
- Thor Captain Shipping Co., Ltd.	-	-	363,460,899	233,012,941
- Helios Shipping Co., Ltd.	-	-	267,549,010	112,479,519
- Thor Pilot Shipping Co., Ltd.	-	-	84,838,853	148,645,962
- Thor Master Shipping Co., Ltd.	-	-	209,335,170	156,193,419
- Thor Commander Shipping Co., Ltd.	-	-	202,686,547	223,455,455
- Thor Transporter Shipping Co., Ltd.	-	-	94,428,811	180,764,088
- Heron Shipping Co., Ltd.	-	-	159,853,425	50,063,825
- Hermelin Shipping Co., Ltd.	-	-	204,696,951	209,584,643
- Thor Jasmine Shipping Co., Ltd.	-	-	314,348,745	147,363,382
- Thor Champion Shipping Co., Ltd.	-	-	304,647,271	185,794,713
- Thor Star Shipping Co., Ltd.	-	-	103,934,823	85,819,628
- Thor Skipper Shipping Co., Ltd.	-	-	93,293,296	117,893,510
- Thor Sailor Shipping Co., Ltd.	-	-	146,712,117	102,257,989
- Thor Sun Shipping Co., Ltd.	-	-	132,064,476	140,741,725
- Thor Sky Shipping Co., Ltd.	-	-	139,901,904	153,281,843
- Thor Spirit Shipping Co., Ltd.	-	-	226,039,056	150,532,142
- Thor Sea Shipping Co., Ltd.	-	-	138,320,909	105,068,876
- Thor Lotus Shipping Co., Ltd.	-	-	222,360,644	164,826,198
- Thor Trader Shipping Co., Ltd.	-	-	59,672,036	68,875,188
- Thor Traveller Shipping Co., Ltd.	-	-	-	53,982,085
- Thor Venture Shipping Co., Ltd.	-	-	286,250,894	222,979,344
- Thor Triumph Shipping Co., Ltd.	-	-	54,542,981	101,188,004
- Thor Nautica Shipping Co., Ltd.	-	-	-	48,453,123
- Chidlom Transport & Services Co., Ltd.	-	-	-	3,500,000
- Thai P&I Services International Ltd.	-	-	-	3,500,000
- Thor Mariner Shipping Co., Ltd.	-	-	136,850,901	77,832,399
- Thor Merchant Shipping Co., Ltd.	-	-	73,284,867	33,917,589
- Thor Nectar Shipping Co., Ltd.	-	-	215,739,274	105,015,767
- Thor Confidence Shipping Co., Ltd.	-	-	268,783,836	160,098,631
- Thor Guardian Shipping Co., Ltd.	-	-	324,246,600	208,583,430
- Thor Neptune Shipping Co., Ltd.	-	-	154,600,740	135,486,141
- Thor Nexus Shipping Co., Ltd.	-	-	272,172,666	145,249,727
- Thor Tribute Shipping Co., Ltd.	-	-	85,032,685	98,003,921
- Thor Jupiter Shipping Co., Ltd.	-	-	317,738,310	220,418,736
- Thor Alliance Shipping Co., Ltd.	-	-	312,957,210	288,120,581
- Hermes Shipping Co., Ltd.	-	-	76,608,578	48,633,212

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

24 Related party transactions (Cont'd)

d) Loans from related parties (Cont'd)

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
<u>Short-term loans – Subsidiaries (Cont'd)</u>				
- Thor Wave Shipping Co., Ltd.	-	-	256,717,910	193,076,832
- Thor Wind Shipping Co., Ltd.	-	-	173,980,889	96,012,864
- Thor Dynamic Shipping Co., Ltd.	-	-	437,490,690	387,059,615
- Thor Harmony Shipping Co., Ltd.	-	-	360,019,736	251,846,164
- Thor Integrity Shipping Co., Ltd.	-	-	349,816,363	205,721,060
- Thor Endeavour Shipping Co., Ltd.	-	-	326,738,755	109,007,456
- Thor Energy Shipping Co., Ltd.	-	-	240,866,342	34,761,923
- Herakles Shipping Co., Ltd.	-	-	154,369,655	68,471,081
- Thor Nereus Shipping Co., Ltd.	-	-	298,989,978	130,474,243
Total	-	-	8,882,822,183	6,307,618,594

The short-term loans have repayments at call and are unsecured.

e) Movement on short-term loans from related parties for the years that ended on 30 September.

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
<u>Short-term loans</u>				
Opening balance	-	-	6,307,618,594	5,099,083,145
Addition	-	-	10,072,378,621	14,677,277,690
Repayment	-	-	(7,497,175,032)	(13,468,742,241)
Closing balance	-	-	8,882,822,183	6,307,618,594

A summary of interest rates of short-term loans to/from related parties as at 30 September is as follows:-

Business group	Interest rate			
	Short-term loan to		Short-term loan from	
	2006	2005	2006	2005
Shipping group	1%	1%	1%	1%
Shipping related service group	1%	1%	1%	1%

The above different interest rates depend on the borrowing cost of the lender. In cases where the lender has no borrowing cost, the interest rate will be charged equally to the interest rate of savings accounts.

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

25 Business segment information

Segment information relative to the Group's business activities are as follows:

	2006					Total Baht
	Shipping Segment Baht	*Shipping Agency Segment Baht	Shipping Related Services Segment Baht	Offshore and Related Service Segment Baht	Elimination of Inter-Segment Transactions Baht	
Revenues						
Revenues from outside customers						
Freight charges	12,820,993,100	-	-	-	-	12,820,993,100
Offshore service income	-	-	-	2,752,821,058	-	2,752,821,058
Other service income	-	98,239,771	83,765,068	81,747,987	-	263,752,826
Commission income	-	24,095,507	135,558,079	-	-	159,653,586
Interest income	6,535,495	59,250,725	6,458,499	2,259,527	-	74,504,246
Gain (loss) on exchange rate	685,502,107	(96,766,690)	744,642	152,612,460	-	742,092,519
Other income	137,882,921	14,593,286	16,973,596	73,734,839	-	243,184,642
	13,650,913,623	99,412,599	243,499,884	3,063,175,871	-	17,057,001,977
Inter-segment revenues						
Freight charges	16,590,856	-	-	-	(16,590,856)	-
Offshore service income	-	-	-	3,276,027	(3,276,027)	-
Other service income	-	37,219,119	60,074,571	-	(97,293,690)	-
Commission income	-	2,662,856	81,210,779	-	(83,873,635)	-
Interest income	77,775,994	9,155,605	50,150	-	(86,981,749)	-
Other income	357,429,477	16,313,190	108,400,388	1,207,068	(483,350,123)	-
Total revenue	14,102,709,950	164,763,369	493,235,772	3,067,658,966	(771,366,080)	17,057,001,977
Net income (loss) for year	3,206,883,830	(162,293,797)	101,618,339	374,649,619	(18,414,661)	3,502,443,330
Property, plant and equipment as at 30 September 2006	12,297,278,247	273,652,624	194,342,486	4,182,811,733	(4,987,524)	16,943,097,566
Total assets as at 30 September 2006	25,694,711,190	20,360,636,674	683,961,203	5,570,752,552	(29,169,667,770)	23,140,393,849

	2005 Consolidated				
	Shipping Segment Baht	*Shipping Agency Segment Baht	Shipping Related Services Segment Baht	Elimination of Inter-Segment Transactions Baht	Total Baht
Revenues					
Revenues from outside customers					
Freight charges	14,518,553,881	-	-	-	14,518,553,881
Service income	-	100,386,368	102,795,261	-	203,181,629
Commission income	-	26,295,971	138,958,044	-	165,254,015
Interest income	6,686,936	18,955,675	530,356	-	26,172,967
Gain (loss) on exchange rate	41,831,076	(23,275,654)	(2,383,506)	-	16,171,916
Other income	31,858,866	113,080,815	16,539,105	-	161,478,786
	14,598,930,759	235,443,175	256,439,260	-	15,090,813,194
Inter-segment revenues					
Service income	-	28,382,929	72,731,652	(101,114,581)	-
Commission income	-	3,773,612	79,184,232	(82,957,844)	-
Interest income	190,878,380	26,266,077	157,260	(217,301,717)	-
Other income	312,221,336	15,723,530	57,944,823	(385,889,689)	-
	15,102,030,475	309,589,323	466,457,227	(787,263,831)	15,090,813,194
Share of profit in associates and joint venture					28,942,876
Total revenues					15,119,756,070
Net income (loss) for year	6,089,142,432	(245,362,106)	106,614,402	(1,743,817)	5,948,650,911
Property, plant and equipment as at 30 September 2005	13,312,068,629	284,138,276	180,288,259	(3,907,627)	13,772,587,537
Total assets as at 30 September 2005	22,976,334,914	15,685,840,889	530,066,059	(19,722,857,502)	19,469,384,360

* includes segment information of the Company, who provides treasury management for the Group.

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For the years that ended on 30 September 2006 and 2005

26 Promotional privileges

As at 30 September 2006, forty-one (41) shipping and offshore subsidiaries received promotional privileges from the Board of Investment (“BOI”) under services of domestic and international shipping, service of submerged structure inspection, service of underwater equipment and service of inspection of marine pollution. The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

To be entitled to the privileges, the Group must comply with the conditions and restrictions provided in the promotional certificates.

27 Financial instruments

The principal financial risks faced by the Group are foreign exchange rate risk, interest rate risk, and credit risk. The Group manages these risks as follows:

27.1 Foreign exchange rate risk

Almost all income and expenses of the Group including foreign currency loans are denominated in U.S. Dollars, which provides a natural hedge against the currency risk associated with transactions in U.S. Dollars. However, in the first quarter of 2005, there was some US Dollar currency depreciation against the Thai Baht for a period of time. The Company, therefore, entered into forward contracts with local financial institutions in order to hedge the foreign exchange risk on the Group’s Thai Baht expenses. The Company has commitments to deliver US Dollars to such financial institutions every month starting from January 2005 until November 2007. As at 30 September 2006 and 30 September 2005, the Company has entered into open forward contracts in which Thai Baht amounts are to be received as follows:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
<u>Consolidated</u>				
2006:				
USD 42 million at rates averaging				
Baht 39.14 : USD 1		<u>1,644,020,000</u>		
2005:				
USD 78 million at rates averaging				
Baht 39.22 : USD 1		<u>3,058,860,000</u>		
<u>Company</u>				
2006:				
USD 42 million at rates averaging				
Baht 39.14 : USD 1			<u>1,644,020,000</u>	
2005:				
USD 78 million at rates averaging				
Baht 39.22 : USD 1				<u>3,058,860,000</u>

Notes to Consolidated and Company Financial Statements

For the years that ended on 30 September 2006 and 2005

27 Financial instruments (Cont'd)

27.1 Foreign exchange rate risk (Cont'd)

Net fair values

The net fair values of the forward foreign exchange contracts at the balance sheet date were:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Favourable (unfavourable) forward foreign exchange contracts	66,087,210	(145,136,572)	66,087,210	(145,136,572)

The fair values of forward foreign exchange contracts have been calculated (using rates quoted by banks) as if the contracts were terminated at the balance sheet date.

27.2 Interest rate risk

Almost all of the long-term loans of the Group are denominated in US Dollars with floating interest rates. A subsidiary has entered into interest rate cap contracts amounting to USD 200 million to limit the interest rate fluctuation. Such contracts specify the interest rate cap from a period between February 2005 and February 2010. These contracts enable the Group to forecast the highest interest expenses in their specified periods.

27.3 Credit risk

Most of the Group's income, being freight income, is normally paid by the customers in advance, or prior to these corresponding cargoes being released to them. Management is therefore of the opinion that credit risk is not significant, and that the cost of hedging will outweigh the possible benefit.

Financial assets carried on the balance sheet include cash and cash equivalents, short-term investments, trade accounts receivable and loans to related parties. Financial liabilities carried on the balance sheet include bank overdraft and short-term loans, trade accounts payable, loans from related parties and long-term loans.

The carrying amounts of the financial assets and financial liabilities reflect their fair value. In addition, management is of the opinion that there is no significant risk from these financial instruments.

28 Provident fund

The Group established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund was approved by the Ministry of Finance.

Under the plan, employees must contribute 7 percent of their basic salary (2005 : 7 percent), with 7 percent of the employees' basic salary (2005 : 7 percent) based on employees' service years to be matched by the Company. The Company appointed an authorised fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

In 2006 and 2005, the Group contributions to the provident fund which were charged to expense are as follows:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Contribution to the provident fund by the Group	23,572,449	16,778,540	2,843,392	3,820,449

29 **Guarantees**

Consolidated financial statements

As at 30 September 2006, there are letters of guarantee issued by bankers to various third parties on behalf of the Company and its subsidiaries in the normal course of business totalling Baht 49.03 million and USD 0.62 million (2005 : Baht 27.64 million).

30 **Commitments and contingent liabilities**

Consolidated financial statements

As at 30 September 2006, the Group's 16 ocean vessels and 2 tender rigs have entered into long-term charter agreements; the remaining charter periods are 1 - 28 months and 20 and 31 months, respectively.

Ship building contract

In November 2005, a subsidiary entered into a ship building contract with a seller in respect of a multi-purpose offshore vessel at the contract price of Baht 453,200,000. As at 30 September 2006, the subsidiary has a remaining commitment of Baht 226,600,000.

Marine diesel engines contract

In November 2005, a subsidiary entered into a marine diesel engines contract with a seller at the contract price of Euro 1,950,000. As at 30 September 2006, the subsidiary has a remaining commitment of Euro 1,534,500.

Company financial statements

As at 30 September 2006, the Company acts as a guarantor of the loans and bank overdraft facilities of its subsidiaries totalling Baht 322.4 million and USD 225.33 million (2005 : Baht 382.4 million and USD 235.58 million).

As at 30 September 2006, the Company has guaranteed for the payment of charter hires for 2 handymax bulk carriers built in 2004 and 2003 of approximately 52,000 DWT each under a non-cancellable lease between a subsidiary and a third party for a period of 5 years at fixed rates averaging of USD 13,150 net per vessel per day.

31 **Subsequent events**

31.1 Capital expenditure

- On 6 October 2006, a subsidiary entered into a memorandum of agreement to sell an accommodation vessel named 'Nico Sattahip' with an overseas company at a selling price of USD 3.25 million. The ownership of this vessel was transferred to that overseas company on 16 November 2006.
- On 13 October 2006, a subsidiary paid a deposit for the purchase of an ocean vessel, totalling Baht 138.7 million.

31 Subsequent events (Cont'd)

31.1 Capital expenditure (Cont'd)

- On 1 November 2006, a subsidiary signed a Land Purchase Contract to buy a plot of land in Amata Nakorn Industrial Estate to serve its logistics business. The total cost of land is Baht 63,580,000, and the transfer of land ownership is expected to occur in January 2007.

31.2 Investments

- On 1 August 2006, a subsidiary, Chidlom Transport & Services Co., Ltd., declared an interim dividend from its retained earnings as at 30 June 2006 of Baht 3,400 per share. The dividends were paid to the shareholders in October 2006.
- On 12 October 2006, a subsidiary, Chidlom Marine Services & Supplies Ltd., increased its registered and paid-up capital from Baht 60 million to Baht 70 million with the Ministry of Commerce.
- On 5 October 2006, Thoresen Chartering (HK) Limited, a subsidiary, invested Baht 234.5 million in Mermaid Maritime Ltd. Such investment increased the Company's shareholding percentage from 74.01% of paid-up shares to 78.09% of paid-up shares (direct plus indirect investment).
- On 9 October 2006, a subsidiary, Thoresen Shipping Singapore Pte. Ltd., was incorporated with a registered share capital of SGD 1. On 14 December 2006, this subsidiary increased its registered share capital from SGD 1 to SGD 15.5 million. The Company owns 100% of this subsidiary.
- On 27 October 2006, a subsidiary, GAC Thoresen Logistics Ltd., was incorporated with a registered share capital of Baht 75 million and paid-up capital of Baht 37.5 million. The Company owns a 51% stake in this subsidiary.
- On 31 October 2006, a subsidiary entered into a contract to sell an accommodation vessel named "Nico Bangkok" with an overseas company at a selling price of USD 4.2 million by instalments over a period of 12 months. The ownership of this vessel will be transferred to that overseas company when the settlement is complete.
- On 14 November 2006, two subsidiaries, Thor Friendship Shipping Pte. Ltd. and Thor Fortune Shipping Pte. Ltd., were incorporated with the registered share capital of SGD 1. Thoresen Shipping Singapore Pte. Ltd. owns 100% of these companies. On 20 December 2006, Thor Friendship Shipping Pte. Ltd. and Thor Fortune Shipping Pte. Ltd., signed Construction and Sale Contracts with a Japanese shipyard to build two boxed shaped bulk carriers of 53,530 dwt each. The price of each new vessel is Yen 4,085,000,000, and they will be delivered in 2009 and 2011.
- At the Board of Directors' Meeting held on 21 December 2006, an annual dividend payment from the net income of Company for the year ended 30 September 2006 was approved at Baht 1.35 per share. As the Board of Directors had declared an interim dividend of Baht 0.65 per share during the year, therefore, the balance of Baht 0.70 will be paid to shareholders. This matter will be proposed for further approval by the Company's shareholders at the Annual General Meeting of the Shareholders in January 2007.

Income Structure

(Baht in Millions)

Income	Business Segment	2004		2005		2006	
		Income	Percentage	Income	Percentage	Income	Percentage
1. Freight Charges*	Shipping Operations	10,135.69	95.44	14,518.55	96.02	12,820.99	75.17
2. Service Income	Shipping Services	181.84	1.71	203.18	1.34	263.75	1.55
3. Offshore Service Income	Offshore Services	-	-	-	-	2,752.82	16.14
4. Commission Income	Shipping Services	139.71	1.31	165.25	1.10	159.65	0.94
5. Share of Profits from Associates		37.31	0.35	28.94	0.19	-	-
6. Others		125.30	1.19	203.84	1.35	1,059.79	6.20
Total		10,619.85	100.00	15,119.76	100.00	17,057.00	100.00

* Names of 49 Shipping Companies are shown in the item of Company Investments.

Audit Fees

1. Audit fees

The company and its subsidiaries paid fees to audit firms for the latest accounting period amounting to Baht 13,611,139 (Thirteen Million Six Hundred Eleven Thousand One Hundred and Thirty Nine Baht)

2. Non-audit fees

-None-

Key Business Risk Factors

Volatility of Charter Rates

The dry bulk shipping and offshore services sectors are cyclical, and charter rates are currently at relatively high levels compared to the past. Charter rates fluctuate as a result of changes in the supply and demand for vessels and the services provided by the vessels.

The major factors that influence charter rates include:

Dry Bulk Shipping	Offshore Services
Demand for and production of dry bulk commodities	Demand for oil and gas
The distance dry bulk is to be moved by sea	Advances in exploration, development, and production technology
Changes in sea borne and other transportation patterns	Ability of the Organisation of Petroleum Exporting Countries and others to set and maintain production levels and prices
The number of new building deliveries	Discovery rate of new oil and gas reserves in offshore areas
The scrapping of older vessels	Weather conditions
Port congestion	Worldwide economic activity

The ability to employ vessels upon the expiration of their time charters and the charter rates payable under any new charters will depend upon the current state of the dry bulk shipping and offshore services markets. If the markets are in a period of depression when charters expire, the new charter rates will likely be lower than the expiring ones.

To limit the volatility of charter rates, we employ our dry bulk vessels in a highly diversified manner among our liner services, time charter transactions, COA's, and the tramp market. We have entered into fixed rate time charter contracts for fifteen vessels. These time charter contracts cover 27% and 13% of our available capacity in 2007 and 2008, respectively. We also employ our drilling rigs on medium-term contracts, with fixed rate charter contracts running through the fourth quarter of 2008. These contracts should provide a strong base for our future financial results.

Volatility of Market Values of Dry Bulk Vessels

The market values of dry bulk vessels, offshore vessels, and tender drilling rigs fluctuate depending on various factors, such as prevailing charter rates, competition, the types, sizes and ages of our vessels and drilling rigs, applicable international regulations, and the cost of new buildings.

Market prices for second-hand dry bulk vessels, offshore vessels, and drilling rigs are at relatively high levels compared to the past. We are very fortunate to have purchased a large number of vessels when second-hand prices were much lower than they are today. As a result, the fair market value of our fleet is much higher than their stated accounting values.

To limit the volatility of market values for our fleet, we continually inspect vessel and drilling rig acquisition candidates, check their market prices, and perform a conservative long-term investment analysis. We would pursue an acquisition only if the investment meets our long-term required rate of return.

We continue to repay our loans, some ahead of schedule, to maintain a reasonable overall gearing ratio. We have the discipline to acquire vessels and drilling rigs that fit our existing fleet and business mix, which means a more opportunistic fleet renewal strategy. By maintaining a reasonable gearing ratio, we would be in a position to finance any acquisition quickly.

Second-Hand Vessel Purchases

We have purchased our dry bulk vessels, offshore vessels, and drilling rigs on the second-hand market. We will likely purchase additional second-hand vessels in the future. While we have the right to inspect previously owned vessels prior to purchase, such an inspection does not provide us with the same knowledge about their condition that we would have if these vessels and drilling rigs had been operated by us.

To limit our operating risk, we generally follow a policy to acquire vessels, which are less than ten years old and deal with owners or operators, which have a highly regarded reputation for operations and maintenance.

Intense Market Competition

The dry bulk and offshore services markets are highly competitive, capital intensive, and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than we do. Competition depends on price, location, size, age, condition, and the acceptability of the vessel and its operators to the charterers.

Due in part to the highly fragmented market, one of our key business objectives is to enter into additional long-term, fixed rate time charters. The process of obtaining new long-term time charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. This bidding process often creates greater price competition for time charters.

Dependence on Spot Voyages

Spot vessels are those operating on the spot market or subject to time charters or COA's priced on a spot market basis or short-term fixed rate contracts. We consider contracts that have an original term of less than one year to be short-term, contracts between one to two years to be medium term, and contracts longer than two years to be long term. Our liner services, COA's, and tramp cargoes are normally priced on the spot market. Most of our sub-sea engineering contracts are also short term in nature. Therefore, declining charter rates in a given period generally will result in corresponding declines in operating results for that period.

We plan to enter into additional, long-term fixed rate time charters to limit our dependence on spot voyages.

Seasonal Fluctuations

Dry bulk vessels and offshore vessels are operated in markets that have historically exhibited seasonal variations in demand and, as a result, in charter rates. This seasonality may result in quarter-to-quarter volatility in our financial results. The dry bulk shipping market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. On the other hand, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. The Asian sub-sea engineering market is typically weak from December to February, because monsoon conditions make it difficult for proper diving operations. This seasonality will not affect the portion of the fleet that is employed on time charters.

Key Business Risk Factors

Key Business Risk Factors

Management of Our Planned Growth

Our future growth will primarily depend on:

- Locating and acquiring suitable vessels and drilling rigs;
- Identifying, analysing, and executing acquisitions;
- Enlarging our client base;
- Managing our expansion; and
- Obtaining required financing on acceptable terms.

Growing any business presents numerous risks, such as undisclosed liabilities and obligations, difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with clients, and integrating newly acquired assets and operations into our existing infrastructure.

To limit this management risk, we plan to continually invest in our operating and financial systems. As the number of businesses grows, we need to strengthen the common reporting platform, upon which all businesses are measured and managed.

Increasing Fleet Age

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology, vessel design, and type of steel plates. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require additional capital expenditures and may restrict the type of activities in which vessels may engage.

To limit this risk, our fleet renewal strategy is to continually retire the older portion of our fleet and replace them with vessels that are less than ten years old.

Vessel and Drilling Rig Operating Risks

The operation of vessels and drilling rigs carries inherent risks. These risks include the possibility of marine accidents, environmental accidents, cargo and property losses or damage, business interruptions caused by mechanical failure, human error, or adverse weather conditions, and piracy. The involvement of our vessels or drilling rigs in an environmental disaster may harm our reputation as a safe and reliable vessel and drilling rig owner and operator.

To limit this risk, we need to continually invest in a system to operate, maintain, and repair our vessels and drilling rigs to high standards. Such a system includes issues like on-board procedures for safe navigation, proper training for sea-based personnel, rapid incident reporting to the head office, etc.

Failure To Comply With International Safety Regulations

All dry bulk and offshore service vessels are operated in line with the requirements set forth in the ISM Code. The ISM Code requires vessel owners and managers to develop and maintain an extensive “Safety Management System” that includes the adoption of a safety and environmental protection policy and procedures to deal with emergencies. The failure of a vessel owner to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Our vessels comply with the ISM Code.

Shareholdings by Directors/Executives

Table 38 : Shareholdings By Directors As Of 30 September 2006

Name	As of 30 Sept. 05	Changes During Year	As of 30 Sept. 06
1. M.R. Chandram S. Chandratat Spouse	697,230 452,000	27,800 42,000	725,030 494,000
2. M.L. Chandchutha Chandratat Spouse	146,580 0	11,000 0	157,580 0
3. Mr. Bjorn Ostrom	0	0	0
4. Mr. Sompong Thanasophon Spouse	0 0	0 0	0 0
5. Vice Admiral Kittichai Senanarong Spouse	0 0	0 0	0 0
6. Mr. Sathien Tejapaibul Spouse	2,597,500 1,326,000	0 0	2,597,500 1,326,000
7. Mr. Lance Karl Depew Spouse	1,157,000 0	0 0	1,157,000 0
8. Mr. Pichai Chirungsappasuk Spouse	0 0	0 0	0 0
9. Dr. Pichit Nithivasin Spouse	0 0	0 0	0 0
10. Mr. Andrew John Airey Spouse	0 0	0 0	0 0
11. Mr. Anders Soedergren	57,000	(12,000)	45,000
Total	6,433,310	68,800	6,502,110

Table 39 : Shareholdings By Executives As Of 30 September 2006

Name	As of 30 Sept. 05	Changes During Year	As of 30 Sept. 06
1. M.L. Chandchutha Chandratat Spouse	146,580 0	11,000 0	157,580 0
2. Ms. Nuch Kalyawongsa	1,750	5,000	6,750
3. Mr. Pongsak Kanchanakpan Spouse	2,000 0	0 0	2,000 0
4. Mr. Anders Soedergren	57,000	(12,000)	45,000
5. Mr. Ivar Harald Saus Spouse	0 0	0 0	0 0
6. Mr. Andrew John Airey Spouse	0 0	0 0	0 0
Total	207,330	4,000	211,330

Note : Shareholdings by the executives of subsidiaries are not included.

Shareholdings by Directors/Executives

Shareholdings by Directors/Executives

Shareholders/Dividend Policy

Table 40 : Major Shareholders As Of 3 October 2006 (The latest share register book's closing date)

No.	Name	No. of Shares	Percentage
1.	Thai NVDR Co., Ltd.	84,267,241	13.09
2.	Goldman Sachs International	38,930,200	6.05
3.	State Street Bank and Trust Company for Australia	16,553,300	2.57
4.	The Thai Military Bank Plc.	15,717,310	2.44
5.	Morgan Stanley & Co International Limited	12,161,473	1.89
6.	Norbax., INC 84	11,880,750	1.85
7.	Bear, Stearns International Limited-Proprietary Account	9,880,000	1.53
8.	HSBC Bank PLC-Clients General A/C	9,806,500	1.52
9.	N.C.B. Trust Limited-UBS AG London BR-IPB Client AC	9,513,920	1.48
10.	The Bank of New York Nominees Ltd A/C Bank of New York Europe Ltd – Direct Clients	8,877,000	1.38
Total		217,587,694	33.80

Policy On Dividend Payments

TTA has established a policy to pay dividends to our shareholders at not less than 25% of our net after tax profits. Our Board may review and amend our dividend policy from time to time in light of our plans for future growth and other factors. We intend to grow our business through timely and selective acquisitions of additional vessels and investments in non-dry bulk shipping businesses in a manner that is accretive to earnings and dividends per share.

The declaration and payment of dividends will always be subject to Thai law. For example, Thai law prescribes that the declaration and payment of dividends is subject to the discretion of the AGM on the recommendation of our Board (for final dividends) or at the discretion of our Board (for any interim dividends). Furthermore, Thai law generally prohibits the payment of dividends other than from profits (net profits plus retained earnings less any accumulated losses) and provided that the company first maintains a minimum reserve fund of 10% of the capital of the company, or higher if determined by company regulations, and cannot be made while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

The timing and amount of any dividends declared will depend on, among other things, our earnings, financial condition and cash requirements and availability, our ability to obtain debt and equity financing as required by our growth strategy, the terms of our outstanding indebtedness, and the ability of our subsidiaries to distribute funds to us. Our subsidiaries have been adhering to a policy to pay dividends to TTA at not less than 70% of their net profit.

Corporate Governance Report

INTRODUCTION

The principles of good corporate governance are increasingly emphasised in the conduct of TTA's business affairs. The company believes that good corporate governance allows the successful pursuit of our mission. Corporate governance defines the structure and process of relationships among TTA's shareholders, Board of Directors, and management, with an aim to enhance the company's competitiveness and long-term shareholder value while taking into consideration the interests of other stakeholders.

The Board of Directors (the "Board" and each Board member, a "Director") plays a number of key roles, one of which is the oversight of corporate governance. Management is delegated to the Managing Director and his executive team, which follows various Board-approved corporate governance policies.

TTA's corporate governance policies follow the guidelines set out by the SET. The company keeps track of regulatory developments and adapts our practices to them. Good corporate governance requires a strong commitment from the Board and management, so that the proper behaviour and examples are established throughout TTA.

1. THE CORPORATE GOVERNANCE POLICY

The Board is accountable to all shareholders and commits to develop an understanding of shareholder preferences and to evaluate systematically the economic, social, environmental, and ethical matters that may affect their interests. Each Director shall exhibit high standards of integrity, commitment, and independence of thought and judgement. The Board also takes into account the interests of other stakeholders.

The corporate governance policies recognise the Board's unique role as the link in the chain of authority between the shareholders and the Managing Director and his executive team. The dual role played by the Managing Director and other executive directors as both members of the Board and senior managers is also recognised and addressed.

During 2006, the Board reviewed and amended the existing Corporate Governance Policies (the "CG Policy") and adopted a number of changes in line with global best practices. The Board reinforced corporate governance by including specific policies and directions on operating the business, establishing adequate internal controls and auditing systems, and monitoring management to perform effectively under the policies to ensure that TTA's business is transparent, ethical, and complies with all applicable laws.

The Board has assigned the Audit Committee to draw up an implementation and monitoring plan to ensure compliance with all policies, monitor results, and regularly review and adapt them so that the CG Policy would be up to date and appropriate for the current situation. Under the Audit Committee's direction, the Internal Audit Department is preparing detailed guidelines to implement the policies. The responsibility for overseeing the CG Policy's overall implementation is placed on the Chairman of the Board.

The CG Policy requires that the Chairman plays an active role in TTA's business affairs but is not to be employed as a permanent full-time executive. In between various Board meetings, the Chairman is responsible for ensuring the integrity and effectiveness of the Board and management relationship. This requires his interaction with the Managing Director in between Board meetings and his contact with other Board members and shareholders.

The CG Policy provides guidelines covering the following issues:

1. Rights and Equitable Treatment of Shareholders and Shareholders' Meetings
2. Policy on the Interests of Stakeholders
3. Information Disclosure and Transparency
4. Responsibilities of the Board of Directors and Committees
5. Business Ethics and Code of Conduct

2. *SHAREHOLDERS : RIGHTS AND EQUITABLE TREATMENT*

(A) GENERAL RIGHTS AND EQUALITY

TTA must be responsible to shareholders in terms of information disclosure, accounting methods, internal information usage, and conflicts of interest. Management must be ethical, and any decision must be based on honesty and fairness to both major and minor shareholders and for the collective benefit of all.

TTA recognises our responsibility to emphasise unbiased entitlement and fair treatment to all shareholders. The company has a duty to protect shareholders' benefits and rights, which include, among other things, the rights to receive dividends and obtain relevant and adequate information from the company on a regular and timely basis. TTA also has a duty to disseminate transparent information and ensure management accountability through shareholders' meeting arrangements. It has been the company's tradition to fully accommodate shareholders in each shareholders' meeting.

Each shareholder shall receive, prior to any shareholders' meeting, complete and sufficient information concerning the proposed agenda attached to the meeting notification, which is forwarded to shareholders at least fourteen days prior to the meeting date.

During the meeting, shareholders are entitled to pose questions, express their opinions, suggestions, or recommendations, and vote. They can request additional information on significant accounting entries. TTA encourages disclosure of business information and transactions to provide shareholders with a clear understanding of our operations. Major and minor shareholders equally receive information regarding corporate performance, management policies, financial statements, and are entitled to fair treatment in allocations of dividends and returns.

Shareholders are provided with the relevant proxy forms, allowing them to appoint their authorised representative or a selected independent director (appointed particularly for this assignment) to attend and vote at the meetings in case they are unable to attend any shareholders' meetings.

To increase communication channels and shareholder interaction, TTA adopted a policy in 2006 to give shareholders an opportunity to propose agenda items for future shareholders' meetings to the Board for consideration. Shareholders will also be able to send their questions to the company prior to any shareholders' meetings. TTA will endeavour to respond to all questions posed by our shareholders. The Board is in the process of establishing procedures for this policy, which will become effective after the next Annual General Meeting of Shareholders ("AGM") on 26 January 2007.

(B) SHAREHOLDERS' MEETINGS

TTA's policy is to conduct shareholders' meetings properly in accordance with the law and to allow shareholders to exercise their rights fully and in an informed manner. Within four months after TTA's financial year-end, we organise an AGM. The meeting process is arranged according to applicable laws and SET requirements, from the calling of the meeting, notification of the meeting agenda, forwarding of meeting materials, eventual processing of the meeting, and distribution of meeting reports.

In addition, TTA publishes a notification of the meeting in at least one Thai language and one English language daily newspaper for three consecutive days no later than three days prior to each AGM. Detailed procedures for each shareholders' meeting are as follows:

(i) Procedures prior to the meetings

The 2006 AGM was held on 30 January 2006. We forwarded the 2006 AGM notification to shareholders and the SET on 11 January 2006, according to TTA's policy that notifications must be sent at least fourteen days prior to each meeting.

Prior to any AGM, details, such as time, venue, and place of meeting, meeting agenda, annual report, proxy form, and lists of documents required for meeting attendance are sent to shareholders to assist them in exercising their rights and casting their votes on each agenda item. For convenience, separate registration lines are provided for shareholders and proxy holders. Separate voting slips are provided for each agenda.

Information provided to shareholders includes:

1. Factual details, reasons, and the Board's recommendation on each agenda item.
2. Material information, such as a list of names and credentials of proposed candidates for director position(s) to be appointed in replacement of former directors who retired by rotation for the year and details of remuneration of directors and Board committee members.
3. Details of meeting procedures and appointment of proxies. TTA also advises that shareholders may appoint an independent director as their proxy.

(ii) During the meetings

The Chairman chaired the 2006 AGM. Eleven directors, including the chairman of the Board committees, attended, and the Chairman and Managing Director responded to shareholders' questions. Before the meeting formally began, the Chairman explained the voting procedures. After each agenda item, the voting results were announced.

For shareholders' convenience and clarification, multimedia presentations are shown during all meetings. TTA organises the meeting according to the outlined agenda and offers an equal opportunity for each shareholder to cast their vote. The Chairman gives shareholders sufficient opportunity to ask questions and make recommendations about matters relating to TTA's operations and annual financial statements without prejudicing the rights of any shareholder. The Chairman or Managing Director provides clarifications during the meetings and meets informally with shareholders afterwards. All votes at shareholders' meetings, whether in person or by proxy, are counted. In 2006, we are pleased to note that more than 84% of votes were cast in line with the Board's recommendations.

(iii) Procedures following the meetings

TTA prepares and promptly submits the minutes of shareholders' meetings to the SET within the required time frame of fourteen days after the meetings. The minutes of the 2006 AGM were recorded and submitted to the SET on 10 February 2006, which was eleven days after the meeting.

The minutes were also posted on our website (<http://www.thoresen.com>) under “Investor Relations.” The minutes were submitted to our shareholders for ratification in the 2006 Extraordinary General Meeting of Shareholders held on 19 October 2006.

In 2006, TTA adopted a policy of posting notices of all future shareholder’s meetings and supporting documents on our website (<http://www.thoresen.com>) under “Investor Relations” to increase information channels so that all shareholders can be equally informed.

3. *POLICY ON RIGHTS OF STAKEHOLDERS*

TTA foresees and recognises the importance of all stakeholder groups, whether internal, such as shareholders, employees, and management, or external, such as creditors, suppliers, clients, communities, government agencies, and other related organisations. The company is fully aware that the support from each stakeholder sustains our competitive advantages and profitability. Consequently, TTA has a policy to safeguard their rights by strictly complying with applicable laws and regulations and to take into consideration their interests.

To recognise their importance, the Board adopted a policy to review any concerns from stakeholders in 2006. TTA is in the process of establishing procedures for this policy. In the near future, stakeholders can raise their concerns through any independent director or the Audit Committee. The concerns will be discussed, and any material matters will be reported to the Board. If so instructed by the Board, an investigation into these concerns will be launched.

(A) SHAREHOLDERS

TTA aims to maximise shareholders’ long-term benefits by sustaining growth and profitability and maintaining competitiveness with careful consideration to current and future business risks. The company focuses on delivering consistently profitable results through continuous business development, quality execution, effective internal controls, auditing systems, and risk management. TTA discloses all information fairly and transparently in a timely manner and use best efforts to protect our assets and reputation.

(B) EMPLOYEES

Employees are regarded as valuable assets. TTA continually seeks to recruit and retain capable and experienced employees according to our strategic and operating plans. Essential training programmes are continuously provided to enhance employees’ capabilities. A favourable culture and atmosphere are promoted in the workplace, together with fair and equal treatment for all employees. The company provides welfare and security to employees, with benefits including life, health, and dental care insurance and provident funds. TTA encourages employees to learn and acquire new knowledge and skills through third-party training programmes and offers scholarships to pursue higher university education.

(C) MANAGEMENT

TTA recognises that management is one of the key success factors for our operations and accordingly, management remuneration is appropriately structured and comparable with the maritime industry and other listed companies in Thailand. Management is also allowed to work independently without interference as defined in their duties and responsibilities, which are approved by the Board.

(D) COUNTERPARTIES

TTA conducts business affairs with our partners, competitors, creditors, suppliers, etc. according to the contracted trading terms and conditions in a fair and ethical manner. The company’s policy is

to avoid any actions, which may result in dishonesty, or infringe upon the rights of our counterparties as established by law or through mutual agreements.

(E) CLIENTS

TTA recognises that clients are one of the key success factors for our operations. The company aims to provide client satisfaction by offering high-quality services that meet their needs and expectations in a fair and professional manner. TTA recognises the importance of our clients by paying due attention to them, protecting their confidentiality, and fostering their trust. The company's policy is to continually improve our service standards for our clients. Any client's confidential information is used exclusively in the business and will not be revealed unless required by laws, regulations, or with proper consent from the relevant party.

(F) RESPONSIBILITY TO THE COMMUNITY, SOCIETY, AND ENVIRONMENT

TTA aims to achieve consistently high standards of behaviour towards society and the environment. The company adheres to the highest safety and pollution control standards in our business operations. TTA sensitively deals with issues, which are related to the public interest, and participates in activities that are beneficial to communities and the environment. TTA contributes to various charitable activities and promotes employees' concern for the environment.

4. INFORMATION DISCLOSURE AND TRANSPARENCY

TTA has established a policy to deliver accurate, sufficient, and complete disclosure of TTA's financial information and material and other information that may have an impact on the interests of shareholders or any decision to invest in, or the price of, any shares and securities issued by TTA. This information is to be distributed on a timely basis and transparently through channels that are fair and trustworthy. The main intention is to ensure that an investment in the company's shares and securities is based on fair and informed decisions.

The designated executives that can disclose information about TTA are the Chairman, the Managing Director, and the Chief Financial Officer. The disclosure officers meet and provide information to interested parties on various occasions as follows:

1. One-on-one meetings with shareholders, creditors, and analysts (over one hundred meetings in 2006).
2. Quarterly meetings with analysts to discuss our most recent financial performance
3. Investor conferences (three conferences in 2006).
4. Road shows (three road shows in 2006).

Apart from the above, a number of communication channels are used, including the annual reports, the annual financial statements, the SET website, and general shareholders' meetings. TTA is keen to promote the use of our website as another channel for information disclosure. Among other things, all SET information releases, recent research reports, presentations, and TV interviews are available on the company's website.

In conjunction with our investor relations' activities, TTA regularly holds press conferences to release key information to the public, such as business operations and business strategy. This occurs in addition to the proper disclosures made to the public through other channels.

To contact the company's investor relations unit, the general public may call 0-2250-0569 ext.144 or e-mail investors@thoresen.com.

5. BOARD OF DIRECTORS

(A) BOARD STRUCTURE

The size of the Board is stated in TTA's Articles of Association, which specifies that the Board shall consist of not less than five directors. In 2006, the Board adopted a policy, whereby a substantial majority of the Board must be independent directors, and not more than one-third of the Board can be part of the senior management team.

All names of candidates submitted to shareholders for election to the position of directors are accompanied by biographies. TTA believes that voting levels in excess of 84% at the 2006 AGM demonstrated continued support for our directors and affirmed the Board's assertion of the independence of our non-executive directors.

All Directors have a number of duties and responsibilities, which include the following:

1. Directors should have sufficient access to financial and other business information to perform their duties effectively.
2. Directors should attend every Board meeting, including committee meetings, and raise essential questions to protect and ensure the rights and interests of TTA's shareholders and other stakeholders, and ensure that the company complies with best practices.
3. Directors should possess abilities and display willingness to learn TTA's business and express their views independently by dedicating sufficient time and attention to all substantive issues.
4. Directors should regularly hold meetings without executive directors and try in every way possible to look for opportunities in which they can discuss business issues with management.
5. Independent directors should submit a confirmation letter to TTA verifying their independence according to our definition, on the date they accept the appointment and every subsequent year, if required.
6. Non-executive directors are not expected to stay in their positions beyond a certain time limit. Nonetheless, the difficulties of searching for appropriate replacements and the benefits of the working relationship built up over the years within the Board and their understanding of the business is also taken into account. While no time limits were formally established, the policy on director terms was amended in 2006 such that non-executive directors are not generally expected to hold office for more than ten years or four terms, consecutively or otherwise.

As a matter of principle, TTA limits the number of active boards on which our Directors sit to no more than five boards to ensure that they have sufficient time to devote to our business affairs.

(i) Executive Director

An executive director is a director who is involved in management on a full-time basis and receives regular monthly remuneration from TTA in the form of salary or its equivalent.

(ii) Independent Director

An independent director is a director who does not manage TTA or any of its subsidiaries, is independent from management and major shareholders, and has no business dealings with TTA, which may compromise our interests and/or the shareholders' interests.

The main qualifications of an independent director include:

1. They must hold no more than 5.0 percent, including shares held by a related person, of the issued shares of TTA or an affiliated, associated, or related company. To act as a member of the Audit Committee, the ownership restriction must not exceed 0.5 percent.

2. They must not be involved in the day-to-day management or be an advisor who receives a salary from TTA or an affiliated, associated, or related company, or from any of our major shareholders.
3. They must be free of any present, direct or indirect, financial or other interests in the management and business of TTA or its subsidiaries, associated or related companies, or major shareholders.
4. They must not be related to, or be a relative of any executive director, executive officer, or major shareholder.
5. They must not act as a nominee or representative of any director, major shareholder or group of shareholders, or are a relative of any major shareholder or group of shareholders.
6. They must carry out their duties and exercise their judgement without being influenced by executive directors or our major shareholders, including any related persons or relatives.

(iii) Members of the Board of Directors

At present, there are eleven directors on the Board, which consists of three executive directors (approximately 27% of the total number of Directors), three non-executive directors (approximately 27% of the total number of Directors), and five independent directors (approximately 45% of the total number of Directors). The Board as of 30 September 2006 consisted of the following persons:

Table 41 : The Board Of Directors

Name	Status
1. M.R. Chandram S. Chandratat	Chairman / Non-Executive Director
2. M.L. Chandchutha Chandratat	Managing Director / Executive Director
3. Mr. Sompong Thanasophon	Independent Director
4. Vice Admiral Kittichai Senanarong	Independent Director
5. Mr. Bjorn Ostrom	Independent Director
6. Mr. Sathien Tejapaibul	Independent Director
7. Mr. Pichai Chirungsappasuk	Non-Executive Director
8. Mr. Lance Karl Depew	Non-Executive Director
9. Dr. Pichit Nithivasin	Independent Director
10. Mr. Andrew John Airey	Executive Director
11. Mr. Anders Soedergren	Executive Director

(iv) Segregation of Positions

The Board elects one of its non-executive directors as Chairman. The Chairman and Managing Director are two separate individuals. The Chairman oversees the implementation of policies and guidelines pursuant to the strategies considered and established by the Board and management and ensures that Board meetings are successfully conducted. During each meeting, all Directors are urged to actively participate and raise essential questions.

The authorities of the Board and management are clearly defined and segregated. Directors occasionally meet to advise and support management through the Managing Director. At the same time, the Board stays away from routine tasks or business activities under management responsibility. Only the Managing Director is authorised by the Board to perform these tasks. The Managing Director's authority is therefore efficiently channelled through management. TTA has developed a clear written scope of duties and authorities for every management level.

(B) ROLES AND RESPONSIBILITIES OF THE MANAGEMENT STRUCTURE

(i) Board of Directors

The Board is committed to conduct itself according to the highest standards of ethical behaviour and in compliance with all laws, rules, and regulations. The Board's primary responsibility is to supervise and direct management for TTA's benefit. Among other things, the Board, acting directly or through committees, shall have the following duties:

1. Overseeing the conduct of the company's business to evaluate whether it is being properly managed and ensure all activities are conducted according to relevant laws and ethical standards.
2. Managing the company's performance in line with legal requirements, our objectives and by-laws, and resolutions adopted at the shareholders' meetings.
3. Establishing and approving major financial objectives, plans, and actions.
4. Reviewing and approving major changes in the appropriate auditing and accounting principles and practices used in the preparation of the company's financial statements.
5. Assessing major risk factors relating to the company's performance and reviewing measures to address and mitigate such risks.
6. Evaluating its own performance and capabilities and improving its work processes as necessary.
7. Approving the compensation of employees.
8. Appointing the appropriate committees to manage the company's business affairs as assigned by the Board.

The Board has delegated to the Managing Director, working with other executive officers, the authority and responsibility for managing the business consistent with TTA's standards and according to any specific plans, instructions, or directions of the Board.

Additionally, TTA focuses on internal control and risk management systems appropriate for our current business undertakings. The Board works in close consultation with management in a consistent manner with our Core Values, Mission, and Vision ("VMV") framework, Statement of Business Conduct, and Statement of Corporate Governance.

(ii) The Managing Director

The powers and duties of the Managing Director that the Board deems appropriate include the following:

1. To implement TTA's operations according to the policies, strategies and goals, budgets, and plans defined and approved by the Board, subject to legal requirements, regulations, and announcements made by the relevant authorities.
2. To monitor and provide reports on business conditions and the company's financial position, and recommend options and strategies, which are consistent with the policies and market conditions.
3. To consider and approve business transactions in accordance with the Board's direction and within the limits established by the Board.
4. To manage and supervise all business and support functions, including finance, risk management, internal controls, operations, human resource management, and administration.
5. To represent TTA, including having the authority to deal with government agencies and regulators.

6. To oversee communications with all stakeholders and ensure that our reputation and image are continually enhanced.
7. To implement assignments entrusted to him by the Board and the Board committees.
8. To oversee implementation of good corporate governance practices.
9. To screen matters before forwarding them to the Board.

(iii) The Chairman of the Board

The Chairman of the Board is responsible for acting as the Chairman at all Board meetings and shareholders' meetings. If the Chairman is unavailable to attend a meeting, the Board will elect an attending Director as Chairman for that meeting. The Chairman is also responsible for monitoring the meetings in line with legal requirements and TTA's by-laws concerning the meetings (if any) and ensuring that the meetings proceed according to their agenda.

(C) COMPANY SECRETARY AND BOARD COMMITTEES

The Board reserves to itself the making of strategic policy decisions. The Board delegates more detailed considerations either to Board committees and officers (in case of its own processes) or the Managing Director (in case of the management of TTA's business activities).

The Board has appointed the Company Secretary and two committees, namely the Remuneration Committee and the Audit Committee. Details of the composition, functions, and responsibilities of these two committees are noted below and available on TTA's website (<http://www.thoresen.com>) under "Corporate Governance".

(i) Company Secretary

The Board appointed Ms. Mantanee Surakarnkul, Manager, Corporate Affairs Department, as the Company Secretary to take responsibility for matters connected with meetings of the Board and the shareholders and to contribute to best corporate governance practices.

The Company Secretary reports functionally to the Chairman and organisationally to the Chief Financial Officer. Details of the Company Secretary's functions are available on the company's website (<http://www.thoresen.com>) under "Corporate Governance".

(ii) Audit Committee

The Audit Committee ("AC") comprised the following directors: Mr. Bjorn Ostrom (Chairman), Mr. Sompong Thanasophon, and Vice Admiral Kittichai Senanarong. All AC members are independent directors. The AC met eleven times during 2006. There was a full attendance record, except for Mr. Thanasophon who was unable to attend two meetings.

Together, the AC has the recent and relevant financial experience required to discharge their duties. The external auditors' lead partner and TTA's Chief Financial Officer and Internal Audit Manager attend all key meetings prior to the release of our quarterly financial statements. During the year, the AC meets with the external auditors and the Internal Audit Manager separately without any management in attendance.

The AC has full-delegated authority from the Board to perform its tasks, which include systematic monitoring and obtaining assurance that the legally required standards of disclosure and executive limitations relating to financial matters are being observed. Forward agendas are set each year to allow the AC to monitor management on the financial risks identified in TTA's annual business plan. The Chairman reports on the AC's activities to the Board meeting immediately following every meeting. Between meetings, the Chairman reviews emerging issues with TTA's Chief Financial Officer and Internal Audit Manager and the external auditors.

The AC's main tasks include:

1. Reviewing the sufficiency, credibility, and objectivity of the financial reporting process by coordinating with the external auditors and executives responsible for preparing the quarterly and yearly financial reports.
2. Reviewing the appropriateness and effectiveness of internal control systems and internal audit functions by coordinating with the external auditors and internal auditors, ensuring the adequacy of the internal control systems and internal audit functions.
3. Reviewing the adequacy of the company's risk management and ensuring that risk management complies with the guidelines of the relevant authorities and our internal policies.
4. Reviewing the company's business operations and ensuring that there is no conflict of interest, taking into consideration transactions between TTA and subsidiaries or related parties.
5. Reviewing the company's business operations, ensuring that they comply with our regulations and by-laws, related laws, and SET requirements.
6. Considering audit reports and recommendations presented by the external auditors and internal auditors and monitoring the implementation of the recommendations.
7. Considering and advising on the appointment of the external auditors, including the auditing fee, taking into account the auditor's credibility, the adequacy of resources, audit engagements, and experience of its staff assigned to audit the company's accounts.
8. Considering and advising on the appointment, removal, transfer, or dismissal of TTA's Internal Audit Manager.
9. Taking care of any other matters assigned by the Board or any other matters required by the SET or legislation.

The work accomplished by the AC in 2006 included the following:

1. The AC reviewed all annual and quarterly financial reports before recommending their publication to the Board. The AC discussed and constructively challenged judgements related to critical accounting policies and estimates drawing on prepared reports, presentations, and independent advice from the external auditors.
2. Specific reports on risk management and internal controls were reviewed in the Accounting Department, Maritime Operations Division, Human Resources Department, and Mermaid Maritime Ltd.
3. Regular advice was also provided by the Internal Audit Department, including an annual assessment of the effectiveness of the company's controls. Reports of internal audit findings and management responses were reviewed in detail. Discussions of these reports contributed to the AC's view of the effectiveness of the company's system of internal controls.

The AC evaluated the performance of the external auditors and enquired about their independence, objectivity, and viability. TTA has a policy to safeguard the independence of the external auditors by limiting non-audit services to defined audit-related and tax services. A new lead audit partner is appointed every five years.

(iii) Appointment of the Auditors and Fixing the Auditing Fee

The Board assigned the AC to consider and propose the appointment of the external auditors and the auditing fee to the shareholders for approval at every AGM. At the 2006 AGM, the shareholders approved the following items:

1. The appointment of Mrs. Anothai Leekitwattana License No. 3442 or Mrs. Nattaporn Phan-Udom License No. 3430 or Ms. Nangnoi Charoenthaveesub License No. 3044 of PricewaterhouseCoopers to be the auditors for the 2006 financial year.

2. The audit fee in the amount of Baht 2.995 million to review and audit TTA's financial statements and consolidated financial statements.

After review of the proposed audit engagement terms and fees, the AC advised the Board of its assessment and recommended that reappointment of PricewaterhouseCoopers be proposed to our shareholders at the next AGM to be held on 26 January 2007, but the audit work will be supervised by a new lead audit partner.

(iv) Remuneration Committee

The Remuneration Committee ("RC") comprises the following directors: Mr. Bjorn Ostrom (Chairman until 21 May 2006, then resigned to focus on the Audit Committee), Dr. Pichit Nithivasin (Chairman), Mr. Sompong Thanasophon, and Vice Admiral Kittichai Senanarong. All members of the RC are independent directors. The RC met twice in 2006.

The RC's main tasks include:

1. To determine the compensation terms for all personnel, with a particular emphasis on key senior executives.
2. To determine matters of policy relating to the establishment or operation of the company's provident fund schemes.
3. To nominate trustees (if any) for such schemes.
4. To monitor the policies being applied by the Managing Director in remunerating senior executives.

In 2006, Hewitt Associates was engaged to carry out an independent review of TTA's remuneration policy for senior executives. The scope of work included benchmarking the company's current pay structures and developing performance measurement tools.

From this study, a number of key principles were advocated:

1. The remuneration structure will reflect a fair system of rewards.
2. The Remuneration Committee, taking into account independent advice and TTA's success, will determine the overall quantum of all potential remuneration components.
3. A significant component of remuneration will be linked to the achievement of demanding performance targets.
4. A significant personal shareholding will be developed to align executive and shareholder interests.
5. Assessment of performance will be both quantitative and qualitative.
6. Remuneration policy and practices will be as transparent as possible, both for participants and shareholders.

The RC proposed an annual salary budget increase to the Board for approval on 14 December 2006. The RC assesses market information and advice and applies its judgment to setting salary levels. In assessing the final outcome of individual bonuses each year, the RC carefully reviews the company's underlying performance and competitor results.

The RC is working on a more performance-based compensation scheme to begin in 2007. Executive compensation will consist of salary, annual bonus, long-term incentives, provident funds, and other benefits.

The Board sets the level of remuneration for all non-executive directors within the limits approved by shareholders. Non-executive directors' pay comprises cash fees, paid monthly, with increments for positions of additional responsibility, reflecting additional workload. No share option awards are made to any non-executive director in respect of service on the Board.

(D) CONFLICT OF INTEREST

(i) Potential Conflict of Interest Transactions and Inter-Company Transactions

The Board understands that transactions, which could lead to a potential conflict of interest and/or related party transaction, must be considered very carefully in full compliance with the relevant rules and regulations of the SET and TTA's internal policies and guidelines. Moreover, such transactions are entered into strictly on an "arm's length" basis and are conducted in the best interests of TTA and all shareholders. The terms and conditions of such transactions always comply with generally accepted, standard commercial terms and conditions. Records of such transactions must be submitted to the Board for their review during the meeting sessions, which are attended by independent directors and members of the AC.

The Board also monitors compliance with the regulations regarding criteria, procedures, and disclosure of such transactions. TTA has a policy to disclose detailed information of these transactions, which includes transaction amounts, transaction parties, their underlying reasons, and necessity of the transaction in our annual reports and in the relevant notes to financial statements.

TTA has a policy to prevent Directors, executives, and employees from using their status to seek personal benefit. As a result, Directors, executives, and employees must refrain from any transactions that may lead to a conflict of interest with TTA. Any interested Directors, executives, and employees are not allowed to participate in the decision-making process. In particular, Directors are prohibited from considering or casting their votes on matters in which they may have a potential conflict of interest.

The Board and management also emphasise a prudent and unbiased review of inter-company transactions, which are transactions between TTA and its subsidiaries.

(ii) Monitoring the Use of Inside Information

The Board prohibits Directors, executives, and employees from using an opportunity or information acquired while working in their positions to seek personal benefit or to establish a competing or related business with TTA. This policy includes a complete ban against using material insider information to buy or sell TTA's shares and securities for their own interest and against giving insider information to other persons or entities to buy or sell TTA's shares and securities.

Directors and executives are required to report trading transactions in TTA's shares and securities and their ownership position whenever changes occur. The Board has a policy where all Directors and senior executives are not allowed to trade in TTA's shares and securities during the period of three weeks prior to the release of our quarterly and annual financial results. This prohibition applies to entities in which our Directors have a beneficial interest, are employed by, or act as a representative thereof.

(E) INTERNAL CONTROL

TTA recognises that effective risk management and appropriate and effective internal control systems are crucial for successful and efficient management and prevention of factors that may put our business operations and reputation at risk. The key control systems are:

1. Alignment of the organisation structure among the company's goals, businesses, functions, responsibilities, and reporting lines of the business units.
2. Clear designation of authorities of executives and operational staff. Approval authorities of operating and monitoring functions are clearly segregated. This is to ensure that there is adequate internal balance of power among key positions within the corporate structure to ensure good governance practices.
3. Issuance of written policies, rules, and procedures, operational manuals, and internal control guidelines. In addition, business units and subsidiaries have adopted risk assessment and control practices.

4. The Internal Audit Department is instrumental in supervising and auditing operations of business units and subsidiaries. The audit plans cover high-risk functions and all operational aspects, including management, operation, financial, reporting, regulatory compliance, and IT control.
5. The AC assesses the adequacy of the company's internal control systems through review and approval of the audit plan, audit reports prepared by the Internal Audit Department and the external auditors concerning the appropriateness and the adequacy of the control systems, compliance with regulatory requirements, custody of assets, financial reporting, and existing accounting policies. Joint meetings are held at least once every quarter, and the AC discusses with management the adequacy of the control systems.

(F) BOARD MEETINGS

The Board is generally required to meet at least five times a year. Special meetings are convened as necessary to address specific needs. In 2006, there were ten Board meetings. Principal meeting agendas were: consideration of TTA's strategic direction, annual business plan and budget, quarterly financial reports, and significant acquisition and disposal of assets. The Company Secretary ordinarily prepares and circulates the agenda at least seven days before each meeting and relevant documents at least five days before each meeting to allow Board members time to consider the issues.

The Company Secretary records the minutes, which are ordinarily circulated to the Board members within fourteen days after the meeting. The minutes are adopted at the next subsequent meeting and are kept for scrutiny by the Board members and other concerned parties.

The Board requires all members to devote sufficient time to the work of the Board, to perform the duties and responsibilities of Directors, and to use their best endeavours to attend meetings. Details of attendance records in 2006 are shown in the following table.

Table 42 : Details Of Directors' Attendance Record In 2006

Name	Board Meetings			Audit Committee Meetings			Remuneration Committee Meetings
	Regular Meeting	Ad-hoc Meeting	Total	Regular Meeting	Ad-hoc Meeting	Total	
1. M.R. Chandram S. Chandratat	5/5	5/5	10/10	-	-	-	-
2. M.L. Chandchutha Chandratat	5/5	5/5	10/10	-	-	-	2/2
3. Mr. Sompong Thanasophon	4/5	4/5	8/10	4/5	5/6	9/11	2/2
4. Vice Admiral Kittichai Senanarong	5/5	5/5	10/10	5/5	6/6	11/11	2/2
5. Mr. Bjorn Ostrom	5/5	5/5	10/10	5/5	6/6	11/11	1/1
6. Mr. Sathien Tejapabul	3/5	4/5	7/10	-	-	-	-
7. Mr. Pichai Chirungsappasuk	5/5	5/5	10/10	-	-	-	-
8. Mr. Lance Karl Depew	4/5	5/5	9/10	-	-	-	-
9. Dr. Pichit Nithivasin	3/3	2/3	5/6	-	-	-	1/1
10. Mr. Andrew John Airey	3/3	3/3	6/6	-	-	-	-
11. Mr. Anders Soedergren	3/3	3/3	6/6	-	-	-	-

Note: Dr. Nithivasin became Chairman of the Remuneration Committee on 21 May 2006.

(J) Board Assessment and Rotation

(i) Board Assessment and Rotation

The Board is composed of five independent directors, three non-executive directors, and three executive directors. Director biographies are set out on pages 7-11. Directors stand for re-election every three years. Executive directors have employment contracts with TTA.

The Board is pursuing a gradual process to rotate its composition without compromising its continued effectiveness. At the 2005 AGM held on 31 January 2005, M.L. Chandchutha Chandratat was elected to succeed Mr. Arne Teigen as a director and was appointed Managing Director. At the 2006 AGM, Dr. Pichit Nithivasin, Mr. Andrew John Airey, and Mr. Anders Soedergren, the latter two being senior executives, were elected to succeed Mr. Opart Petchmune, Mr. Frode Teigen, and Mr. Ole Teigen.

Our policy on director term limits was amended in 2006 such that non-executive directors are not generally expected to hold office for more than ten years or four terms, consecutively or otherwise, unless with justified reasons taking into consideration the responsibility of such persons, and their past, current, and anticipated contributions to TTA. If appointed as a replacement for a director who has not completed his term, directors are subject to election at the first opportunity following their appointment.

One of the Board's key roles is to identify potential successors for the Managing Director. As part of this process, the Managing Director is required to inform the Board of potential successors in case he cannot perform his duties.

(H) REMUNERATION

(i) Remuneration of Directors and Management

The Board's policy is that Director remuneration should reflect their duties and responsibilities to fulfil the expectations of all stakeholders. It is implicit that Directors must possess appropriate experience and qualifications to discharge such duties.

The current Board remuneration was approved at the 2006 AGM. The Board, based on recommendations by the RC, also sets the remuneration for senior management. These amounts take into consideration the responsibility of such executives, and their past, current, and anticipated contributions to TTA. To the extent possible, such compensation will reflect the relative compensation level for senior executives in the market.

(ii) Remuneration for the Board, the Board Committees, and Senior Executive Officers in 2006

(a) Remuneration in Cash

- a.1. The Board, totalling eleven persons, received aggregate allowances of Baht 6.16 million.
- a.2. Remuneration of the Managing Director and his direct reports, totalling eleven persons, equalled Baht 82.69 million.
- a.3. The AC received an additional Baht 1.26 million in position allowances.

Full remuneration details are noted in the following page.

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Table 43 : Remuneration For The Board And Board Committee

Unit : Baht

Name	The Board of Directors	The Audit Committee	The Remuneration Committee
1. M.R. Chandram S. Chandratat	3,360,000	-	-
2. M.L. Chandchutha Chandratat	-	-	-
3. Mr. Sompong Thanasophon	420,000	420,000	-
4. Vice Admiral Kittichai Senanarong	420,000	420,000	-
5. Mr. Bjorn Ostrom	420,000	420,000	-
6. Mr. Sathien Tejapaibul	420,000	-	-
7. Mr. Pichai Chirungsappasuk	420,000	-	-
8. Mr. Lance Karl Depew	420,000	-	-
9. Dr. Pichit Nithivasin	280,000	-	-
10. Mr. Andrew John Airey	-	-	-
11. Mr. Anders Soedergren	-	-	-
Total	6,160,000	1,260,000	-

(b) Other Remuneration

TTA's provident fund contributions to the Managing Director and his direct reports, totalling eleven persons, equalled Baht 4.25 million.

(I) DIRECTOR ORIENTATION AND DEVELOPMENT

The Managing Director normally gives orientation meetings for new Board members. In these meetings, briefings on TTA's policies and key business operations are given, along with the Articles of Association, recent presentations, and the latest annual report, in a Director's Handbook.

In addition, TTA encourages Directors to attend courses or join activities aimed at improving their performance on the Board and Board committees. Eight directors have participated in the Thai Institute of Directors' ("IOD") director training programmes, including the Director Certification Program ("DCP") and the Director Accreditation Program ("DAP").

6. TTA'S BUSINESS ETHICS AND CODE OF CONDUCT**(A) TTA'S ETHICAL AND OPERATIONAL GUIDELINES**

TTA has the following ethical and operational guidelines:

(i) Fairness

We believe in being fair to all parties having a business relationship with us and conscientiously avoid favouritism or a conflict of interest situation.

(ii) Professionalism

We carry out our responsibilities in a professional manner and are determined to achieve excellence by continuously increasing performance levels through new methods and technologies.

(iii) Proactiveness

We are responsive to client needs and social, technical, and economic changes and adapt to the circumstances.

(iv) Discipline and Compliance

We pursue business affairs with discipline and ethical principles and ensure that our undertakings comply with laws, rules, and regulations.

(B) CODE OF CONDUCT

The Board has approved a VMV framework to guide our business operations. A Corporate Code of Conduct is being developed to implement the VMV framework, emphasising our four Core Values.

Our four Core Values are:

- i. **Integrity:** We are open, honest, and ethical, deliver on our promises, and build and nurture trust in our relationships.
- ii. **Excellence:** We set high standards of quality, safety, environment, security, and service, are always prepared for challenges, and conduct our business professionally.
- iii. **Team Spirit:** We care for our clients, employees, and suppliers and behave in ways that build a spirit of teamwork and collaboration and show deep respect for one another.
- iv. **Commitment:** We are passionate about the future of this company and feel accountable for business results and success.

In addition, each Board member has received and reviewed the Director's Code of Conduct book prepared by the SET. The Board's policy is that Directors will pursue the highest standards of ethical conduct in the interests of all stakeholders. The Director's Code of Conduct covers important principles, including honesty and integrity, conflicts of interest, and compliance with laws and regulations.

The Board allows executive directors to take up external board appointments, subject to the agreement and approval of the Board. Executive directors retain any fees received in respect of such external appointments. Generally, outside appointments are limited to two outside company boards only. At present, the Managing Director and the other two executive directors do not serve on any outside boards. Non-executive directors may serve on a number of outside boards, however, provided that they continue to demonstrate the requisite commitment to discharge effectively their duties to TTA.

The Employee Code of Conduct sets out standards of professional and ethical conduct for all employees. The employees at all levels are expected to conduct themselves in an honest, diligent, and responsible manner and do what is right. This will build and sustain confidence and trust among our stakeholders.

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Internal Control

TTA focuses its utmost attention to internal control systems to ensure efficiency in all management and operation levels. We are in the process of stating and separating the duties, responsibilities, and authorities of management in writing. TTA has the Internal Audit Department to ensure that the key operations and financial activities are conducted efficiently under all policies, guidelines, and relevant laws. To ensure that the company has complied with relevant laws and regulations, the Internal Audit Department conducts regular checks. Internal auditors report directly to the Audit Committee on all matters, thereby making the Internal Audit Department completely independent of management.

With respect to internal controls, TTA has focused on five main areas as follows:

1. Organisational Control and Environment Measures

The organisation structure has been appropriately designed to facilitate management to effectively manage business activities. In addition, business goals have been formulated for employees to follow and have been closely monitored. TTA has developed a Corporate Governance Policy to act as a guideline for all Thoresen Group companies and employees. Detailed roles and regulations are continually prepared to implement the Corporate Governance Policy. We recognise that a proper control environment will lead to work efficiency and effectiveness of work.

2. Risk Management Measures

We recognise the importance of risk assessment as a tool to indicate a dangerous signal that could result in loss and therefore, external and internal risks, such as foreign exchange, oil prices, accidents, shortage of skilled personnel, maintenance expenses, etc. have been continually evaluated by management. The mechanism to minimise these risks has been set up and are regularly reviewed.

3. Management Control Activities

Authority and approval assignments have been defined for each department and are monitored regularly. Transactions with major shareholders, directors, management, and related parties have been carefully controlled to conform with the Notification of the Stock Exchange of Thailand regarding Rules and Procedures and Disclosure of Connected Transactions of Listed Companies. In addition, TTA recognises the importance of internal control systems on an operational level to ensure that operations are conducted efficiently. Powers and duties of operations and management level personnel are laid down clearly. There is a proper level of control maintained on the utilisation of our property / assets, and we are in the process of setting up clear segregation between the operations units, control units, and assessment units for the purpose of maintaining appropriate checks and balances. Moreover, an internal control system for the financial and accounting functions is clearly set up, which allows adequate reporting to the relevant management.

4. Information and Communication Measures

Information technology has been developed to ensure efficient business operations and to serve management's needs. We recognise the importance of accurate, reliable, and prompt information and communication. The primary objective is the provision of accurate and timely data for decision-making. TTA has invested in an effective communication system, including internal and external channels. The accounting records conform with generally accepted accounting standards, and the accounting files are updated regularly. Documents for the shareholders' meetings and the Board of Directors' meetings have been delivered ahead of the meetings and contain sufficient information for the shareholders or the Board of Directors to make decisions.

5. **Monitoring**

Because the existing systems provide prompt and reliable information on a regular basis, management and the Board of Directors can therefore achieve proper monitoring over relevant financial reports in an effective manner. At the same time, they can also perform an accurate review and assessment, and suggest improvements over existing business plans, supported by effective internal supervision carried out by the Internal Audit Department throughout the year.

The internal audit system has been regularly reviewed by the Internal Audit Department, according to an annual audit plan and the results of the performed audits were reported to the Audit Committee. No material deficiencies have been reported to date. However, recommendations regarding internal controls have been provided in some areas. The Internal Audit Department also reviews whether key operations and financial activities are conducted efficiently and whether with relevant laws.

Inside Information Control

The directors and management are required to submit securities holding reports to the Company on the same day as when they submit the reports to the SEC and the SET in accordance with the SEC and SET Notifications regarding reports of securities holding. They are also required to follow the SET Guidelines on Insider Trading, which require directors and executives to refrain from securities trading before the disclosure of financial statements or other important information that may affect the price of the securities. For further details, please review our Corporate Governance Report.

Related Party Transactions

During the financial year ended on 30 September 2006, the company and its subsidiaries had no related party transactions with major shareholders, directors, and related persons.

Company Investments

Investments of the company in other companies exceeding 10% of the other companies' shares as of 30 September 2006 are as follows:

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
Type of Business : International Maritime Transportation						
1.	Thoresen & Company (Bangkok) Limited 26/26-27 Orakarn Building 8th Floor, Chidlom Road, Lumpinee, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569 Fax : +66 (0) 2254-9417	Ordinary Preference	9,470,000 3,030,000	9,470,000 3,029,994	99.9	10
2.	Helios Shipping Co., Ltd.	Ordinary	800,000	799,993	99.9	100
3.	Hermes Shipping Co., Ltd.	Ordinary	270,000	269,994	99.9	100
4.	Herakles Shipping Co., Ltd.	Ordinary	250,000	249,993	99.9	100
5.	Heron Shipping Co., Ltd.	Ordinary	250,000	249,993	99.9	100
6.	Hermelin Shipping Co., Ltd.	Ordinary	1,000,000	999,993	99.9	100
7.	Thor Star Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
8.	Thor Skipper Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
9.	Thor Sailor Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
10.	Thor Sun Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
11.	Thor Spirit Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
12.	Thor Sky Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
13.	Thor Sea Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
14.	Thor Master Shipping Co., Ltd.	Ordinary	1,880,000	1,879,993	99.9	100
15.	Thor Merchant Shipping Co., Ltd.	Ordinary	200,000	199,994	99.9	100
16.	Thor Mariner Shipping Co., Ltd.	Ordinary	350,000	349,994	99.9	100
17.	Thor Mercury Shipping Co., Ltd.	Ordinary	600,000	599,994	99.9	100
18.	Thor Captain Shipping Co., Ltd.	Ordinary	1,530,000	1,529,994	99.9	100
19.	Thor Pilot Shipping Co., Ltd.	Ordinary	800,000	799,993	99.9	100
20.	Thor Jasmine Shipping Co., Ltd.	Ordinary	700,000	699,993	99.9	100
21.	Thor Champion Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
22.	Thor Orchid Shipping Co., Ltd.	Ordinary	472,500	472,493	99.9	100
23.	Thor Navigator Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
24.	Thor Commander Shipping Co., Ltd.	Ordinary	1,150,000	1,149,993	99.9	100
25.	Thor Transporter Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
26.	Thor Lotus Shipping Co., Ltd.	Ordinary	630,000	629,993	99.9	100
27.	Thor Trader Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
28.	Thor Traveller Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
29.	Thor Venture Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
30.	Thor Nautica Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
Type of Business : International Maritime Transportation						
31.	Thor Confidence Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
32.	Thor Guardian Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
33.	Thor Triumph Shipping Co., Ltd.	Ordinary	600,000	599,993	99.9	100
34.	Thor Nexus Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
35.	Thor Neptune Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
36.	Thor Tribute Shipping Co., Ltd.	Ordinary	550,000	549,993	99.9	100
37.	Thor Jupiter Shipping Co., Ltd.	Ordinary	850,000	849,993	99.9	100
38.	Thor Alliance Shipping Co., Ltd.	Ordinary	800,000	799,993	99.9	100
39.	Thor Nautilus Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
40.	Thor Wind Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
41.	Thor Wave Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
42.	Thor Dynamic Shipping Co., Ltd.	Ordinary	3,600,000	3,599,993	99.9	100
43.	Thor Enterprise Shipping Co., Ltd.	Ordinary	3,000,000	2,999,993	99.9	100
44.	Thor Harmony Shipping Co., Ltd.	Ordinary	3,500,000	3,499,993	99.9	100
45.	Thor Integrity Shipping Co., Ltd.	Ordinary	2,800,000	2,799,993	99.9	100
46.	Thor Nectar Shipping Co., Ltd.	Ordinary	2,100,000	2,099,993	99.9	100
47.	Thor Nereus Shipping Co., Ltd.	Ordinary	1,650,000	1,649,993	99.9	100
48.	Thor Transit Shipping Co., Ltd.	Ordinary	1,000,000	999,993	99.9	100
49.	Thor Endeavour Shipping Co., Ltd.	Ordinary	11,000,000	10,999,993	99.9	100
50.	Thor Energy Shipping Co., Ltd.	Ordinary	10,000,000	9,999,993	99.9	100
Note : The registered office address of companies in items No. 2 – 50 is 26/32 Orakarn Building, 10th Floor, Soi Chidlom, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569 Fax : +66 (0) 2254-8437						
Type of Business : International Maritime Transportation						
51.	Thoresen Chartering (HK) Limited Room 403, 4th Floor Printing House 6 Duddell Street, Central, Hong Kong	Ordinary	500,000	499,999	99.99	HK\$ 1
Type of Business : Stevedoring						
52.	Chidlom Transport & Services Co., Ltd. 26/49 Orakarn Building, 14th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2655-5148-50 Fax : +66 (0) 2655-5147	Ordinary	5,000	4,994	99.9	1,000
Type of Business : Ship Agency						
53.	Gulf Agency Company (Thailand) Ltd. 26/30-31 Orakarn Building, 9th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2650-7400 Fax : +66 (0) 2650-7401	Ordinary	22,000	11,210	51.0	1,000

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
Type of Business : Ship Agency						
54.	ISS Thoresen Agencies Ltd. 26/26-27 Orakarn Building, 8th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2254-0266 Fax : +66 (0) 2254-0628	Ordinary	500,000	499,993	99.9	100
55.	Thoresen Shipping FZE 1901-19th Floor, Golden Tower Opp. Marbella Resort, Al Buhairah Corniche Road, Sharjah, UAE. Tel. 971-6-574 2244 Fax. 971-6-574 4244	Ordinary	1	1	100.0	550,550 Dirhams
56.	Thoresen (Indochina) S.A. 12A Floor, Bitexco Building 19-25 Nguyen Hue Boulevard District 1 Ho Chi Minh City, Vietnam Tel. : +84 8 821 5423 Fax : +84 8 821 5424	Ordinary	2,500	1,250	50.0	100 US Dollar
Type of Business : Ship Brokerage						
57.	Fearnleys (Thailand) Ltd. 26/55 Orakarn Building, 15th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2253-6160 Fax : +66 (0) 2655-2761	Ordinary	20,000	10,194	51.0	100
58.	Thoresen Chartering (Pte) Ltd. 8 Cross Street # 11-00, PWC Building, Singapore 048424	Ordinary	100,000	100,000	100.0	S\$ 1
Type of Business : Offshore Related Services						
59.	Mermaid Maritime Ltd. 26/28-29 Orakarn Building, 9th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2255-3115-6 Fax : +66 (0) 2255-1079	Ordinary	38,320,534	19,160,267 (direct holding) 9,201,436 (indirect holding)	50.0 (direct holding) 24.01 (indirect holding)	10
Type of Business : Ship Maintenance & Repairs						
60.	T.S.C. Maritime Ltd. 26/49 Orakarn Building, 14th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 38 491-589-90 Fax : +66 (0) 38 491-591	Ordinary	600,000	599,993	99.9	100
Type of Business : Marine Supplies						
61.	Chidlom Marine Services & Supplies Ltd. 26/49 Orakarn Building, 14th Floor Soi Chidlom, Ploenchit Road Lumpinee, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2655-5148-50 Fax : +66 (0) 2655-5147	Ordinary	600,000	599,993	99.9	100

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
Type of Business : P & I Club Representation						
62.	Thai P & I Services International Ltd. 26/49 Orakarn Building, 14th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2255-7227-9 Fax : +66 (0) 2655-5291	Ordinary	10,000	9,000	90.0	100
Type of Business : Port Operations						
63.	Sharjah Ports Services LLC P.O. Box 510, Port Khalid Sharjah, United Arab Emirates Tel. 971-6-528 1327 Fax : 971-6-528 1425	Ordinary	26,000	12,740	49.0 (indirect holding)	100 Dirham

Glossary of Shipping Terms

The following are definitions of key terms used in this annual report.

Annual Survey	The inspection of a vessel by a classification society that takes place every year.
Bareboat Charter	Also known as “demise charter.” Contract or hire of a vessel under which the owner is usually paid a fixed amount of charter hire rate for a certain period of time during which the charterer is responsible for the operating costs and voyage costs of the vessel or drilling rig as well as arranging for crewing.
Bulk Vessels/Carriers	Vessels which are specially designed and built to carry large volumes of cargo in bulk cargo form.
Capesize	A dry bulk carrier in excess of 100,000 dwt.
Charter	The hire of vessel or drilling rig for a specified period of time or in the case of bulk carriers to carry cargo for a fixed fee from a loading port to a discharging port. The contract for a charter is called a charterparty.
Charterer	The individual or company hiring a vessel.
Charter Hire Rate	A sum of money paid to the vessel or drilling rig owner by a charterer under a charterparty for the use of a vessel or drilling rig.
Classification Society	An independent organisation which certifies that a vessel or drilling rig has been built and maintained in accordance with the rules of such organisation and complies with the applicable rules and regulations of the country of such vessel or drilling rig and the international conventions of which that country is a member.
Deadweight Tonne (“dwt”)	A unit of a vessel's capacity for cargo, fuel oil, stores, and crew, measured in metric tons of 1,000 kilograms. A vessel's dwt, or total deadweight, is the total weight the vessel can carry when loaded to a particular load line.
Deepwater	For dive support vessels, this refers to water depths beyond 300 metres. For drilling, this comprises “5th Generation Deepwater”, which refers to the latest generation of semisubmersible rigs and drillships possessing the latest technical drilling capabilities and the ability to operate in water depths in excess of 7,000 feet. “Other Deepwater” refers to semisubmersible rigs and drillships that possess the ability to drill in water depths greater than 4,500 feet.
Dive support vessel	Specially equipped vessel that performs services and acts as an operational base for divers, remotely operated vehicles, and specialised equipment.
DP-2	Dynamic position 2 redundancy allows the vessel to maintain position even with failure of one propulsion system, which is required for vessels that support manned diving operations.

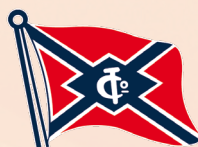
Draft	Vertical distance between the waterline and the bottom of the vessel's keel.
Dry Bulk	Non-liquid cargoes of commodities shipped in an unpackaged state.
Dry-docking	The removal of a vessel or drilling rig from the water for inspection and /or repair of submerged parts.
Dynamic position ("DP")	Computer-directed thruster systems that use satellite-based positioning and other positioning technologies to ensure the proper counteraction to wind, current, and wave forces enabling the vessel to maintain its position without the use of anchors.
Gross Tonne	Unit of 100 cubic feet or 2.831 cubic meters used in arriving at the calculation of gross tonnage.
Handymax	A dry bulk carrier of approximately 35,000 to 60,000 dwt.
Handysize	A dry bulk carrier having a carrying capacity of up to approximately 35,000 dwt.
Hull	The shell or body of a vessel.
International Maritime Organization ("IMO")	A United Nations agency that issues international trade standards for shipping.
Intermediate Survey	The inspection of a vessel or drilling rig by a classification society surveyor which takes place between two and three years before and after each Special Survey for such vessel or drilling rig pursuant to the rules of international conventions and classification societies.
ISM Code	The International Management Code for the Safe Operation of Ships and for Pollution Prevention, as adopted by the IMO.
Metric Tonne	A unit of measurement equal to 1,000 kilograms.
Moonpool	An opening through the hull of a vessel through which a diving bell or remotely operated vehicle may be deployed, allowing safe deployment in adverse weather conditions.
Newbuilding	A newly constructed vessel.
Orderbook	A reference to currently placed orders for the construction of vessels or drilling rigs (e.g., the Handymax orderbook).
Panamax	A dry bulk carrier of approximately 60,000 to 80,000 dwt of maximum length, depth, and draft capable of passing fully loaded through the Panama Canal.
Protection & Indemnity Insurance	Insurance obtained through a mutual association formed by vessel owners to provide liability insurance protection from large financial loss to one member through contributions towards that loss by all members.
Remotely operated vehicles ("ROV")	Robotic vehicles used to complement, support, and increase the efficiency of diving and sub-sea operations and for tasks beyond the capability of manned diving operations.

Saturation diving	Saturation diving involves divers working from special chambers for extended periods at a pressure equivalent to the pressure at the work site.
Scrapping	The disposal of old or damaged vessel tonnage by way of sale as scrap metal.
Short-Term Time Charter	A time charter which lasts less than approximately twelve months.
Sister Ships	Vessels of the same class and specification which were built by the same shipyard.
SOLAS	The International Convention for the Safety of Life at Sea 1974, as amended, adopted by the IMO.
Special Survey	The inspection of a vessel or drilling rig by a classification society surveyor which takes place a minimum of every four years and a maximum of every five years.
Spot Market	The market for immediate chartering of a vessel usually for single voyages.
Strict Liability	Liability that is imposed without regard to fault.
Sub-sea construction vessel	These vessels provide an above-water platform with distinguishing characteristics as DP systems, saturation diving capabilities, deck space, cranes, and moonpools. Deck space and cranes are important features of a vessel's ability to transport and fabricate hardware, supplies, and equipment necessary to complete sub-sea projects.
Tender rigs	A tender rig is a purpose-built self-erecting drilling tender barge with a flat bottom, raked sterns, and raked bow hull shape. It is designed as a cost-efficient and flexible drilling system for development scenarios involving multiple well slot fixed offshore platforms whereby the rig moves from platform to platform using its own drilling equipment set which is lifted by its own crane. Lifting operations can be made onto platforms up to a height of 90 feet above sea level.
Time Charter	Contract for hire of a vessel. A charter under which the vessel owner is paid charter hire rate on a per day basis for a certain period of time, the vessel owner being responsible for providing the crew and paying operating costs while the charterer is responsible for paying the voyage costs. Any delays at port or during the voyages are the responsibility of the charterer, save for certain specific exceptions, such as loss of time arising from vessel breakdown and routine maintenance.
Voyage Charter	Contract for hire of a vessel under which a vessel owner is paid freight on the basis of moving cargo from a loading port to a discharge port. The vessel owner is responsible for paying both operating costs and voyage costs. The charterer is typically responsible for any delay at the loading or discharging ports.

The Company

AS OF 30 SEPTEMBER 2006

Name of Company	Thoresen Thai Agencies Public Company Limited
Registration No.	0107537002737
Date of Establishment	16 August 1983
Date of Conversion to	
Public Company Limited	15 December 1994
Date of Being Listed in SET	25 September 1995
Address	26/26-27 Orakarn Building, 8th Floor Soi Chidlom, Ploenchit Road Lumpinee, Pathumwan, Bangkok 10330, Thailand Telephone : +66 (0) 2254-8437 Website: http://www.thoresen.com
Type of Business	Dry Bulk Shipping Group Offshore Services Group Shipping Services Group
Registered Capital	Baht 693,684,422
Paid up Capital	Baht 643,684,422
No. of Issued Shares	643,684,422 ordinary shares
Par Value/ Share	Baht 1
Securities Registrar	Thailand Securities Depository Co., Ltd. Capital Market Academy Building 2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road, Tung Song Hong, Lakxi Bangkok 10210, Thailand Telephone : +66 (0) 2596-9000
Auditor	Mrs. Anothai Leekitwattana Certified Public Accountant (Thailand) No. 3442 PricewaterhouseCoopers ABAS Limited 15th Floor, Bangkok City Tower 179/74-80 South Sathorn Road, Bangkok 10120, Thailand Telephone : +66 (0) 2344-1000
Legal Advisor	Pramuanchai Law Office Co., Ltd. 2038-2042 Rama 6 Road (Bantadthong), Pathumwan Bangkok 10330, Thailand Telephone: +66 (0) 22192031-2 Baker & McKenzie Ltd. 20-25th Floor, Abdulrahim Place, 990 Rama IV Road, Bangkok 10500 Thailand Telephone : +66 (0) 6362000



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