Ref No. COR:EL13007e/JN

**TTA: Thoresen Thai Agencies Public Company Limited**

# 1QFY13 Earnings Release

**Oct 2012 - Dec 2012**

Date: 15 February 2013
Subject: First Quarter 2013 Financial Results
To: The President of the Stock Exchange of Thailand

Thoresen Thai Agencies Public Company Limited ("TTA") reports a net loss of Baht 138 million and loss per share of Baht 0.19 for the three-month period from 1 October 2012 to 31 December 2012 ("1QFY13"). This compares with a net loss and loss per share of Baht 560 million and Baht 0.79, respectively for the three-month period from 1 October 2011 to 31 December 2011 ("1QFY12").

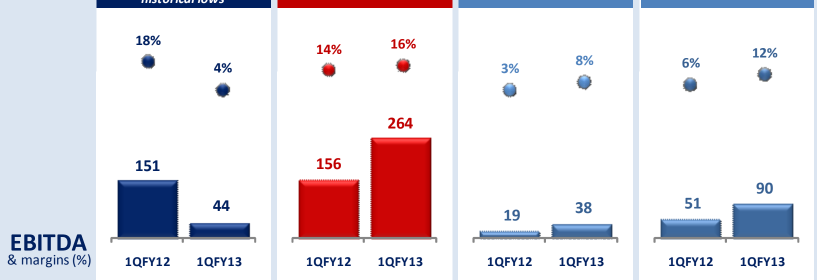
## Executive Summary | Performance Overview

- Overall 1QFY13 consolidated results improved year-on-year ("yoy").
- Relatively strong consolidated revenue growth of 23% yoy was mainly a result of increased vessel days in the dry bulk shipping business, Thoresen Shipping, and continued improvement in the asset utilisation and day rates in the offshore services subsidiary, Mermaid Maritime Plc. ("Mermaid").
- Substantial chartering-in activity resulted in high freight revenue growth of 47%. However, a 50% yoy drop in the freight rate environment caused Thoresen Shipping's average Time Charter Equivalent ("TCE") rate to fall to USD 7,540 per day, which covers streamlined cash operating costs, but below EBIT breakeven level.
- The other three main business units all delivered stronger performance yoy.
- Mermaid registered revenue and EBITDA growth of 41% and 69% respectively despite the fact that MTR-2 was offhire for its special periodic survey since mid-November. The offshore oil and gas services business remains in a cyclical upturn, enabling Mermaid's subsea vessels to be employed in higher-valued contracts, resulting in higher average day rates.
- Unique Mining Services Plc. ("UMS") delivered EBITDA and EBIT growth of 105% and 6,282%, respectively, despite an 8% drop in revenue. In fact, UMS was able to record some net profit, while still operating from only one plant.
- Similarly, Baconco delivered EBITDA and EBIT growth of 78% and 86%, respectively, despite a 4% drop in revenue. Lower raw material costs and strong sales of high-margin products were the main contributors.
- The performances of the three non-shipping businesses more than offset the continuing weakness in dry bulk shipping, resulting in a consolidated EBITDA increase of 22% yoy.
- The main cause of 23% lower in equity income yoy was the increased administrative costs for the start-up of the three jack-up rigs owned by Asia Offshore Drilling Ltd ("AOD"), an associate company under Mermaid. Otherwise, the combined profit contribution from Petrolift and Baria Serece (TTA's other two key associate companies) was 16% higher yoy.
- Consolidated EBIT turned positive, while normalised losses before extraordinary items narrowed.

**Income statement**

| Baht millions | 1QFY12 | 1QFY13 | %yoy |
|---|---|---|---|
| **Revenues** | **3,393** | **4,183** | 23% |
| Freight charges | 826 | 1,211 | 47% |
| Offshore services | 1,151 | 1,618 | 41% |
| Sales | 1,345 | 1,269 | -6% |
| **Costs** | **2,635** | **3,341** | 27% |
| **Gross profits** | **758** | **843** | 11% |
| SG&A | 441 | 455 | 3% |
| **EBITDA** | **317** | **388** | 22% |
| Depreciation & Amortisation | 434 | 432 | |
| Other income | 60 | 38 | |
| Equity income | 34 | 26 | -23% |
| **EBIT** | **(23)** | **20** | 187% |
| **Profits before EI** | **(209)** | **(167)** | 20% |
| Extraordinary items | (439) | 29 | |
| Minority interests | 32 | (11) | |
| Forex translation | 56 | 10 | |
| **Net profit** | **(560)** | **(138)** | 75% |

| | Transport | | Energy | | Infrastructure | | | |
|---|---|---|---|---|---|---|---|---|
| | Thoresen Shipping | | Mermaid Maritime | | UMS | | Baconco | |
| Baht millions | 1QFY12 | 1QFY13 | 1QFY12 | 1QFY13 | 1QFY12 | 1QFY13 | 1QFY12 | 1QFY13 |
| Revenues | 826 | 1,211 | 1,151 | 1,618 | 544 | 503 | 805 | 770 |
| EBITDA | 151 | 44 | 156 | 264 | 19 | 38 | 51 | 90 |
| EBITDA margin | 18% | 4% | 14% | 16% | 3% | 8% | 6% | 12% |
| EBIT | 23 | (94) | (37) | 68 | 0 | 22 | 47 | 87 |
| | *Freight rates remain at historical lows* | | *Cyclical upturn continues* | | *Return to profitability* | | *Doubling margins* | |



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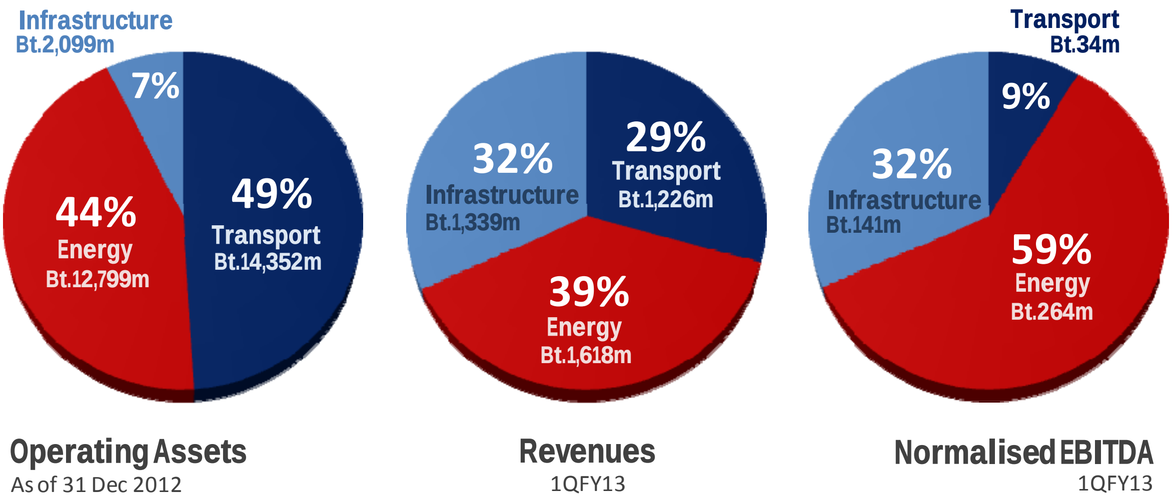
- During 1QFY13, USD 1.2 million (net of taxes) gain on the scrapping of M.V. Thor Jupiter was realised.
- Net cash flow from operating activities during 1QFY13 remained solid at Baht 701 million.
- 1QFY13 highlights the real benefits of the diversification strategy, whereby the weakness in dry bulk shipping is offset by the other core business units, thereby reducing TTA's potential losses. This trend is expected to continue throughout the 2013 financial year.

## Performance Overview by Business Group




**TTA manages businesses through different industry cycles**

### Group Transport

Dry bulk shipping remains at or near the bottom of the industry cycle in 2013. Strong efforts are being made to maximise revenues, but the prolonged weakness in freight rates prevents Thoresen Shipping from being able to contribute any net profits. Nonetheless, Group Transport remained above cash breakeven levels, generating a modest EBITDA of Baht 34 million during 1QFY13. The prolonged industry downturn, however, is bringing more opportunities to rebuild the fleet at good values.

### Group Energy

Offshore services business is enjoying a cyclical upturn. Mermaid's assets, especially the subsea vessels, are generating improved revenues and profits. Group Energy is expected to be the main earnings driver for TTA in the medium term as well as supporting TTA in 2013, as Thoresen Shipping navigates through the bottom of the cycle before the anticipated industry's recovery from 2014 onwards.

### Group Infrastructure

UMS is expected to improve and resume its profitability, as the Samut Sakorn plant re-opening is targeted within 2QFY13. Baconco continues to generate strong profits and cash flows, which is being used to further build a fully integrated professional logistics services in South Vietnam.

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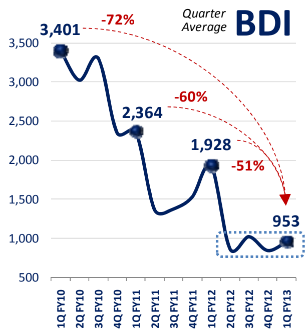
**TTA: Thoresen Thai Agencies Public Company Limited**

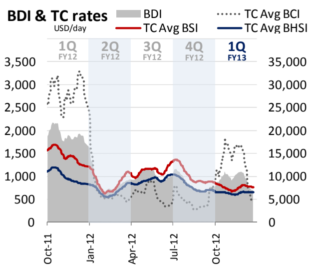
# 1QFY13 Earnings Release

**Oct 2012 - Dec 2012**

## Group **Transport** Highlights

- **Prolonged weakness in freight rates, but fleet growth slowing**
- **Ultra low freight rates causing EBIT losses**
- **Modern fleet and cost efficiency keeping Thoresen Shipping afloat**
- **Some signs of industry's silver-lining**
- **Growth resumed at Petrolift**



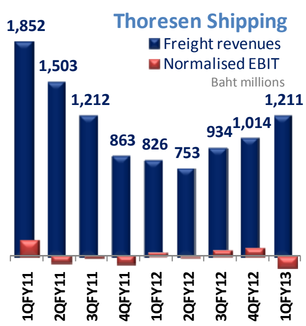

### Prolonged weakness in freight rates, but fleet growth slowing

The Baltic Dry Index ("BDI") averaged 953 points during 1QFY13; 51%, 60%, and 72% lower than the same quarter in FY12, FY11, and FY10, respectively. Compared with the past few quarters, however, the quarterly BDI averages have fluctuated in a relatively narrower band.

A modest quarter-on-quarter rise in BDI average during 1QFY13 was driven solely by the Capesize segment's TCE rates (while the rates of other vessels remained low). Brazilian iron ore exports jumped to 33 million tonnes in October. About 55% went to China on the back of (1) increasing demand stemming from a pickup in Chinese steel production and (2) inventories rebuilding at a time of relatively low iron ore prices. Figures for October and November show Chinese steel production running at an annual pace of close to 720 million tonnes, slightly behind the all time high record in the second quarter. Chinese coal imports, however, have been relatively weak lately, as the gap between Chinese and international coal prices is narrowing. After increasing by 35% in the first nine months of 2012, Chinese coal imports grew by about 7% in October.

Apart from the mixed trade activity, the global fleet growth has slowed drastically, marking the transition to what Marsoft believes will be a sustained period of slower fleet expansion going forward. In particular, deliveries during October and November totalled only 12 million dead-weight tonnes ("DWT"), the slowest pace in three years. Combined with a high level of scrapping, the global fleet grew at an annual pace of just 6% during the quarter. Although the fleet is still 11% larger than it was a year ago, the growth rate is down from the 15% annual growth recorded over the past two years.

At the end of December 2012, Fearnleys estimated a global fleet of 9,584 vessels with a total capacity of 683 million dead-weight tonnes ("DWT"), compared to 8,949 vessels and 614 million DWT at the end of 2011.

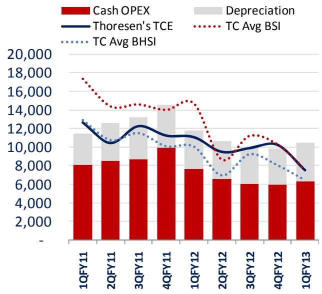



### Ultra low freight rates causing EBIT losses

Thoresen Shipping's 1QFY13 freight revenues of Baht 1,211 million (+47% yoy and +19% qoq) were mainly a result of more active chartering-in activity. During the quarter, Thoresen Shipping operated 28.5 full-time equivalent vessels, while directly owning 16 vessels. The active chartering-in activity was to accommodate growing commercial relationships, as the network of key clients and brokers expands. Thoresen Shipping continues to pursue and carry premium cargoes, i.e. scrap, cement, and clinkers, in particular. This growing customer base will prove to be beneficial when the market turns.

1QFY13 was, however, a difficult quarter as TC rates, particularly for Supramax, dropped quite sharply. Thoresen Shipping's Time Charter Equivalent ("TCE") averaged USD 7,540 per day, weakening along with the overall market.

However, the 32% fall yoy in Thoresen Shipping's TCE rates is still better than the 48% fall in the overall Baltic Supramax Index.




*Cash OPEX includes:*

- *Owner expeses*
- *Dry-docking expenses*
- *Admin expenses*
- *Financial costs*

The charter-in portfolio is expected to perform better in the second half. As an extra effort, a commercial office was set up in Copenhagen in early January 2013 with 2 experienced professionals. So far, encouraging fixtures have already been achieved, while large number of cargo queries have been received and rated, which tends to confirm the benefits of trading in the Atlantic Ocean.

It is also essential to note that Thoresen Shipping's cost structure has been streamlined. The total per-day operating costs have been brought down from the peak of over USD 14,000 during 4QFY11 to about USD 10,000 during the past few quarters. More importantly, cash operating expenses have consistently been kept at around USD 6,000 per day during the recent quarters. Owner expenses, the largest portion of the cash operating expenses, are still well below the industry average of USD 4,500-4,600 per day. The general and administrative expenses were in line with the FY12 average of USD 1,460 per day (exceptionally low in 4QFY12 because of year-end adjustments). The effective cost control measures enable Thoresen Shipping to generate some operating cash flow (positive EBITDA).

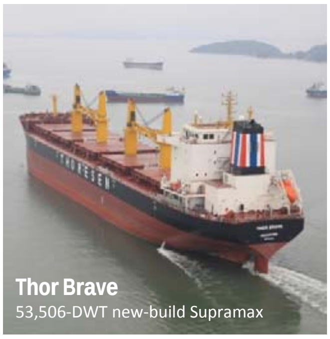
**Average Daily Operating Results (USD/Day)**

| USD/Day | 1Q FY12 | 4Q FY12 | 1Q FY13 | %yoy | %qoq |
|---|---|---|---|---|---|
| USD/THB Rate (Daily Average) | 31.02 | 31.36 | **30.68** | *-1%* | *-2%* |
| Time charter equivalent (TCE Rate)* | $11,105 | $10,284 | **$7,540** | *-32%* | *-27%* |
| TCE Rate of Owned Fleet | $11,406 | $9,441 | **$7,759** | *-32%* | *-18%* |
| TCE Rate of Chartered-In | -$301 | $843 | **-$218** | *28%* | *-126%* |
| Vessel operating expenses (owner expenses) | $4,541 | $4,094 | **$4,257** | *-6%* | *4%* |
| Dry-docking expenses | $979 | $813 | **$812** | *-17%* | *0%* |
| General and administrative expenses | $1,921 | $741 | **$1,484** | *-23%* | *100%* |
| Financial costs | $213 | $326 | **-$211** | *-199%* | *-165%* |
| Depreciation | $4,146 | $3,870 | **$4,087** | *-1%* | *6%* |
| Operating earnings* | -$696 | $440 | **-$2,889** | *-315%* | *-757%* |

**The per day basis is calculated based on available service days.*
***Restated in compliance with IFRS*

## Modern fleet and cost efficiency keeping Thoresen Shipping afloat

Thoresen Shipping's modern fleet today has also significantly contributed to higher efficiency. During the three-year period between 2009 and 2011, a total of 34 smaller, older, and loss-making vessels were sold and replaced by 5 larger, modern, and efficient Supramaxes (some of which were new-built vessels ordered prior to the 2008 downturn). This so-called fleet reconfiguration strategy has proven to be a crucial move to improve operating efficiency and significantly lower operating breakeven level.

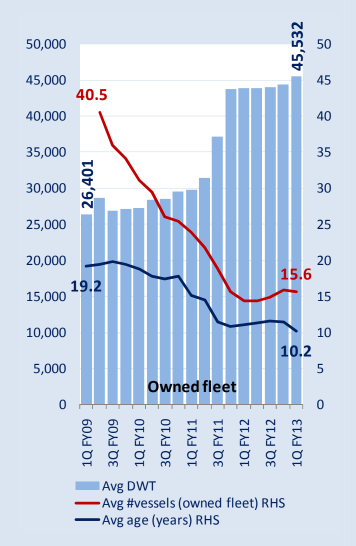

Thor Brave
53,506-DWT new-build Supramax

In November 2012, Thoresen Shipping took delivery of M.V. Thor Brave from Vietnam Shipbuilding Industry Group ("Vinashin"). Thor Brave is a 53,506-DWT new-build Supramax ordered in September 2007 and is the first newbuild vessel ordered from Vinashin. A sister ship is scheduled to be delivered in the third quarter of 2013.

In December 2012, a 1986-built, 36,992-DWT Handymax, M.V. Thor Jupiter, was sold for scrapping. Thoresen Shipping booked a net gain on asset disposal of about USD 1.2 million (net of taxes) during 1QFY13.

# 1QFY13 Earnings Release

**Oct 2012 - Dec 2012**




## Fleet data summary

| | 1Q FY12 | 4Q FY12 | 1Q FY13 | %yoy | %qoq |
|---|---|---|---|---|---|
| Average DWT | 43,864 | 44,340 | **45,532** | 4% | 3% |
| Calendar days for owned fleet (1) | 1,380 | 1,467 | **1,493** | 8% | 2% |
| Available service days for owned fleet (2) | 1,331 | 1,467 | **1,437** | 8% | -2% |
| Operating days for owned fleet (3) | 1,326 | 1,466 | **1,437** | 8% | -2% |
| Owned fleet utilisation (4) | 99.7% | 99.9% | **100.0%** | 0.3% | 0.1% |
| Voyage days for chartered-in fleet | 205 | 695 | **1,189** | 481% | 71% |
| Average number of vessels (5) | 16.6 | 23.5 | **28.5** | 71% | 21% |

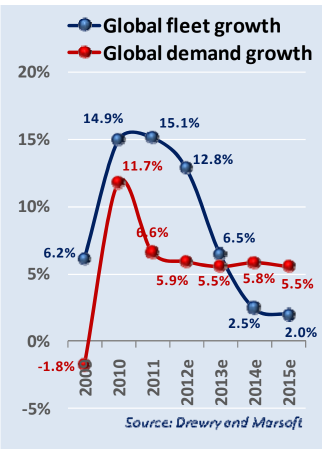
*Note:*
*(1) Calendar days are the total calendar days TTA owned the vessels in our fleet for the relevant period, including off hire days associated with major repairs, dry dockings, or special or intermediate surveys.*
*(2) Available service days are calendar days (1) less planned off hire days associated with major repairs, dry dockings, or special or intermediate surveys.*
*(3) Operating days are the available days (2) less unplanned off-hire days, which occurred during the service voyage.*
*(4) Fleet utilisation is the percentage of time that our vessels generated revenues and is determined by dividing operating days by available service days for the relevant period.*
*(5) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the total operating days for owned fleet plus voyage days for chartered in fleet during the period divided by the number of calendar days in the relevant period.*

At the end of 1QFY13, Thoresen Shipping's owned fleet stood at 16 vessels (8 Handymax and 8 Supramax) with an average age of 10.2 years and an average size of 45,532 DWT.

Thoresen Shipping plans to acquire more modern Supramax vessels to its fleet, especially as the vessel prices appear to be bottoming out. A five-year-old Supramax can be bought at about USD 18 million (vs. USD 76 million in late 2007). Depending upon the market opportunities and the amount of capital raised by TTA's rights offering, Thoresen Shipping could add up to 11 Supramaxes by 2015.

### Some signs of industry's silver-lining

Dry bulk freight rates are expected to remain relatively weak through the first half of 2013 before a slow upturn in the second half. Seasonal factors are causing activity to flatten out in early 2013, as the iron ore trade is seen levelling off, while the grain trade is projected to decline slightly. However, trade demand is projected to gain momentum from the second calendar quarter onwards. Marsoft expects trade volumes to expand by 5.5%, while tonne-mile demand is projected to increase by just over 6% based on the premise that the global economy will improve modestly in 2013, expanding by 3.3%.




In particular, Marsoft assumes that the European economies remain mired in a mild recession during the first half of 2013, while China is assumed to see GDP growth of over 8% next year. More importantly, Marsoft assumes that China steel production grows by 4% in 2013, totalling 743 million tonnes for the year. Furthermore, international iron ore prices are expected to average close to USD 120 per tonne over the coming year, which should lead to a small reduction in Chinese domestic iron ore production. As a result, Chinese iron ore imports are projected to rise by 6.5% in 2013, totalling 784 million tonnes.

Meanwhile, Marsoft expects the global steam coal trade to increase by 7% in volume terms, but by nearly 10% in tonne-mile terms, next year. Short-haul exports from Indonesia to China are expected to level off in 2013, which should open the door for longer-haul supplies from Australia, South Africa, and the

Atlantic region to fill the gap.

On the supply side, after totalling approximately 100 million DWT in both 2011 and 2012, Marsoft expects dry bulk deliveries to total just 73 million DWT in 2013. Roughly 18 million DWT of deliveries scheduled for 2013 may not materialise (due to either cancellations or delays). Meanwhile, scrapping is expected to rise to a record high of 40 million DWT in 2013, with demolition activity peaking in the first half of 2013. As a result, the fleet should expand by 6.5% in 2013.

Taking these developments together, dry bulk freight rates are likely to remain relatively weak through the first half of 2013, but Marsoft expects a gradual upturn to get underway during the second half of the year, helped by a modest recovery in Europe and slower fleet growth.

Many shipping companies will continue in debt restructuring mode in the next 6 months or so, which should bring more acquisition opportunities for financially strong companies. Thoresen Shipping will continue to operate with the highest levels of efficiency and with prudent financial management, while capitalising on opportunities to rebuild and modernise its fleet to achieve significant long-term competitive advantages at the bottom of the asset cycle.

### Growth resumed at Petrolift

Petrolift's performance rebounded during 1QFY13. To recap, three main reasons for relatively softer revenues during the second half of FY12 (April - September 2012) were: (1) delayed dry-docking of two vessels as a consequence of poor weather conditions, (2) another vessel having to go on dry-docking in September, and (3) no chartered-in vessel during the six-month period as the contract ended in January 2012.

Revenues, however, started to regain strength toward the end of 2012 as the vessels resumed work. For 1QFY13, Petrolift managed a slight 2% increase in revenues yoy. Without the chartered-in contract, margins expanded as Petrolift operated only its owned vessels. As such, the operating profit (EBITDA) growth yoy was in excess of 20% in Philippines Peso terms. And with the favourable exchange rate, Petrolift's contribution to TTA grew by 26% yoy in 1QFY13.

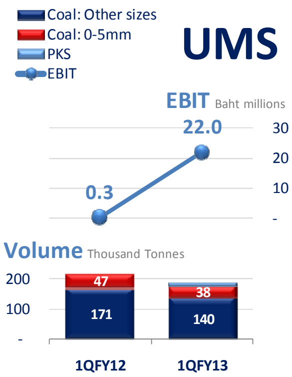
Petrolift remains as one of the best diversified investments, contributing the largest portion of the equity income. During 1QFY13, Petrolift operated a young (ten-years-old average age) fleet of ten petroleum tankers/barges, including two liquefied petroleum gas tanker. The fleet has a total capacity of approximately 41 million litres transporting fuel oil, refined petroleum, and LPG products to all major ports/depots in the Philippines.

# 1QFY13 Earnings Release

**Oct 2012 - Dec 2012**

## Group **Infrastructure** Highlights

- **UMS generated some profits in 1QFY13**
- **Samut Sakorn Plant on plan to reopen**
- **Phenomenal growth at Baconco**
- **New warehouse rentals commencing**




### UMS generated some profits in 1QFY13

UMS sold approximately 178,000 tonnes of coal in 1QFY13, about 18% lower than the volume sold in the same quarter last year. However, revenues dropped by only 8% yoy, while gross margins improved from 15% to 24%. 1QFY13 EBITDA and EBIT were Baht 38 million and Baht 22 million, compared to Baht 19 million and Baht 0.3 million last year, respectively. In fact, UMS contributed a net profit of Baht 4.2 million during 1QFY13.

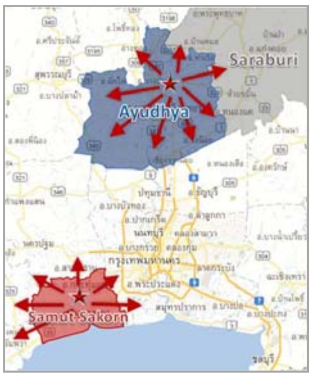
**UMS' income statement***

| Baht millions | 1QFY12 | 1QFY13 | %yoy |
|---|---|---|---|
| **Total revenues** | **544** | **503** | **-8%** |
| Total costs | 464 | 383 | -18% |
| **Gross profits** | **80** | **120** | **51%** |
| %Gross margins | 15% | 24% | 9% |
| SG&A | 61 | 82 | 34% |
| **EBITDA** | **19** | **38** | **105%** |
| %EBITDA margins | 3% | 8% | 4% |
| **EBIT** | **0.3** | **22.0** | **6282%** |

**as consolidated on TTA's P&L*

During Thailand's flood crisis in 1QFY12, shipments of raw materials from Indonesia bound for the Ayudhaya plant had to be redirected and sold in China. UMS acted like a coal trading company, as the raw materials were sold in bulk. Naturally, margins from this type of sales are minimal.

In 1QFY13, however, UMS operated the Ayudhaya plant normally. Coal was classified and sold to customers as usual. 0-5 mm coal sales were about 38,000 tonnes, or roughly about 22% of the total coal sales volume. With this kind of sales mix, UMS could then generate some profits, though still minimal as the "cross-border" transport costs to truck coal between the Ayudhaya and Samut Sakorn area still continued. 1QFY13, however, was a good testimony of the fact that UMS can be profitable if a proper sales mix is achieved and, even more so, if its two-plant operations are resumed.

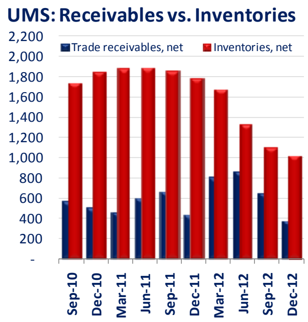



### Samut Sakorn Plant on plan to reopen

The Samut Sakorn plant reopening process is progressing as planned. After a period of aggressive 0-5 mm coal sales, the stockpile clearance has been declared completed. UMS is now petitioning the Samut Sakorn government to reopen the plant. Resources and facilities are under preparation to ensure a smooth transition when such permission is granted.

Once the Samut Sakorn plant is reopened, UMS is expected to return to profitability. First, partial logistics efficiency will return. Secondly, the 0-5mm coal can be granulated and sold for higher margins within Samut Sakorn itself. UMS is determined to resume serving a large number of coal users in the province, i.e. food processing factories, while operating at the highest level of efficiency.

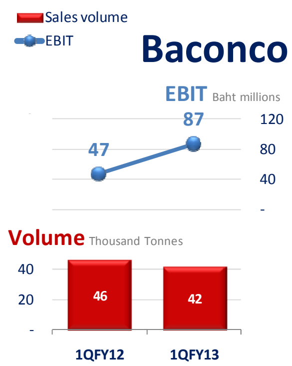
Nonetheless, the aggressive 0-5 mm coal sales program during the past few




quarters did significantly improve working capital management, as inventories turned into cash, and some cash could be used for some short-term debt repayments. As of 31 December 2012, UMS had net inventories of Baht 1,012 million, 46% lower than the peak of Baht 1,880 million on 30 June 2011. The trade receivables were Baht 366 million, down from Baht 859 million at the end of June 2012. Short-term loans from financial institutions were Baht 1,103 million, down from the recent peak of Baht 1,535 million at the end of March 2012. Less debt entails lower interest expenses, which will also help improve profitability.

The resumption of two-plant operations, expected within 2QFY13, combined with these improved balance sheet fundamentals are expected to enhance UMS profit generating ability in the near future.

### Phenomenal growth at Baconco

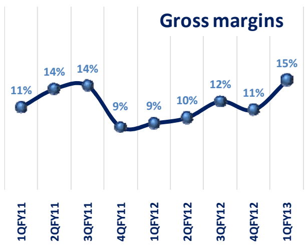



Baconco reported another strong quarter in 1QFY13. Similar to UMS, sales dropped slightly yoy, but the profit growth was phenomenal. During the quarter, Baconco sold approximately 42,100 tonnes of fertilisers and crop care products, about 9% lower than the volume sold in the same quarter last year. However, revenues dropped by only 4% yoy, while gross margins improved from 9% to 15%. 1QFY13 EBITDA and EBIT were Baht 90 million and Baht 87 million, compared to Baht 51 million and Baht 47 million last year, respectively. Baconco contributed a net profit of Baht 71 million during 1QFY13.

**Baconco's income statement***

| Baht millions | 1QFY12 | 1QFY13 | %yoy |
|---|---|---|---|
| **Total Revenues** | **805** | **770** | **-4%** |
| Total costs | 732 | 655 | -10% |
| **Gross profits** | **74** | **116** | **57%** |
| %Gross margins | 9% | 15% | 6% |
| SG&A | 23 | 26 | 11% |
| **EBITDA** | **51** | **90** | **78%** |
| %EBITDA margins | 6% | 12% | 5% |
| **EBIT** | **47** | **87** | **86%** |

**as consolidated on TTA's P&L*




Similarly, Baconco successfully managed a good sales mix. In October 2012, 60% of sales were bulk blending NPK fertilisers. The extra windfall during 1QFY13 resulted from falling raw material costs (contrasting with 1QFY12 when rising raw material costs put heavy pressures on margins). Generally, Baconco keeps inventories a modest level and buys raw materials when the prices weaken. Lately, higher proportion of raw materials is sourced locally to minimise costs. Combining these initiatives with a firm sales policy in November, the gross margins, as a result, averaged 15% during the quarter.

In terms of sales volume, export markets continue to be of important focus. Baconco is diligently looking for ways to improve and maintain its existing export markets as well as launching its quality products in new export markets. Furthermore, new specific segments, i.e. coffee plantations, are being targeted within Vietnam itself to also help boost the sales volume.

### New warehouse rentals commencing

In 2QFY12, Baconco acquired a new 50,000-sq.m. piece of land out of its own cash. About 27,000 sq.m. of new additional warehouse space was constructed and completed in January 2013. Available for rentals from February onwards, the total capacity is 100,000 metric tonnes: 80,000 tonnes of bagged and bulk cargoes and 20,000 tonnes of containers, pipes, and steel. The first contract had been signed, already occupying about 55% of the total capacity for the next two years. Meanwhile, the current warehouse space at all facilities under the TTA Group companies in Vietnam continues to enjoy 90%+ capacity utilisation. This additional warehouse space is equivalent to over 100% growth in available space under the TTA Group.

This is testimony to rising demand for professional logistics services in South Vietnam. It is our strategic drive to create a fully-integrated professional logistics services in South Vietnam. Thoresen Vinama Logistics, Baconco, and Baria Serece are uniquely positioned to offer a full logistics solution with sea and land transport, warehousing, bagging, forwarding, and customs clearance. These logistics services will support the continuing expansion of Baria Serece, in which TTA owns a 20% stake. In 1QFY13, Baria Serece contributed Baht 5.1 million of equity income to TTA.

## Group Energy | Highlights

- **Strong signs of turnaround continued for Mermaid**
- **Well participating in the industry's multi-year cyclical upturn**
- **Renewed market interest in tender rig sector**
- **Strong demand growth for jack-up rigs**

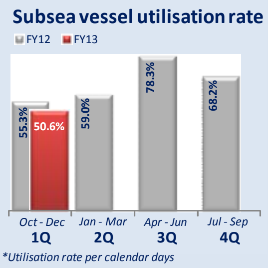
### Strong signs of turnaround continued for Mermaid

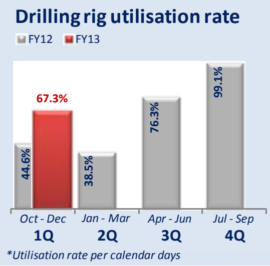
During 1QFY13, total revenue was Baht 1,618 million, an increase of 41% yoy. The revenue from the subsea segment was up 53% yoy in spite of lower subsea vessel utilisation rate of 50.6% (vs. 55.3% in 1QFY12), as the vessels were employed at higher day rates. The drilling segment revenue was down 7% mainly because MTR-2 finished its drilling contract in Indonesia in mid-November 2012 and began a four-month special periodic survey ("SPS") on 22 November 2012. It will remain offhire until early March. MTR-1, as an accommodation barge, helped offset some of the missing MTR-2 revenue and kept overall drilling rig utilisation at 67.3% (vs. 44.6% in 1QFY12).

**Mermaid's income statement***

| Baht millions | 1QFY12 | 1QFY13 | %yoy |
|---|---|---|---|
| **Total Revenues** | **1,151** | **1,618** | **41%** |
| Total costs | 837 | 1,186 | 42% |
| **Gross profits** | **315** | **432** | **37%** |
| %Gross margins | 27% | 27% | -0.6% |
| SG&A | 159 | 169 | 6% |
| **EBITDA** | **156** | **264** | **69%** |
| %EBITDA margins | 14% | 16% | 3% |
| **EBIT** | **(37)** | **68** | **282%** |

**as consolidated on TTA's P&L*




Mermaid's gross margins dropped slightly, as MTR-2 underwent its SPS. Sustaining aggressive and disciplined vessel and project cost management, however, EBITDA and EBIT grew significantly at 69% and 282% to Baht 264 million and Baht 68 million, respectively. The January-March quarter is traditionally the low quarter for Mermaid, but the second half of the year will be strong, as the various new contract awards start to kick in.

### Well participating in the industry's multi-year cyclical upturn


Mermaid has observed greater demand for offshore vessels in general. The subsea vessel fleet that comprises Dive Support Vessels ("DSV") and Remotely Operated Vehicle ("ROV") support vessels is experiencing strong demand across multiple geographic regions. The subsea business is operating with higher day rates due to the provision of value-added services and longer contract durations, as evidenced by the number of recent contract awards. Mermaid continues to focus on higher vessel yields and longer contract durations in growth areas, such as the Middle East and South East Asia.

In a deal concluded in October 2012, a new joint venture between Mermaid and Zamil Offshore Services Company ("Zamil"), the largest offshore and marine services provider in the Middle East, was awarded a five-year Inspection, Repair, and Maintenance ("IRM") contract, worth at least USD 530 million over five years (with a two year extension option) by Saudi Arabian Oil Company ("Saudi Aramco"), the world's largest oil and gas company. Mermaid's share of revenue from the IRM contract is expected to be in the range of 60% to 70% over five years. The contract scope of work calls for full diving services, including


Mermaid Asiana

air/mixed gas diving, saturation diving, ROV intervention, inspection, and routine offshore field repair and maintenance. Saudi Aramco has contracted for the deployment of four offshore support vessels and one dedicated saturation dive support vessel. M.V. Mermaid Asiana started work for Saudi Aramco in February 2013. In addition, Mermaid and its Middle East-based subsidiary, Subtech Ltd., will provide up to 110 highly skilled divers, three remotely operated vehicles, and scuba replacement packages.

In November 2012, Mermaid's Qatar-based subsidiary Subtech, won a five-year USD 25 million contract from a leading international upstream oil and gas operator. Carried out by Mermaid's specialised DP barge, DPB Mermaid Siam, the scope of services will include full service offshore field maintenance, remedial and call-off work provided during a window of about three months in each contact year. These two deals represent good progress in securing longer-term contracts and expanding Mermaid's subsea services business beyond South East Asia. The Middle East is a high growth region, and given its weather conditions, diving teams can work year-round, as compared to South East Asia, which has a low season.


Mermaid Siam


Mermaid Endurer

In January 2013, Mermaid announced a deal with a potential value of up to USD 40 million with China Offshore Oil Engineering Co. Ltd. ("COOEC"). The subsea services contract will be performed utilising M.V. Mermaid Endurer, along with a complement of additional equipment and personnel. Mermaid Endurer has been outfitted with the latest technological and cutting edge safety enhancements, positioning it as one of the top vessels in its class. The contract with COOEC is scheduled to commence in March 2013 for approximately six months. Contract revenues are expected to total USD 30 million but a sixty day extension option, if exercised, would increase total potential revenues up to USD 40 million.

### Renewed market interest in tender rig sector

Tender rig sector is currently experiencing a positive momentum. Tender rigs of five-years-old and below have reported utilisation rates as high as 100%, with older tender rigs reportedly achieving utilisation rates as high as 85%. Mermaid has noted recent announcements of new tender rig construction by other entities, indicating a renewed market interest in the tender rig sector driven by fleet replacement and attractive potential returns.

MTR-1 continues to operate as an accommodation barge support unit in Indonesia with its current contract, which has been recently extended to July 2013. Mermaid is marketing MTR-1 for continued work as an accommodation barge support unit beyond this term. MTR-2 is undergoing a special periodic survey and is in discussions with its existing client on a contract renewal.

Mermaid is exploring opportunities in the tender drilling segment where global, modern tender rigs are reporting high utilisation rates amidst a supply shortage that will likely keep this rate steady for at least in the medium term.

### Strong demand growth for jack-up rigs

The overall demand for premium jack-ups rigs remains strong in 2013. Demand growth is expected to be around the globe with the strongest demand growth expected in the Middle East and the Pacific Rim. The utilisation rate for newer jack-up rigs, built after 1990 with more than 300 feet water depth capacity, remains above 90% globally. Oil companies continue to show a preference for newer equipment due to their superior technical capacities and operational flexibility. In this sector, the overall market development suggests a positive trend in terms of rig demand, utilisation rates, contract terms, and day rate levels.

In October 2011, Mermaid's 33.75% owned affiliate, Asia Offshore Drilling Ltd ("AOD"), announced its inaugural drilling contract for the first of its three high specification jack-up rigs, AOR-1. The deal worth USD 197 million (implying a day rate of USD 180,000) plus a USD 39.5 million mobilisation fee, over three years, with an additional one-year option was also signed with Saudi Aramco. Seadrill Limited ("Seadrill") manages the rigs on behalf of AOD. On 1 February 2013, the first jack-up rig, AOR-1, was delivered and is now mobilising to Saudi Arabia, with an expected commencement date in April 2013.

Mermaid's investment in AOD was perfectly timed. It is now well positioned to reap the rewards, with the new-build assets arriving at a time when demand for modern, high specification jack-up rigs is high and supply is limited.

Ref No. COR:EL13007e/JN

**TTA: Thoresen Thai Agencies Public Company Limited**

# 1QFY13 Earnings Release

**Oct 2012 - Dec 2012**

## The **Corporate**

As TTA is a holding company with six major business units operating in different industry cycles, our policy is to closely monitor market developments for investment opportunities that are expected to bring higher future returns in each of the business unit.

Currently, dry bulk vessel prices have sharply fallen as a result of the prolonged industry downturn caused by a severe supply-demand imbalance since 2010. At the same time, the oil and gas services sector, in which Mermaid operates, is showing signs of a multi-year cyclical upturn as the global exploration and production ("E&P") spending by oil & gas companies continues to rise. The most recent survey by Dahlman Rose which covers 463 oil and gas companies predicts a 5.5% increase in the global E&P spending to a record USD 645 billion in 2013, particularly in Asia and the Middle East with growth rates in excess of 10%. The overall market is in the early to middle stages of a long up cycle, as the world oil price is expected to remain high.

After carefully evaluating our business needs, there is little doubt that making timely investments in TTA's core dry bulk shipping business and offshore services business today will bring significant returns in the future. The Board of Directors has, thus, proposed to the shareholders a capital increase of up to Baht 6,372 million over a 30-month period through a Rights Offering ("RO") and the issuance of stock warrants. The key uses of the new capital include Thoresen Shipping's fleet expansion plan and potential renewal of the tender drilling rig fleet. All shareholders will be entitled to exercise their rights by subscribing to two newly issued shares at a price of THB 14.00 per share for every five existing shares they own. Free warrants will be issued only to those shareholders who subscribe for new shares at a ratio of one warrant to two newly subscribed shares. Each warrant can be converted into one common share at an exercise price of THB 17.00 within 30 months of the warrant issuance. The subscription period for the RO has been set from 21-28 February 2013. Unsubscribed shares will be allocated to shareholders who subscribe to excess rights at the same price of THB 14.00 per share and up to a limit of 0.5 times their current holdings. Any remaining shares after the distribution of excess rights may be allocated to a private placement in one or several tranches.

The capital increase proposal was approved by the shareholders at the Annual General Meeting ("AGM") held on 30 January 2013. 95% of the shareholders who attended the AGM voted in support of the plan. All shareholders are encouraged to subscribe to their rights and participate in these opportune investments which are expected to equip TTA with significant long-term competitive advantages and sustainability.

Yours faithfully,
**Thoresen Thai Agencies Public Company Limited**

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|---|---|
| M.L. Chandchutha Chandratat<br>President & Chief Executive Officer | Ms. Mantanee Surakarnkul<br>Company Secretary |