

Annual Report

2007



An Integrated Maritime
Business Group



TTA

Thoresen Thai Agencies Plc.

Always At Your Service



Mission

Meeting and exceeding our
customer's expectations in
the maritime industry

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A photograph of a ship's captain, a man with dark hair, wearing a white short-sleeved uniform shirt with a black and gold striped collar. He is standing at the ship's helm, looking out towards the right. His right hand is on the throttle lever, and his left hand is near a control panel. The dashboard is filled with various instruments, including a large electronic display, analog gauges, and numerous buttons and switches. A black telephone is mounted on the dashboard. In the background, another crew member in a white uniform is visible, looking out the window. The interior of the bridge has a white ceiling with recessed lighting and a speaker.

Integrity

We are open, honest, and ethical, deliver on our promises, and build and nurture trust in our relationships.

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 & Co., (Bangkok) Ltd. ("TCB"), which was established on 31 October 1974.

1985 TCB purchased its first vessel, M.V. Hai Lee, from Norwegian Asia Line.

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 started a 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").

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.

2006 TTA stressed greater diversification in its business by increasing its stake in Mermaid Maritime Ltd ("Mermaid"). 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.

Thoresen Shipping Singapore Pte. Ltd. was established to act as the primary investment company for future new build and second-hand dry bulk vessel investments.

2007 TTA issued convertible bonds in an amount of US\$ 169.80 million to fund a gradual fleet renewal and expansion plan.

Five new build dry bulk vessels, with an average size of 53,000 deadweight tons, were ordered and will be delivered between 2009 and 2011.

Mermaid raised SG\$ 246 million from its initial public offering on the Singapore Exchange Securities Trading Limited ("SGX"). One new build tender drilling rig and one new build support vessel were ordered and will be delivered in 2009. Mermaid acquired a 22.5% indirect stake in Allied Marine & Equipment Sdn. Bhd. and formed a drilling partnership with Kencana Petroleum Berhad.

As of 31 December 2007, the total owned fleet consisted of forty-three general cargo and dry bulk vessels, four offshore service vessels, and two tender drilling rigs.

	Year Ended 30 September		
	2007	2006	2005
	(Baht in millions, except share, per share data, and ratios)		
Income Statement Data:			
Voyage revenues	15,865.29	12,820.99	14,518.55
Voyage expenses	6,760.65	5,344.15	4,082.53
Vessel operating expenses - owner expenses	2,519.71	2,823.09	2,438.05
Offshore services revenues	4,025.55	2,752.82	-
Offshore services expenses	2,713.75	1,566.28	-
Revenues from service companies and other sources	623.10	666.59	529.91
Depreciation and amortisation	1,850.02	1,631.96	1,183.46
General and administrative expenses	1,599.83	1,098.63	920.83
Interest expenses	665.47	701.08	445.32
Interest income	71.90	74.50	26.17
Equity income (loss) from associates and joint venture	9.39	(3.16)	28.94
Foreign exchange gains (losses)	723.36	742.09	16.17
Net income	4,968.52	3,502.44	5,948.65
Per Share Data:			
Net income - basic	7.72	5.44	9.24
Cash dividends declared	1.65	1.35	3.50
Net book value	24.94	18.68	14.21
Balance Sheet Data (at end of year):			
Cash and marketable securities	4,045.76	1,618.20	2,260.76
Vessels and equipment - net of depreciation	16,234.47	15,426.04	13,155.00
Total assets	28,143.96	23,140.39	19,469.38
Total debt (including capital lease obligations)	12,089.43	11,117.33	10,325.47
Issued share capital	643,684,422	643,684,422	643,684,422
Total shareholders' equity	16,054.53	12,023.06	9,143.91
Other Financial Data:			
Net cash flows provided by (used in) operating activities	6,848.65	4,206.52	7,022.60
Net cash flows provided by (used in) investing activities	(4,366.27)	(1,869.91)	(5,442.45)
Net cash flows provided by (used in) financing activities	(99.07)	(2,860.64)	(2,535.97)
Capital expenditures :			
Vessel and equipment purchases, gross	3,807.81	935.79	4,428.05
Financial Ratios:			
Return on shareholders' equity (%)	35.39	33.09	75.11
Return on total assets (%)	19.38	16.44	33.76
Net profit margin (%)	24.12	21.47	39.39
Total debt to total capitalisation	0.36	0.43	0.49
Net debt to total net capitalisation	0.24	0.38	0.41

2007 – A Year Of Significant Momentum and Change

Over the past two years, Thoresen Thai Agencies Public Company Limited (“TTA”) has embarked on a well-defined strategic shift from being a predominantly dry bulk vessel owner to becoming a broader growth-oriented maritime business. TTA’s mission is to become one of the region’s leading integrated maritime business groups. This strategic shift has been enabled by a combination of organic growth, strategic acquisitions, and partnerships, and the result is a much more diversified and competitive business platform.

We are pleased to describe in this report an exciting and successful year that included many important milestones on our new strategic journey. We created substantial momentum in our key businesses and hope to replicate our successes in 2008 and beyond.

Even though we pursued and executed a number of significant transactions, TTA delivered strong financial and operational performance in 2007. We achieved a good return on shareholders’ equity of 35.39%, generated net income of Baht 4,968.52 million, or Baht 7.72 per share, and generated cash flow from operations of Baht 6,848.65 million. In 2007, more than 33.63% of our consolidated revenues came from short and medium-term contracts with more than six months duration.

Some key highlights in 2007 included:

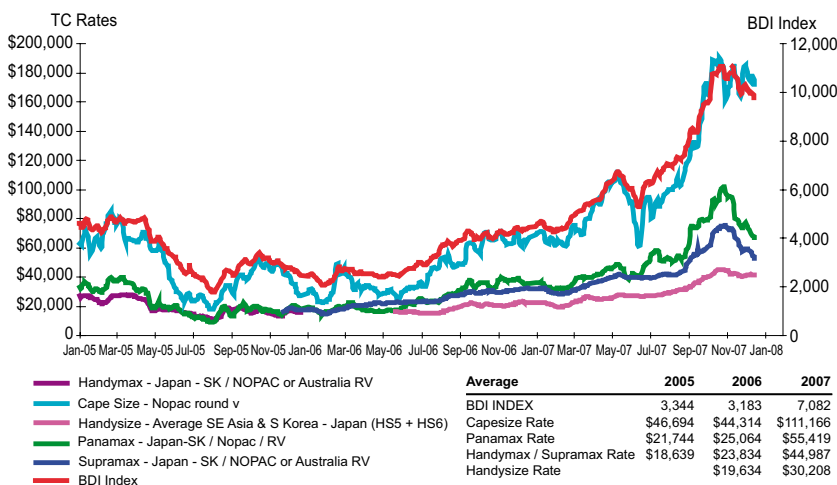
Item	FY 2007	FY 2006	Percent Change
Fleet Cargo Load (Million of Revenue Tons)	13.319	14.073	(5.36%)
Shipping Group Revenues (Million Baht)	15,885.06	12,965.41	22.52%
Offshore Group Revenues (Million Baht)	4,160.02	2,828.82	47.06%
Shipping Related Services Revenues (Million Baht)	484.54	450.67	7.52%
Cash Flow From Operations (Million Baht)	6,848.65	4,206.52	62.81%
Consolidated Net Profits (Million Baht)	4,968.52	3,502.44	41.86%

We improved the competitive position of our Dry Bulk Shipping Group and Offshore Services Group. As part of our strategic shift, a new policy was instituted, in which our key businesses should not only manage their operations but also their investment and financing decisions independently of each other. As a result of this new policy, we executed two important international capital markets transactions to raise capital and unlock the value of our business platform.

Dry Bulk Shipping Group: Operations In Exceptional Freight Markets

Our Dry Bulk Shipping Group enjoyed very strong profit growth in 2007, as the freight markets climbed towards unprecedented levels. The average Baltic Dry Index in January 2007 was 4,464, while the average Baltic Dry Index in November 2007 was 10,543, or a 136% increase.

Chart 1 : Baltic Dry Index (2005-2007)



Source : Baltic Exchange Limited

We expected the dry bulk freight markets to be finely balanced in 2007, but issues, like port congestion and increased off-hire time for older vessels, resulted in a supply-side imbalance, even though the global dry bulk fleet is estimated to grow 7.31% in 2007. Analysts expect that the dry bulk freight markets should remain fairly balanced during 2008. Net fleet supply growth is expected to be largely offset by rising dry bulk shipping demand and changes in trade patterns, which should result in higher tonne-miles. We therefore believe that the global fleet should remain highly utilised in 2008.

We proactively addressed our aging dry bulk shipping fleet and embarked on a multi-year fleet renewal plan. We sold three (3) vessels in 2007 and now have an order book of five (5) newbuild vessels with scheduled deliveries from 2009 to 2011. Our new vessels will arrive at a time when many existing vessels reach twenty-five (25) years old. We have recommended the acquisition of four (4) newbuild vessels for shareholders approval at next month's Annual General Meeting of Shareholders and are working on additional newbuild and second-hand vessel acquisitions for 2008.

To finance our multi-year fleet renewal plan, TTA issued US\$ 169.8 million of convertible bonds that contained a number of innovative features. The bond proceeds were used to refinance the Dry Bulk Shipping Group's secured commercial bank debt. By next month, our dry bulk vessels will be unencumbered. We also finalised a US\$ 396 million syndicated loan facility to support our future vessel acquisitions.

To be recognised as an industry leader in service, quality, and safety, the Dry Bulk Shipping Group began an extensive upgrade of our hardware and software systems, which includes a complete change of all key operating software. By 2008, we will operate on a completely different and more sophisticated environment than the one that has been used for the past decade. The goal is to create an integrated and comprehensive system that allows us to achieve our operational and financial goals.



Offshore Services Group: Niche Businesses In Growing Markets

High oil prices and technological advances have created a strong growth outlook in oil and gas exploration and production. We expect this exploration and production growth to continue for many years, which leads to higher demand for our offshore services. Offshore production is expected to represent over 35% of world oil production by 2015, because offshore oil and gas is the only significant opportunity to add reserves outside of the Middle East and former Soviet Union. By focusing on our niche businesses of sub-sea engineering and drilling, we should be well-positioned to compete for new projects in our focus area of Southeast Asia.

Our Offshore Services Group enjoyed some profit growth in 2007. The higher profit was a result of strong performances in our sub-sea engineering group, driven by higher day rates and utilisation of our sub-sea assets, which was partially offset by lower than expected contributions from our drilling group as a result of tender rig downtime. It became increasingly clear that asset shortfalls exist in both businesses, which should support higher day rates and utilisation in 2008.

In 2007, the Offshore Services Group contributed 9.13% of TTA's consolidated net profits. However, we believed that our share price did not reflect the distinctions between the offshore services and dry bulk shipping businesses. Because this contribution was not properly valued under our prior corporate structure and additional capital was necessary for its next growth phase, Mermaid Maritime Public Company Limited was listed on the Singapore Exchange on 16 October 2007 and raised over SG\$ 246 million, or US\$ 167.49 million, from its initial public offering ("IPO").

The IPO was a major success, and the proceeds will support the Offshore Services Group's growth plans. We plan to grow the business substantially and ordered a newbuild drilling rig, which should be delivered in 2009. Three additional options are included in the newbuild contract, which we hope to exercise over time. We also committed to a newbuild support vessel, which should be delivered in 2009. Additional growth will come from the partnerships and acquisitions discussed further below.

Shipping Services Group: Steady As She Goes

The Shipping Services Group enjoyed some profit growth in 2007 due to the strong freight markets. The companies that provided the largest net profit contribution were Thoresen Shipping FZE and Fearnleys Thailand Ltd., both of which recorded their highest-ever results.

With strong volume growth in the Middle East, Thoresen Shipping FZE handled more than 798,069 tons of cargo and generated higher income by offering additional services to clients. Fearnleys (Thailand) Ltd., our ship brokerage company, had a record year, as commissions, which are based on freight rates, increased significantly.

Thoresen Indochina S.A. our ship agency company in Vietnam, reported its highest ever results due to the strong growth in the Vietnam economy and stronger shipping demand. TTA also entered third-party logistics for the first time with the establishment of GAC Thoresen Logistics Ltd., which has completed a warehouse in Thailand. The initial warehouse is fully utilised and we hope to expand this business further in the coming years.

Investments and Capital Management

We believe that our corporate structure creates value for our shareholders. The convertible bond of TTA and IPO of Mermaid Maritime support the growth strategy of the two businesses, providing us with access to ample low-cost capital.

We continue to invest in a large asset base, because we believe it provides a strong foundation to grow our market presence more profitably. Our growth targets remain high. At the end of 2007, we had more than US\$ 350 million of newbuild vessels on order, scheduled for delivery from 2009 to 2011.

We also follow a strategy to lower our invested capital for every dollar of cash flows. In 2007, we increased the number of chartered-in vessels. The Dry Bulk Shipping Group has now chartered-in six (6) vessels on periods ranging from twenty-one (21) to thirty-eight (38) months. The Offshore Services Group has now chartered-in two vessels on periods ranging from 24 to 36 months and agreed to charter a newbuild diving support vessel, which should be delivered in 2009.

Along with our own vessels and equipment, these chartered-in vessels allow us to widen our market presence, improve our utilisation across all assets, and increase our earnings, which in turn allow us to charter-in more vessels. We hope to achieve a higher return on invested capital through these various transactions.

We established partnerships or acquired strategic stakes to broaden our business platform. We signed a Memorandum of Understanding to acquire a 49% stake in PT Perusahaan Pelayaran Equinox to strengthen our liner services out of Indonesia and act as our investment vehicle in Indonesia. This transaction is expected to close in early 2008. We formed a partnership with Kencana Petroleum Berhad to establish companies to own drilling rigs and market and operate them in Malaysia. We acquired a 22.5% indirect stake in Allied Marine & Equipment Sdn. Bhd. to access the sub-sea engineering market in Malaysia. Acquisitions of this nature will be pursued in the coming years.

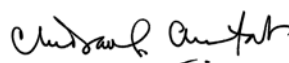
An Exciting Future Ahead Of Us

The shipping and offshore services businesses are experiencing an unprecedented shortage of skilled people, as demand remains strong. At TTA, we are fortunate to have 1,965 talented and dedicated employees who understand our mission. Ultimately, our success in building our business is linked to delivering consistent and high quality service to all stakeholders.

Our beginnings in dry bulk shipping will always remain a source of pride. But today, TTA is much more than dry bulk shipping. We take this opportunity to thank our colleagues around the world for their constructive efforts over the past year. We thank our clients for trusting us with their business and for allowing us to play an increasingly important role in their business activities.

We thank our shareholders for their continued support of our strategic initiatives. A long journey remains, as we attempt to maximise the potential of TTA. Rest assured, we will work very hard to achieve our growth objectives. With our key businesses being in cyclical upturns, our future prospects look brighter than ever.

Yours sincerely,



M.R. Chandram S. Chandratat
Chairman

Audit Committee's Report

The Audit Committee is composed entirely of directors who satisfy applicable Securities and Exchange Commission ("SEC") and Stock Exchange of Thailand ("SET") audit committee independence standards. The Audit Committee includes Mr. Bjorn Ostrom (Chairman), Dr. Siri Ganjarerndee, and Ms. Pratana Manomaiphiboon.

The Audit Committee assists the Board of Directors (the "Board") in fulfilling its responsibilities for general oversight of:

1. The integrity of our financial statements;
2. Our compliance with legal and regulatory requirements;
3. The independent auditors' qualifications and independence; and
4. The performance of our internal audit function and independent auditors.

Furthermore, 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.

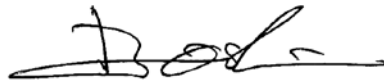
In line with the above principles, the Audit Committee's major roles and responsibilities include:

- **Financial Reporting:** The Audit Committee reviewed the interim and annual financial statements for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with the SET, and other legal requirements.
- **External Audit:** The Audit Committee discussed with the external auditor the audit plan and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and management's responses thereto; and reviewed the external auditor's objectivity and independence from management and TTA. The appointment of the external auditor and the audit fee were considered, and recommendations were made to the Board on the selection of TTA's external auditors.
- **Internal Audit:** The Audit Committee reviewed the scope of internal audit work and its audit programmes, reviewed the major findings during the year and management's responses thereto, and ensured the adequacy of the internal audit function.
- **Risk Management:** The Audit Committee reviewed the effectiveness of TTA's material controls, including financial, compliance, and risk management control, to safeguard shareholders' investments and TTA's assets.
- **Interested Person Transactions:** The Audit Committee reviewed interested person transactions to ensure compliance with the SET and other legal requirements.

During the financial year that ended on 30 September 2007, the Audit Committee convened ten (10) meetings to review accounting systems, internal control systems, and quarterly and annual financial reports before proposing them to the Board and for public dissemination. The review of all matters is based on independent consideration by discussion and exchange ideas with external auditors, related management, and internal auditors. In addition, minutes of all Audit Committee meetings were furnished to the Board for consideration and acknowledgement in the quarterly Board meetings.

In conclusion, the Audit Committee is of the opinion that TTA's operations during the previous year had reasonable and sufficient internal control systems, the financial reports were prepared in accordance with generally accepted accounting principles, and TTA has complied with relevant laws and regulations. The Audit Committee carried out its duties independently and has full discretion to invite any director or executive officer to attend its meetings. There were no restrictions on the access to information.

For the financial year that will end on 30 September 2008, the Audit Committee has recommended to the Board that Pricewaterhouse Coopers ABAS Limited be re-appointed as the Company's 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 Shareholders to be held in January 2008.



(Mr. Bjorn Ostrom)
Chairman of the Audit Committee

Board of Directors

(From left to right)

**M.R. Chandram S. Chandratat, M.L. Chandchutha Chandratat, Mr. Stephen Fordham,
Dr. Pichit Nithivasin, Mr. Bjorn Ostrom,**



(From left to right)

**Mr. Sak Euarchukiati, Dr. Siri Ganjarerndee, Mrs. Pratana Manomaiphiboon,
Mr. Lance Karl Depew, Mr. Andrew Airey, Mr. Anders Soedergren**



Board of Directors

M.R. Chandram S. Chandratat

age 77

Chairman

Percentage of Shareholding: 0.08

M.R. Chandram S. Chandratat has been the Chairman of TTA since 1994 and was the Chairman of the Board's Audit Committee from 2001 to 2005. His professional experience includes serving as the Deputy General Manager at the Bank for Agriculture and Agricultural Cooperatives from 1982 to 1985 and as Director General of the Government Savings Bank from 1985 to 1990. He has been the Managing Director of C.S. Capital Ltd. since 1991. He has also held positions as the Chairman of the Executive Board of Capital Nomura Securities Plc from 1990 to 1992, a Director of United Palm Oil Industry Plc ("UPOIC") from 1992 to 2004, including being the Chairman of UPOIC from 2001 to 2002. He holds a Bachelor of Arts (Honours) in Economics from the University of Cambridge.

M.L. Chandchutha Chandratat

age 41

Managing Director

Percentage of Shareholding: 0.03

M.L. Chandchutha Chandratat joined TTA in February 2005 as the Managing Director. His professional experience includes serving as an Assistant Vice President, Capital Markets Credit Department in Bank of America, San Francisco (U.S.) from May 1989 to July 1991, an Assistant Vice President, Treasury Department in Bank of America, Hong Kong from August 1991 to May 1993, an Assistant Vice President, Treasury Department in Bank of America, Bangkok from May 1993 to May 1994, a Senior Vice President, Project Department at Bangkok Bank Plc from June 1994 to January 2000, and Vice President, Asia Credit Trading Group of J.P. Morgan, Hong Kong from February 2000 to March 2002. 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. Since March 2005, he has also been appointed a Director of each of the subsidiaries in the Group. He received his M.B.A. from the University of California at Berkeley in 1989 and his B.S. (magna cum laude) in Economics from the University of Minnesota in 1987.

Mr. Stephen Fordham

age 56

Independent Director, Nomination Committee Chairman

Percentage of Shareholding: 0.00

Mr. Stephen Fordham was appointed a Director of TTA in January 2007. He is a trained lawyer, having served as an Articled Clerk at Norton Rose Botterell & Roche, London from 1974 to 1976, an Assistant Solicitor at Baker & McKenzie in Hong Kong from 1976 to 1977 and in Bangkok in 1978, an Assistant Solicitor at Clifford Turner from 1979 to 1983, an Assistant Solicitor at Sinclair Roche & Temperley, where he also served as Partner from 1986 to 1998. From 1998 to 2000, he was the Managing Director of Argonaut Shipping Pte Ltd and from 1998 to 2003, he was a Consultant at Watson Farley Williams. He has been the Chairman of Masterbulk Pte Ltd since 1995 and a Partner at Wikborg Rein since 2003. Mr. Fordham holds a Masters of Arts in Jurisprudence from Oxford University.

Dr. Pichit Nithivasin

age 61

Independent Director, Remuneration Committee Chairman, Member of Nomination Committee

Percentage of Shareholding: 0.00

Dr. Pichit Nithivasin was appointed a Director of TTA in January 2006. He is currently the Managing Director in B.I.G Marketing Co., Ltd. (since August 1989) and Bangkok Cogeneration Co., Ltd. (since April 1996). He has held directorships at Narai Hotel Co. (since 1988), Polymers Marketing Co., Ltd (since December 1988), Thai MMA Co., Ltd. (since 1997), Rayong Olefins Co., Ltd. (since December 1995), Thai MMA Co. Ltd (since January 1997), Basell Advance Polyolefins (Thailand) Co., Ltd. (since 1997), Map Ta Phut Tank Terminal Co., Ltd. (since April 1998), and PTT Chemical Plc (since December 2005). He has been the President of Bangkok Synthetics Co., Ltd. (since January 1991), the Chairman of Foamex Asia Co., Ltd (since 1997), President of BST Elastomers Co., Ltd. (since December 1999), and a director of HMC Polymers Co., Ltd. (since 1983). Dr. Nithivasin holds a Ph.D in Operations Research, a Masters in Science in Industrial Engineering and Operations Research, a Masters in Science in Electrical Engineering and Computers, and a Bachelor of Science of Industrial Engineering, all from the University of California at Berkeley, USA.

Mr. Bjorn Ostrom

age 61

Independent Director, Audit Committee Chairman
Percentage of Shareholding: 0.00

Mr. Bjorn Ostrom joined TTA in October 2000 and has been a Director and Chairman of the Board's Audit Committee since January 2005. His professional experience includes serving as a Senior Executive in Hambros Bank, London from 1975 to 1979, and a Director Adjoint, Banque de la Société Financière Européenne Paris from 1979 to 1984. Prior to joining TTA, he was a Director of Asia Shipping Group, PK Christiania, Hong Kong from 1985 to 1986, an Executive Vice President of Christiania Bank, Singapore Branch from 1986 to 2000. He has also served as a Counsellor in the Singapore Shipping Association. Mr. Ostrom holds a Bachelor of Law from Stockholm University.

Mr. Sak Euarchukiati

age 58

Independent Director, Member of Nomination Committee and Remuneration Committee
Percentage of Shareholding: 0.00

Mr. Sak Euarchukiati was appointed as Director of TTA on 15 May 2007. His professional experience includes serving as a Credit Officer at Continental Illinois Thailand, Ltd. from 1973 to 1974, and at the Bank of Asia Pcl. as a Credit Officer from 1975 to 1977, a Vice President from 1977 to 1986, a Senior Vice President from 1986 to 1991, and an Executive Vice President from 1991 to 1998. Prior to joining TTA, he was the President of the Institute of Internal Audit of Thailand from 2003 to 2004 and the Compliance and Internal Audit Leader of GE Money Finance Pcl. (Thailand) from 2004 to 2005, where he also served as a Director from 2005 to 2006. He has also held a directorship at the Thai Plastic & Chemical Plc. since 1990. Mr. Euarchukiati holds a Bachelor of Science (Management Science) from Colorado State University, USA.

Dr. Siri Ganjarerndee

age 59

Independent Director, Member of Audit Committee, Nomination Committee, and Remuneration Committee
Percentage of Shareholding: 0.00

Dr. Siri Ganjarerndee was appointed a Director of TTA in January 2007. He is also a member of the Board's Audit Committee. His professional experience includes serving as an Assistant Governor, Bank of Thailand from 1992 to 1997, and then the Senior Assistant Governor in 1998. He has been an Advisor to the Board of TSFC Securities Limited since 1996 and the President and Chief Executive Officer of the Thai Military Bank in 2003. He has held independent directorships with Land and Houses Plc since 2001, Indorama Polymers Plc since 2004, and Prasit Patana Plc since 2005. He also serves as Chairman of the Audit Committee and Director of The Post Publishing Plc and the Vice Chairman and Member of the Audit Committee of Thai Vegetable Oil Plc. Dr. Ganjarerndee holds a Ph.D in Monetary Economics and Econometrics from Monash University, Australia, a Masters in Economics in Economic Statistics and Monetary Economics, and a Bachelor in Economics (Honours) from the University of Sydney, Australia.

Mrs. Pratana Manomaiphiboon

age 43

Independent Director, Member of Audit Committee
Percentage of Shareholding: 0.003

Mrs. Pratana Manomaiphiboon was appointed a Director of TTA in January 2007. She is also a member of the Board's Audit Committee. She is an auditor by training, having served in the Chief Finance Section of USAID/Thailand from 1986 to 1988, as a Finance and Accounting Manager at Thai Airport Ground Service Co., Ltd from 1990 to 1992, and as a Vice President, Finance and Accounting in Central Pattana Plc. She has been the Chief Financial Officer and Director of Minor Corporation Plc since 1999 and the Chief Financial Officer and Director of Minor International Plc since 1998. Mrs. Manomaiphiboon holds a Masters Degree in Business Administration from Thammasat University.

Mr. Lance Karl Depew

age 43

Director

Percentage of Shareholding: 0.18

Mr. Lance Karl Depew was appointed a Director of TTA in January 2002. His professional experience includes serving as a Senior Consultant, KPMG Peat Marwick from 1989 to 1992, and an Equity Research Intern at the Trust Company of the West, U.S.A. from 1993 to 1994. He has been a Portfolio Manager at Quest Management Inc. since 1994, a Managing Partner of Uluwatu Partners International LLC since 2000, and a General Partner of Railay Capital Partners, L.P. since 2002. Mr. Depew holds an M.B.A. from the University of California at Los Angeles and a Bachelor of Science (cum laude) in Business Administration-Finance from California State University, Northridge USA.

Mr. Anders Soedergren

age 40

Director

Percentage of Shareholding: 0.007

Mr. Anders Soedergren was appointed a Director of TTA in January 2006 and has been the Commercial Director of TCB since April 2005. Mr. Soedergren joined the Group in 1995 as a Ship Broker in FTL, and in 1996, he was promoted to Chartering Manager of TCB. He has also been a Director of Thoresen Chartering (Pte) Ltd. and Thoresen Chartering (HK) Limited since 2003. In March 2005, he was appointed a Director of TCB and Fearnleys Thailand. Mr. Soedergren trained at Nykoebing F. Commercial College, Denmark.

Mr. Andrew Airey

age 53

Director

Percentage of Shareholding: 0.00

Mr. Andrew Airey was appointed a Director of TTA in January 2006. He joined TCB as Fleet Manager, a position he held from 1997 to 2004. He took on a more strategic role as Fleet Director in 2004. He became a director of Mermaid in 2005, where he served as interim Managing Director in 2006. Prior to joining TTA, Mr. Airey's professional experience in the maritime industry includes serving as Offshore Installation Manager/Captain, Atlantic Drilling Company Co., Ltd., Benline Group, Scotland, from 1988 to 1991, and as Assistant General Manager, Navigo Management Company, Schulte Group, Cyprus, from 1991 to 1993, where he later served as Business Development Manager from 1993 to 1997. He holds a Diploma in Management of Ship Operations from the University of Strathclyde, Scotland in 1991.

Executive Officers



1. M.L. Chandchutha Chandratat (41) has been the Managing Director and Chief Executive Officer of TTA since 2005. His biography appears in the section "Board of Directors".

2. Ms. Nuch Kalyawongsa (54) joined TTA in 1987 as Chief Accountant of Thoresen & Company (Bangkok) Limited. She was promoted to General Manager, Finance/Accounting of TTA in 1990 and later was promoted to Director, Group Finance/Accounting in 2005. She is also a director of TCB. She received a Masters of Science in Accounting from Thammasat University and a Bachelor of Accounting from Chulalongkorn University.

3. Mr. Pongsak Kanchanakpan (55) joined TTA 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 TCB, ISS Thoresen Agencies Ltd., GAC Thoresen Logistics Ltd., and Thai P&I Services International Ltd. He received a Masters in Science in Library Science from the University of Missouri, U.S.A. in 1978, a Masters in Science in Political Science from Eastern New Mexico University, U.S.A. in 1976, and a Bachelor of Arts in Political Science from Thammasat University in 1974.

4. Mr. Andrew John Airey (53) has been the Fleet Director of TTA since 2004. His biography appears in the section "Board of Directors".

- 1. M.L. Chandchutha Chandratat**
Managing Director, TTA
- 2. Ms. Nuch Kalyawongsa**
Director, Group Finance/Accounting
- 3. Mr. Pongsak Kanchanakpan**
Director, Group Personnel/Administration
- 4. Mr. Andrew John Airey**
Fleet Director
- 5. Capt. Yodchai Ratanachiwakorn**
Fleet Manager
- 6. Mr. Ivar Harald Saus**
Director, Liner Services
- 7. Mr. Anders Soedergren**
Commercial Director
- 8. Mr. Helge Bruns**
Managing Director, Fearnleys (Thailand) Ltd.
- 9. Capt. Chamnan Chomsoonthorn**
Managing Director, Chidlom Marine Services & Supplies Ltd.
- 10. Capt. Wijit Gulwarottama**
Managing Director, T.S.C. Maritime Ltd. and Managing Director, Asia Coating Services Ltd.
- 11. Mr. David S. Simpson**
Managing Director, Mermaid Maritime Public Company Limited
- 12. Mr. Frank A.N. Teeuwen**
Operations Manager, TCB; Executive Director, Thai P&I Services International Ltd.
- 13. Mr. William Arthur Wilcox**
Managing Director, ISS Thoresen Agencies Ltd.



5. Capt. Yodchai Ratanachiwakorn (47) was appointed Fleet Manager of TCB in 2006 and is responsible for the daily operations of the Group's dry bulk shipping fleet. He joined TTA in 1990 as Master Mariner and was promoted to Crew Manager in 1992, Maritime Operation Manager in 1994, and General Manager-Marine in 1996, before assuming his present role as Fleet Manager. Capt. Yodchai holds a Bachelor's degree from the Merchant Marine Training Centre and a Master's degree in Public and Private Management Administration from the National Institute of Development Administration.

6. Mr. Ivar Harald Saus (59) joined TTA in 1974 as Chief Officer and was later promoted to Captain. In 1980, he joined TCB 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 Thoresen Shipping FZE and Shanjah Ports Services LLC.

7. Mr. Anders Soedergren (40) has been the Commercial Director of TTA since 2005. His biography appears in the section "Board of Directors".

8. Mr. Helge Bruns (41) 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.

9. Capt. Chamnan Chomsoonthorn (43) joined TTA 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 a Class 1, Master Mariner of Foreign Going Vessels and Navigation diploma from the Merchant Marine Training Centre of Thailand.

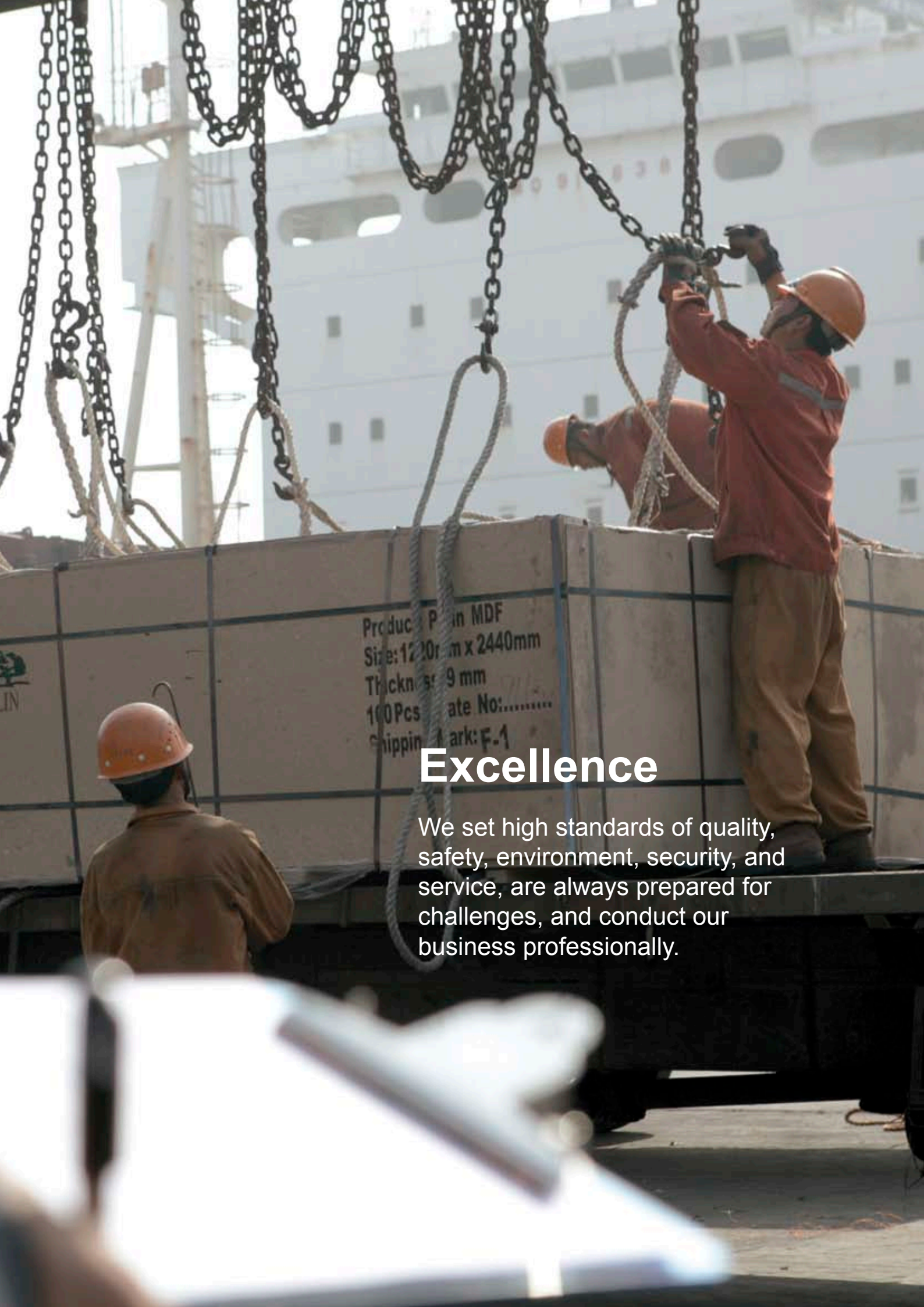


10. Capt. Wijit Gulwarottama (48) joined TTA in 2006 as Deputy General Manager of T.S.C. Maritime Ltd. after 15 years in senior positions in general cargo, container terminal, and harbour towing businesses in the port of Map Ta Phut, Thailand. In 2007, he was promoted to Managing Director of T.S.C. Maritime Ltd. and Managing Director of Asia Coating Services Ltd. Capt. Wijit holds a Master's of Business Administration from Burapha University in 2004, and received a Class 1, Master Mariner of Foreign Going Vessels and Navigation, diploma from the Merchant Marine Training Centre.

11. Mr. David S. Simpson (47) joined Mermaid Maritime Public Company Limited in 2006 as Managing Director. 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 has served in a variety of roles including Operations, Safety, Marketing, Technical Support, General Manager, and Managing Director.

12. Mr. Frank A.N. Teeuwen (48) joined TTA in 1998 as Operations Manager for the Tramp Division and Contract Manager for TCB. 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.

13. Mr. William Arthur Wilcox (56) joined TTA in 1996 as General Manager of the agency division, after 17 years in senior positions in major ship agency companies in Kenya, Thailand, the United States, and the United Arab Emirates. 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.



Product: Plain MDF
Size: 1220mm x 2440mm
Thickness: 9mm
100Pcs Date No:.....
Shipping Mark: F-1

Excellence

We set high standards of quality, safety, environment, security, and service, are always prepared for challenges, and conduct our business professionally.

The Thoresen Group

Thoresen Thai Agencies Public Company Limited (“TTA” or the “Company”) is one of the leading integrated maritime business groups in South-East Asia. TTA and its subsidiaries (the “Group”) have provided shipping-related services since 1904, dry bulk shipping services since 1985, and offshore oil and gas services since 1995. As of 30 September 2007, TTA owned a fleet of forty-five (45) general cargo and dry bulk vessels operating on a global scale, with plans to expand and renew the fleet during the next three to five years. The Group also owned a fleet of four offshore support vessels and two tender drilling rigs, with plans to expand the fleet during the next two to three years.

The Group is led by an international management team with a total two hundred forty-five (245) years of work experience and an average of approximately twenty-two (22) years of work experience per senior manager. As of 30 September 2007, TTA acted as the holding company for sixty-six (66) consolidated subsidiaries and three (3) affiliates. TTA’s shares have been listed on the Stock Exchange of Thailand (“SET”) since 1995, and TTA is a member of the SET 50 Index, which is comprised of the fifty largest listed companies in Thailand, by market capitalisation.

Table 1 : TTA Business Groups

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

The Group is organised into three core business groups: the Dry Bulk Shipping Group, the Offshore Services Group, and the Shipping Services Group.

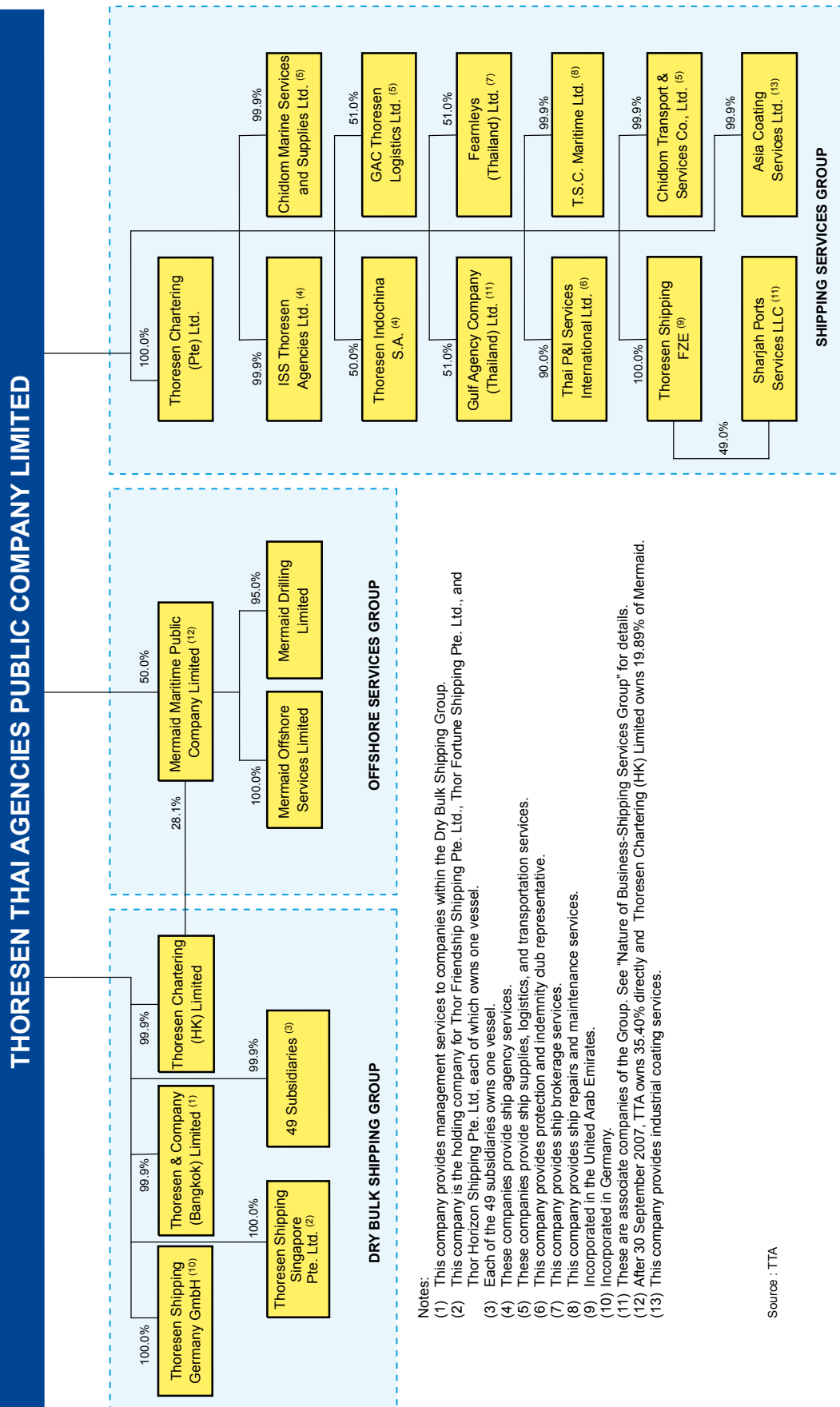
The Dry Bulk Shipping Group provides services to major dry bulk and container vessel owners and operators, trading companies, logistics companies, and contractors. As at 30 September 2007, TTA’s fleet of forty-five (45) general cargo and dry bulk vessels comprised thirty (30) Handysize and fifteen (15) Handymax vessels, with an additional six (6) Handymax vessels chartered-in through 2010. The Dry Bulk Shipping Group provides both liner and tramp services. The Dry Bulk Shipping Group’s liner services provide regular services along major voyage routes from South-East Asia and China to the Persian Gulf, the Red Sea, and the Mediterranean Sea, while the Dry Bulk Shipping Group’s tramp services operate with no fixed schedules and according to the bespoke requirements of TTA’s clients. The Dry Bulk Shipping Group’s liner and tramp services segments complement each other, as vessels being used on the liner services on their outbound voyages to the Middle East may frequently be used to provide tramp services on their return voyages. The tramp services are operated under period time charters, contracts of affreightment, short-term fixed contracts, and spot rate contracts.

The Offshore Services Group provides offshore oil and gas related services, particularly sub-sea engineering and contract drilling, through its fleet of four (4) offshore support vessels and two (2) tender drilling rigs. The Offshore Services Group also chartered-in two (2) offshore support vessels through 2010. The Offshore Services Group operates primarily in South-East Asia. Mermaid Maritime Public Company Limited (“Mermaid”) is the main operating and holding company for the Offshore Services Group. As of 30 September 2007, TTA owned 78.09% of Mermaid, but after its initial public offering of shares and listing on the Singapore Exchange Securities Trading Limited (“SGX”), TTA currently owns 55.29% of Mermaid.

The Shipping Services Group provides shipping-related services, including ship agency services in Thailand, Vietnam, and the United Arab Emirates, vessel supplies, stevedoring services, warehouse rentals and logistics in Thailand, and ship brokerage services around the region.

The next chart depicts the Group’s corporate structure as of 30 September 2007.

Chart 2 : TTA Corporate Structure



Competitive Strengths of the Group

The Group's success depends on prudent and efficient management of its core business groups and their operations in such a manner as to enable it to continuously renew or expand its fleet, improve its service offerings, and service its debt repayments. The Group has the following competitive strengths:

- **Integrated Maritime Business Services Provider:** The Group is one of the leading providers of international integrated maritime business services headquartered in Thailand. The Group has a diversified business portfolio encompassing dry bulk shipping, offshore drilling and sub-sea engineering services, and a range of ancillary shipping-related services. The Group maintains one of Thailand's largest and most diversified vessel portfolios, comprising forty-five (45) general cargo and dry bulk vessels, four (4) offshore support vessels, and two (2) tender drilling rigs (excluding chartered-in vessels). The diversification of activities allows the Group to reduce the cyclical nature and uncertainty of its cash flows. For instance, the Group's drilling business services the upstream sector, while the sub-sea engineering business typically services the downstream sector, thereby seeking to reduce the volatility in its earnings. In addition, the cargo carried by the dry bulk fleet is highly diverse in nature, thereby reducing the Group's exposure to individual commodity cycles. A diversified mix of spot rate and charter contracts reduces the volatility of earnings, while retaining an upside element from any increase in spot rates.

- **Established and Growing Presence in its Niche Markets:** The Group has historically provided liner services from Asia to the Middle East, and even after its recent dry bulk fleet expansion, liner service revenues still contributed 38% of the Group's net voyage revenues in 2007 and accounted for approximately 37% of all available vessel days of the Dry Bulk Shipping Group. Being headquartered in Thailand enables the Group to leverage its geographical base to serve the region and has allowed the Group to establish a strong presence on the China, South-East Asia, and Middle East routes, where it has become a key player. In addition, through Mermaid, the Group is one of the first companies to focus on serving clients in the niche tender drilling rig market and sub-sea engineering segment in South-East Asia. The Group believes that focusing on niche markets will enable it to maintain its competitive position.

- **Versatile and High Quality Fleet and Services:** The Dry Bulk Shipping Group maintains a fleet of thirty (30) Handysize and fifteen (15) Handymax carriers. Eighteen (18) of these vessels are tween deckers and twenty-seven (27) of these vessels are dry bulk carriers, which ensure that the vessels can carry a broad range of cargoes and may be used interchangeably for different types of liner and tramp services, according to varying client requirements. The Group spends a significant amount of funds to ensure the Group's vessels are maintained in a condition that exceeds the minimum requirements imposed by the classification societies. The Offshore Services Group maintains a fleet of two (2) tender drilling rigs which provide drilling services, and four (4) offshore support vessels which provide sub-sea inspection, repair and maintenance services, light construction services, and emergency repair and call out services, primarily in South-East Asia. The Offshore Services Group owns its drilling and sub-sea engineering assets, enabling it to provide excellent customised services to its clients, to maintain better control of its operating costs and to provide competitive market pricing, resulting in strong brand recognition and long-term client relationships for the Offshore Services Group. The Dry Bulk Shipping Group and Offshore Services Group also charter-in vessels from time to time, giving flexibility to increase capacity without incurring additional capital expenditure. In addition, the Dry Bulk Shipping Group intends to purchase at least ten (10) newbuild vessels, and the Offshore Services Group intends to purchase at least one newbuild tender drilling rig and one newbuild support vessel over the next few years. Furthermore, the Group believes its strong emphasis on safety, supported by a strong technical team and the value-added services provided by the Shipping Services Group, enables the Group to continue to maintain its solid track record and minimise the likelihood of any accidents.

- **Client-centric Infrastructure and Service Network:** The Dry Bulk Shipping Group has established an effective regional network of agents and offices in each of its key markets, including China, India, Vietnam, Singapore, United Arab Emirates, and Germany. The Dry Bulk Shipping Group has also developed strong relationships with many

international ports, where the Group enjoys priority privileges to conduct its business. The Dry Bulk Shipping Group is able to leverage its network of agents and offices and its port relationships to serve its clients, many of whom are long-term and provide repeat business. The Offshore Services Group operates a world-class facility in Chonburi, Thailand and has established shore-based support functions in Malaysia (Kuala Lumpur), Thailand, (Songkhla) and Indonesia (Jakarta) to support the expansion of its operations, and has also appointed local agent representatives in its primary client markets, enabling it to develop strong relationships with major oil and gas companies operating in the region.

● **Strong and Diversified Portfolio of Clients:** The Dry Bulk Shipping Groups serves a diversified portfolio of more than six hundred (600) clients, including leading international traders, reputable vessel owners and operators, major commodity producers, and government-owned companies. With the top ten (10) clients accounting for only 29% of total voyage revenues as of 30 September 2007, the Dry Bulk Shipping Group's revenue dependency on clients is low. The Offshore Services Group has built a reputation with its client base in South-East Asia as one of the leading providers of sub-sea engineering and tender drilling services, consistently delivering high quality services safely and efficiently to high quality counterparties such as Amerada Hess, Chevron, British Petroleum, and Exxon Mobil.

● **Expandable Business Model:** The Group first began in 1904 as a small shipping services provider to Norwegian companies along the coast of China. Since then, the Group has demonstrated the adaptability and expandability of its business model by growing its services and operations base to include liner services and offshore services, amongst others. The Group has built a solid operational platform that can be leveraged for further expansion. In addition, the Group has a broad set of competencies and skills.

● **Strong Financial Performance:** The Group's strong financial performance is evidenced by the increase in its total operating revenues from Baht 3,546.9 million for the financial year that ended on 30 September 2002 to Baht 20,356.1 million for the financial year that ended on 30 September 2007 and EBITDA from Baht 794.7 million to Baht 6,995.0 million during the same period. Moreover, the Group follows a conservative business strategy in terms of its leverage, as measured by its total debt to EBITDA ratio, which has decreased from 3.0 in 2002 to 1.3 at the end of 2007, reflecting successful execution of its business strategy and a positive financial track record. Thus, the Group believes that its strong financial position puts it in good stead to take advantage of any subsequent decline in vessel prices by making acquisitions at favourable prices.



Strategy of the Group

The Group is a growth-oriented maritime business and intends to further expand its three core business groups. The key components of the Group's growth strategy will be to (a) continuously upgrade, renew, and expand the Dry Bulk Shipping Group's fleet and the Offshore Services Group's fleet through acquisitions in the newbuild and second-hand markets; and (b) to identify expansion opportunities in new geographic areas and services (such as the previous diversification into offshore oil and gas services) which will enable it to leverage its competitive strengths, or which are a natural extension of its existing businesses.

TTA's core business strategies are set forth below:

- **Continued expansion of integrated business platform:** The Group plans to strengthen its position as an integrated provider of dry bulk shipping, offshore drilling and sub-sea engineering services, and ancillary shipping-related services. The Group's strategy to build on its integrated business platform also seeks to provide the Group with earnings visibility and reliable cash flow streams in the coming years. It will make additional investments to strengthen existing business lines and selectively expand into complementary market niches. For example, the increasing trend to outsource logistics could lead the Group to increase investments in its Shipping Services Group. The Group has embarked on a gradual dry bulk shipping fleet acquisition and renewal plan. The Group also plans to continue to acquire new assets, particularly tender drilling rigs and offshore support vessels, to serve the offshore oil and gas industry, where it sees significant opportunities for growth in its primary focus area of South-East Asia. As increasing safety standards continue to be demanded globally, the Group's emphasis on quality and safety, and its operational track record, provide it with a competitive advantage in its areas of business. In addition, the Group has sought to position itself to benefit from the expected growth in demand for sub-sea engineering services, an industry in which it has relatively few competitors.

- **Continued diversification of fleet employment, product utilisation, and clientele:** The Dry Bulk Shipping Group's fleet utilisation strategy focuses on continued diversification of its revenue sources. The Dry Bulk Shipping Group intends to maintain a balanced mix of liner and tramp services, which it believes will ensure lower exposure to volatility in tonnage demand. Vessels will continue to carry varied cargo products, as demonstrated by the 13.32 million tonnes of mixed cargo carried by its vessels for the financial year that ended on 30 September 2007, comprising mineral concentrates (approximately 25%), steel products (approximately 22%) paper and wooden products (approximately 17%), fertiliser (approximately 17%), agricultural products (approximately 11%) and general cargoes (8%). Moreover, the Dry Bulk Shipping Group will seek to maintain its low client concentration to reduce operational and financial risk. Besides having a diversified clientele by servicing both the upstream and downstream sectors, the Offshore Services Group is aiming to maintain a mix of long-term drilling services contracts and short-term sub-sea engineering contracts, which will enable it to further reduce the volatility in its revenues.

- **Focused dry bulk shipping fleet acquisition and renewal plan:** Given the Dry Bulk Shipping Group's growing client base and high utilisation rates, it has undertaken a programme of renewing its fleet to position itself within the market as a provider of younger and higher capacity vessels. In 2007, the Dry Bulk Shipping Group expects the fleet renewal plan to contribute towards higher operating efficiencies and profitability by increasing fleet capacity and thus facilitating business expansion. The Dry Bulk Shipping Group has become increasingly focused on acquiring newbuild vessels, while it had previously targeted primarily mid-life second-hand vessels for acquisition.



In 2007, the Dry Bulk Shipping Group committed to five (5) newbuild dry bulk vessels (each with a capacity of approximately 53,000 deadweight tonnes ("dwt")) at an expected capital cost of Baht 6,688.98 million, of which it expects to take delivery between 2009 and 2011. However, the Group will continue to make acquisitions of both second-hand and newbuild vessels on an opportunistic basis.

● **Maximising the useful life of the dry bulk shipping fleet:** In addition to its fleet acquisition and renewal programme to expand its fleet, the Dry Bulk Shipping Group also plans to extend the economically useful life of a number of vessels in its existing fleet. This would allow vessels to operate longer, which maximises their earnings power and is especially attractive in the current high charter rate market environment. The Dry Bulk Shipping Group plans to achieve this by devoting significant resources for capital expenditure in order to maintain vessels in a condition that exceeds the minimum requirements imposed by classification societies. For example, the Dry Bulk Shipping Group plans to spend US\$ 21.3 million and US\$ 12.9 million in 2007 and 2008, respectively, when twenty-two (22) and fourteen (14) vessels respectively, will undergo dry-docking and special surveys. By 2011, twenty-four (24) of the Dry Bulk Shipping Group's existing forty-five (45) vessels will reach the age of twenty-five (25) years.

● **Taking advantage of new technologies and introducing new working practices:** The Group is currently engaged in the first phase of upgrading its information technology systems. The first phase is scheduled to take 18 months and costs approximately Baht 100 million. This upgrade is targeted at streamlining internal operating processes and is expected, inter alia, to improve ship-to-shore communications and enhance the speed of data analysis systems. With a view to further increasing productivity, TTA is also in the process of implementing a performance-related pay system, which it plans to roll out initially amongst senior management and then gradually throughout the entire Group.

TTA's Business Areas

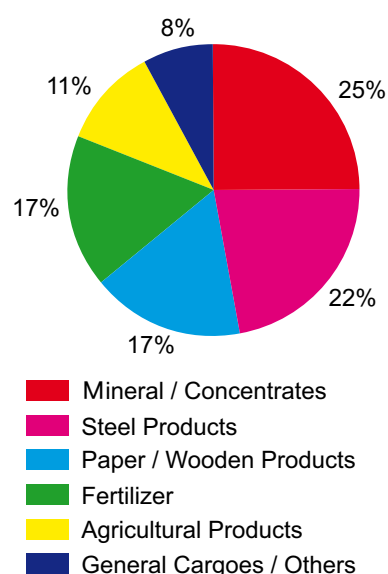
The Group's business is organised according to three business areas: the Dry Bulk Shipping Group, the Offshore Services Group, and the Shipping Services Group.

Dry Bulk Shipping Group

The Group is one of the largest Thai-based owners of general cargo, Handysize, and Handymax dry bulk vessels. Its vessels range in size from 16,211 to 52,375 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.

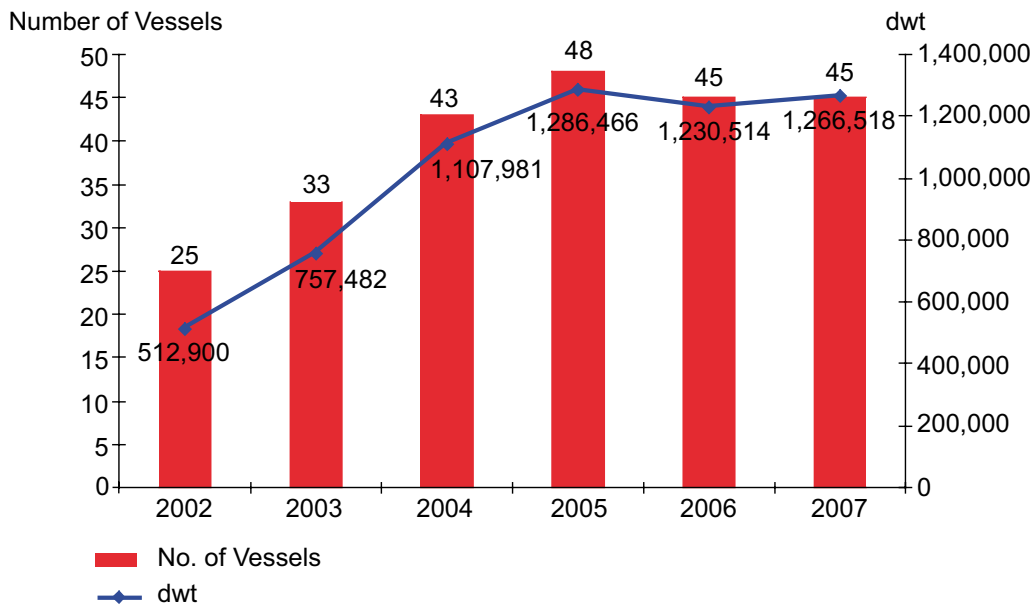
In 2007, the Group acquired one second-hand vessel and ordered five newbuild vessels, each with an average capacity of 53,000 dwt, for delivery between 2009 and 2011. As of 30 September 2007, the Group's fleet, which is owned by subsidiaries within the Dry Bulk Shipping Group, had a total cargo carrying capacity of 1,266,518 dwt, an average size of 28,145 dwt, and a dwt-weighted average age of 18.04 years. The size of the fleet grew from twenty-five (25) vessels in 2002 to forty-five (45) vessels as of 30 September 2007, and from a cargo-carrying capacity of 512,900 dwt to 1,266,518 dwt over the same period. The following chart summarises our fleet development from 2002 to 2007.

Chart 3 : FY 2007 Cargoes



Source: TTA

Chart 4 : Dry Bulk Fleet Development



Source: TTA

The Dry Bulk Shipping Group's operations comprise (a) the liner services segment, where vessels are hired for predetermined voyages, calling at pre-announced ports, according to specific routes and regular schedules, and (b) the tramp services segment, where vessels are hired according to time charters or contracts with variable terms. Liner services tend to deliver more stable earnings for the Group than tramp services.

The Fleet

The dry bulk fleet consists of vessels that are owned by subsidiaries within the Dry Bulk Shipping Group. TCB handles the operations of the vessels within the Dry Bulk Shipping Group. The vessel configurations include tween-deckers and open-hatch box-shaped and conventional bulk vessels. Although such vessels may be used interchangeably, each vessel design has certain advantages, as set forth in the table below:

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 conventional bulk vessel is, as the name implies, the most suitable design to carry conventional bulk cargoes.

The following tables present summary information on the composition of the dry bulk fleet as of 30 September 2007.

Table 3 : Fleet Structure

Number of Vessels					
	Owned Vessels	Chartered-in Vessels	Vessels to be Delivered on Charter	Newbuild Vessels on Order	Total
Handysize	30	-	-	-	30
Handymax	15	4	2	5	26
TOTAL	45	4	2	5	56

Dwt-Weighted Average Age of Vessels					
	Owned Vessels	Chartered-in Vessels	Vessels Waiting to be Delivered	Newbuild Vessels on Order	Total
Handysize	21.69	-	-	-	21.69
Handymax	14.34	3.76	-	-	11.65
TOTAL	18.04	3.76	-	-	15.97

Source: TTA



Table 4 : Dry Bulk Fleet List

TWEEN DECKERS							
	Vessel Name	Original Delivery Date	DWT	Age	Design	Classification	
1	Thor Sailor	21/03/1986	16,248	21.54	TD-15A	ABS	
2	Thor Sea	28/04/1986	16,248	21.44		LR	
3	Thor Skipper	04/11/1986	16,211	20.92		LR	
4	Thor Sky	18/12/1986	16,225	20.80		LR	
5	Thor Spirit	11/06/1986	16,248	21.32		LR	
6	Thor Star	22/11/1985	16,248	21.87		BV	
7	Thor Sun	04/07/1986	16,223	21.25		LR	
8	Thor Mariner	18/01/1983	17,298	24.72	Multi-Purpose	LR	
9	Thor Master	02/08/1982	17,298	25.18		LR	
10	Thor Merchant	01/11/1982	17,326	24.93		BV	
11	Thor Mercury	03/07/1984	17,322	23.26		BV	
12	Thor Navigator	29/03/1987	20,358	20.52	Passat	LR	
13	Thor Nautica	09/12/1988	20,542	18.82		BV	
14	Thor Neptune	01/03/1989	20,377	18.59		GL	
15	Thor Nexus	01/01/1989	20,377	18.76		GL	
16	Thor Nautilus	06/05/1988	20,457	19.41		BV	
17	Thor Nectar	01/01/1990	20,433	17.76		GL	
18	Thor Nereus	01/01/1988	20,380	19.76		GL	
BULK CARRIERS							
	Vessel Name	Original Delivery Date	DWT	Age	Design	Classification	
19	Thor Pilot	22/05/1986	33,400	21.37	Standard	Bulk < 40,000 dwt	LR
20	Thor Orchid	27/09/1985	34,800	22.02		LR	
21	Thor Lotus	18/02/1985	35,458	22.63		BV	
22	Thor Alliance	27/06/1984	40,940	23.27	Standard	Bulk > 40,000 dwt	LR
23	Thor Venture	14/06/1986	41,824	21.31			DNV
24	Thor Dynamic	30/04/1991	43,497	16.43			BV
25	Thor Integrity	02/04/2001	52,375	6.50			BV
26	Thor Jasmine	22/08/1985	36,633	22.12	Box Shape	Bulk (Box) < 40,000 dwt	DNV
27	Thor Jupiter	18/08/1986	36,992	21.13	Open Hatch / Box Shape		ABS
28	Thor Wave	30/07/1998	39,042	9.18			ABS
29	Thor Wind	18/11/1998	39,087	8.87			ABS
30	Thor Guardian	29/05/1985	41,876	22.35	Box Shape	Bulk (Box) > 40,000 dwt	LR
31	Thor Energy	16/11/1994	42,529	12.88	Open Hatch / Box Shape		NKK
32	Thor Endeavour	11/04/1995	42,529	12.48			NKK
33	Thor Enterprise	28/07/1995	42,529	12.18			LR
34	Thor Harmony	21/03/2002	47,111	5.53			DNV
35	Thor Horizon	01/10/2002	47,111	5.00			LR
36	Thor Champion	01/12/1982	25,150	24.85	Open Hatch / Box Shape	Con-Bulkers (Box)	GL
37	Thor Captain	01/05/1983	25,085	24.43			GL
38	Thor Confidence	24/06/1983	24,900	24.28			GL
39	Thor Commander	01/05/1984	26,140	23.43			GL
40	Thor Tribute	03/01/1985	23,224	22.75	Open Hatch / Box Shape	Wismar (Box)	BV
41	Thor Trader	20/11/1985	24,126	21.87			LR
42	Thor Traveller	30/11/1985	24,126	21.85			LR
43	Thor Transporter	08/08/1986	23,930	21.16			BV
44	Thor Transit	01/12/1986	23,042	20.84			ABS
45	Thor Triumph	30/09/1987	23,245	20.01			LR
TOTAL THORESEN FLEET			1,266,518 DWT				

ABS : American Bureau of Shipping
GL : Germanischer Lloyd

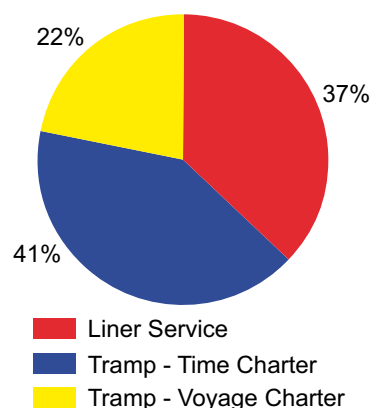
BV : Bureau Veritas
LR : Lloyd's Register

DNV : Det Norske Veritas
NKK : Nippon Kaiji Kyokai

Source: TTA

The vessels are registered in Thailand (with the exception of M.V. Thor Horizon which is registered in Singapore) and owned by separate wholly-owned subsidiaries of TTA. The Group's vessel employment strategy is to optimally service a highly diversified mix of clients and cargoes. TTA aims to achieve a balanced portfolio of liner operations, chartered-out tonnage, and fixing cargoes or short employment periods in the tramp market.

Chart 5 : Fleet Employment by Vessel Days



Source: TTA

Liner Services Segment

The following map illustrates the Group's current liner service routes.



The liner services segment is engaged in the transportation of a variety of palletised dry cargoes. Since its inception, the liner services' major route has been from South-East Asia to the Persian Gulf, the Red Sea, and the Mediterranean Sea. Given China's rapid economic growth, the China to Middle East routes have the largest cargo volumes in our liner network. India now constitutes a major loading point on return journeys into Asia. The Group currently offers three (3) to five (5) liner services per month from China and seven (7) to ten (10) liner services per month from South-East Asia to the Middle East. One of the advantages of liner services is that they tend to deliver more stable earnings as compared to the general tramp services market.

Table 5 : Liner Production Statistics

Route	Number of Voyages		Cargo Volume		% Increase	Principal Cargoes
	2006	2007	2006	2007		
China-Middle East	33	32	1,131,847	1,221,950	7.96%	Wood & Steel Products
Southeast Asia-Middle East	99	116	1,510,741	2,151,941	42.44%	Wood & Steel Products
Others	6		202,335			Wood Products
Total	138	148	2,844,923	3,373,891	18.59%	

Source: TTA

In the liner services segment, vessels call regularly at pre-announced ports. Clients pay a fixed charter rate per revenue tonne of cargo, while the Group pays 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, because liner bookings cover a certain period, usually two to four months in advance. Return journeys of the liner services segment are mostly sourced by way of contracts of affreightment and the tramp services market.

The Group offers liner services to various shippers and manufacturers, which vary from year to year. Due to the rapid growth of key Asian economies such as China and India, the trading patterns and cargo volumes have been increasing significantly. The Group sources cargoes through its network of shipping agents, brokers, and direct discussions with clients.

The Group competes principally with companies which operate similar liner services from South-East Asia and China to the Middle East. TTA has a comparatively smaller fleet than its competitors. However, TTA also provides logistical and shipping services for the Group's clients, in addition to being a tonnage provider, by maintaining high sailing frequencies, and an extensive network of shipping agents, brokers, and clients in Asia Pacific and the Middle East.

The Group was initially a liner services operator, but as its fleet has grown rapidly in the last five years, the portion of the fleet utilised in liner trades has, despite having introduced additional services, gradually declined from more than 65% in 2003 to approximately 37% for the financial year that ended on 30 September 2007.

Tramp Services Segment

The tramp services segment represents the remainder of the Dry Bulk Shipping Group's operations and derives its revenues from:

- voyage, or spot, charters, which are charters based on the current market rate;
- 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; and
- contracts of affreightment, which are forward delivery contracts agreeing to the quantity of cargo to be carried for a client over a specified trade route within a fixed period of time.

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

Table 6 : 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	Paid by TTA	Paid by the client	Paid by the client	Paid by TTA
Vessel operating expenses	Paid by TTA	Paid by TTA	Paid by the client	Paid by TTA
Off-hire	Client does not pay	Varies	Typically paid by client	Typically not paid by client

The Group operates one-way liner services from South-East Asia and China to the Middle East. Given the Group's fleet size, it is not always required to sail vessels straight back to South-East Asia and China. The Group has 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 contracts of affreightment and the tramp market.

Competition in the tramp segment is intense and may be affected by the availability of vessels in sizes that the Group does not currently own and which may also compete in its markets. Due to the large difference in size, Capesize dry bulk carriers rarely compete with Handymax vessels for specific cargoes. Panamax trades resulting in Panamax vessels moving into Handymax trades could intensify competition in the Group's Handysize and Handymax vessels.

The Group enters into period time charter contracts for a substantial portion of its vessels in the tramp services segment. The period time charters range in length from one to three years and provide for fixed semi-monthly payments in advance. A period time charter transaction involves the hiring of a vessel for a fixed period of time and the vessel, including its crew and equipment, are at the service of the charterer. In a typical time charter, the charterer pays the Group 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 remains the Group's 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. In period time charters, the charter rates are typically locked in for a period of twelve (12) to twenty-four (24) months.

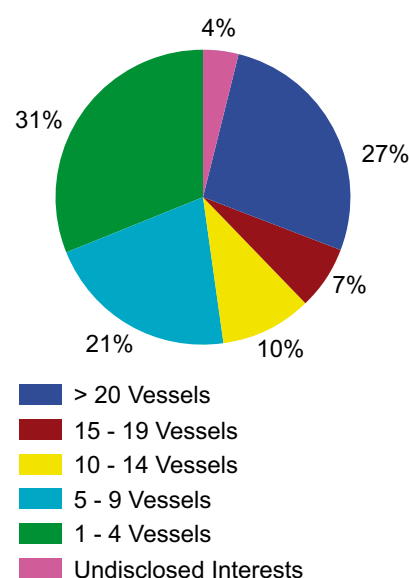
During 2007, approximately 33% of TTA's available capacity was employed on period time charters, and approximately 22% of its available capacity for 2008 has been booked on period time charters. The alternative to chartering vessels is to operate them against forward cargo bookings and cargo contracts. In the spot market, it is possible to take advantage of sudden upturns in the market, as well as being exposed to sudden downturns. The number of vessels the Group operates in the spot market at any time will vary according to its time charter and liner services.

In connection with the charter of each of its vessels, the Group pays commissions to brokers associated with the charter, ranging from 1.25% to 6.25% of the total daily charter hire rate.

The Group's tramp business fluctuates with the supply and demand of dry bulk cargoes for charters on the basis of price, vessel location, size, age, and condition of the vessel, as well as on its reputation as an owner and operator. The Group competes 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 1,163 independent owners with 5,022 vessels.



Chart 6 : Vessel Owners (15,000 - 50,000 dwt)



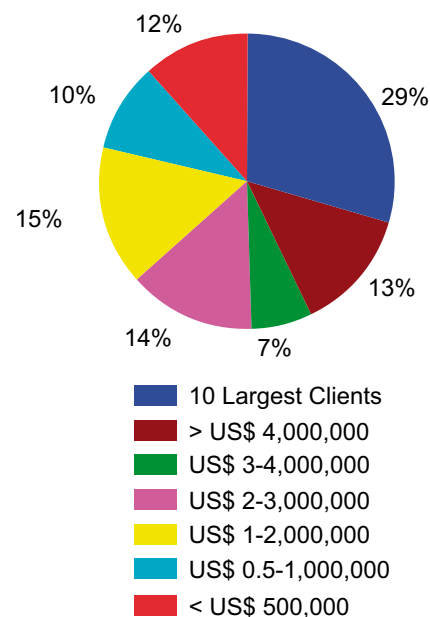
Source: Fairplay World Shipping Encyclopedia

Clients

As the Group manages a mix of liner and tramp services, including period time charters and contracts of affreightment, its clients include a wide range of leading international traders and vessel operators. The Group's 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.

The Group aims to achieve diversified vessel employment for its fleet. For the financial year ended 30 September 2007, the ten (10) largest Dry Bulk Shipping Group clients accounted for 29% of its total charter revenues.

Chart 7 : Freight Revenues (by Client Size)



Source: TTA

Table 7 : Key Liner Competitors

- Hyundai Merchant Marine Co., Ltd.: 1 3 Handysize vessels (301,751 dwt) and 13 Handymax vessels (712,451 dwt)
- STX Pan Ocean Co., Ltd.: 31 Handysize vessels (864,528 dwt) and 19 Handymax vessels (808,289 dwt)
- China Ocean Shipping (Group) Company: 159 Handysize vessels (3.6 million dwt) and 113 Handymax vessels (4.9 Million dwt)

Source: Fairplay World Shipping Encyclopedia

Competitors

The dry bulk shipping business is highly competitive. The Thai domestic market is fragmented, and the Group's competitors have significantly smaller operations than the Group. The international market is also fragmented, and the Group competes with a number of prominent shipping companies in Asia, including STX Pan Ocean Co., Ltd., Hyundai Merchant Marine Co., Ltd., and China Ocean Shipping (Group) Company. Competition is expected to intensify due to the consolidation and expansion of major international carriers and the entry of new competitors as a result of current favourable market conditions.

As discussed in "Competitive Strengths of the Group", the Group's businesses compete in selected markets (South-East Asia, China, India, and the Middle East).

Offshore Services Group

Mermaid Maritime Public Company Limited ("Mermaid") commenced its operations in 1982. TTA became a shareholder in Mermaid in 1995, and as of 30 September 2007, owned 78.09% of Mermaid, comprising 50.00% held by TTA directly and 28.09% held by TTA through its wholly-owned subsidiary, Thoresen Chartering (HK) Limited. TTA's offshore services are undertaken by Mermaid, serving the offshore oil and gas industry in South-East Asia, primarily operating in the shallow waters off Thailand, Indonesia, Malaysia, and Vietnam. Mermaid's operational base is in Chonburi, Thailand, and it has established shore base support functions in Kuala Lumpur, Malaysia, Songkhla, Thailand, and Jakarta, Indonesia, to support its geographical expansion. On 6 August 2007, at an extraordinary general shareholders' meeting, TTA's shareholders acknowledged the Board's approval of the initial public offering of Mermaid. On 16 October 2007, Mermaid was successfully listed on the SGX and raised SG\$ 246 million from its initial public offering of shares. Because TTA did not subscribe for any new shares, TTA's ownership was reduced to 55.29% in Mermaid.

Mermaid was one of the first companies to offer offshore services in Thailand and has become one of only a few comprehensive providers of such services in Asia. Its Thai base has enabled Mermaid to maintain a low cost advantage over its competitors in neighbouring countries. Mermaid operates principally through two business segments: offshore drilling services and sub-sea engineering services.

Mermaid Drilling Ltd. ("MDL"), a 95.00%-owned subsidiary of Mermaid, operates two tender drilling rigs and provides drilling related-services in South-East Asia. MDL's tender drilling rigs are designed for use in water depths up to one hundred (100) metres and are capable of drilling twenty-four (24) hours per day up to depths of 6,100 feet for MTR-1 and 5,900 feet for MTR-2. The tender drilling rigs may also be moored up to depths of 6,500 feet by the use of a pre-laid mooring arrangement.

Sub-sea engineering services are provided through Mermaid Offshore Services Ltd. ("MOS"), a wholly-owned subsidiary of Mermaid, which owns and operates four offshore support vessels and charters-in two support vessels, and provides diving and non-destructive testing services. MOS' 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 diving systems. Some of Mermaid's ROV's are able to operate at depths of up to 1 kilometre. MOS provides varied sub-sea engineering services, including inspection, repair and maintenance, and installation support and commissioning projects.

Since 2003, Mermaid has undertaken an expansion of its sub-sea engineering services by acquiring four vessels: the Mermaid Supporter (in August 2003), the Mermaid Responder (in September 2005), the Mermaid Commander (in October 2005) and the Mermaid Performer (in January 2006). As of 30 September 2007, Mermaid also chartered-in two offshore support vessels until 2010. Mermaid plans to execute purchases of newbuild and second hand tender drilling rigs and/or support vessels opportunistically and potentially as part of the expansion of the Group's offshore services operations. On 22 October 2007, Mermaid contracted a newbuild tender drilling rig, which will be delivered in 2009. On 6 December 2007, Mermaid indirectly acquired a 22.5% stake in Allied Marine & Equipment Sdn. Bhd., a sub-sea engineering company in Malaysia, by purchasing 25% of Worldclass Inspiration Sdn. Bhd. and contracted one newbuild ROV support vessel, which will be delivered in 2009.

Mermaid has been certified by the major international accredited maritime organisation, namely the International Marine Contractor's Association ("IMCA"). At present, Mermaid is the only company based in Thailand which is professionally qualified to provide comprehensive services and support to the offshore sector for both above and underwater operations.

Revenues for the Offshore Services Group are derived from MDL's operation of the drilling segment for Mermaid and MOS' operation of the sub-sea engineering services segment for Mermaid.

Table 8 : Mermaid'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

Drilling Segment

MDL owns and operates two high-performance and cost-efficient tender drilling rigs, serving clients in South-East Asia. MDL specialises in the tender drilling rig segment and maintains a balanced portfolio of medium to long-term contracts.

Table 9 : Drilling Rig Fleet List

Rig Name	Year Built/Last Upgrade	Classification Society	Water Depth Rating (metres)	Drilling Depth Rating (metres)	Quarters or Accommodation
MTR-1	1978/1998	ABS	100	6,100	112 persons
MTR-2	1981/1997	BV	100	5,900	115 persons

Source: TTA

MDL's tender drilling rigs were acquired in April and July 2005, respectively, in the second-hand market. Both tender drilling rigs are registered in Thailand and each rig ("MTR-1" and "MTR-2") is owned by separate wholly-owned subsidiaries of MDL, namely MTR-1 Ltd. and MTR-2 Ltd. MTR-1, which was built in 1978 and upgraded in 1998, has a maximum water depth rating of 100 metres, a drilling depth rating of 6,100 metres, and is able to accommodate up to 112 persons. MTR-2, which was built in 1981 and upgraded in 1997, has a maximum water depth rating of 100 metres, a drilling depth of 5,900 metres, and is able to accommodate up to 115 persons.

MDL's clients include large multinational, national, and independent oil and gas companies. As of 30 September 2007, Mermaid held drilling contracts with Amerada Hess (Indonesia-Pangkah) Ltd. and Chevron Thailand Exploration and Production Ltd. Mermaid's tender drilling rigs have contractual commitments until 2009 and 2010.

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.

The tender drilling rigs require classification from a recognised classification society which classified them based on structural integrity and safety. The tender drilling rigs are classified by international bodies such as Det Norske Veritas ("DNV"), American Bureau of Shipping ("ABS"), or Bureau Veritas ("BV"). MTR-1 is classified by ABS, and MTR-2 is classified by BV. The classification authorities inspect the tender drilling rigs annually. The tender drilling rigs are dry docked every five years and subject to a special periodical survey by these classification societies.

MDL's primary competitors include global or regional offshore drilling companies, including Seadrill Limited and Global Geo Services ASA. 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 Markets

Owner Name	Owned	Under Construction	Total
SeaDrill Ltd.	13	2	15
KCA Deutag	4	0	4
Mermaid Drilling Ltd.	2	1	3
Global Geo Services ASA	3	0	3
PDVSA	2	0	2
Others	2	1	3

Source: Fearnleys

For the financial year that ended on 30 September 2007, MDL contributed 30.0% of Mermaid's consolidated revenues.

Sub-Sea Engineering Segment

As of 30 September 2007, MOS' fleet consists of four diving and ROV support vessels, one portable saturation diving system, and seven ROV's. These vessels are registered in Thailand and owned directly by MOS. MOS has also chartered-in one construction support vessel and one ROV/air dive 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. MOS employs more than 150 divers, ROV, and survey personnel to work on its sub-sea engineering projects.

Sub-sea engineering services include inspection, repair, and maintenance projects for classification societies on offshore platforms, structures, and vessels. Other services include providing support to heavy construction projects, such as the 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. MOS is approved by all major classification societies and is a full member of the IMCA. All MOS vessels are classified by DNV or ABS, which are two of the leading classification societies. MOS vessels are subject to regular inspection by class surveyors, in addition to regular dry-docking and other periodic maintenance. MOS vessels operate under a class-approved planned maintenance system.

The following table describes the vessels used in Mermaid's sub-sea engineering services:

Table 11 : Offshore Support Fleet List

Vessel Name	Description	Year Built	Flag State	Length (metres)	Berths
Mermaid Commander	Purpose-built diving support vessel with saturation systems	1987	Thailand	90	96
Mermaid Performer	Purpose-built survey and diving support vessel	1982	Thailand	49	30
Mermaid Responder	Purpose-built diving support vessel with air and mix gas diving systems	1983	Thailand	56	58
Mermaid Supporter	Inspection vessel with air and mix gas diving systems	1982	Thailand	39	26
Team Siam ⁽¹⁾	Construction support vessel with saturation systems	2002	Jamaica	90	142
Binh Minh ⁽¹⁾	ROV and air dive support vessel	2002	Vietnam	61	42

Note: (1) On charter to MOS

Source: TTA

Given the large number of projects, MOS has an extensive client list which includes major oil and gas exploration and production companies, offshore service and drilling companies, and major engineering, procurement, installation, and construction contractors. As of 30 September 2007, MOS has contracts with PTT Exploration and Production PCL, among others.

The primary competitors for MOS are regional sub-sea engineering services companies, such as GEO ASA, Hallin Marine Subsea International PLC, and Sarku Engineering Services Sdn. Bhd., as well as larger international companies based in Europe and the U.S. such as Subsea 7 Inc., Global Marine Systems Limited, Acergy S.A., and Helix Energy Solutions Group Inc. Most of these international companies are major Engineering, Procurement, Installation, and Commissioning (“EPIC”) contractors.

For the financial year that ended on 30 September 2007, MOS contributed 69.4% of Mermaid’s consolidated revenues.

Fleet Management, Safety, and Maintenance

The Group undertakes all of the commercial, technical, and strategic management of its fleet of dry bulk vessels, offshore support vessels, and tender drilling rigs. As of 30 September 2007, TTA had a total of 545 shore-based personnel and 1,420 sea-based personnel.

The Group is responsible for:

- Commercial management services, which include obtaining employment for the vessels and rigs and managing relationships with clients
- Accounting and finance services
- Technical management services, which include managing day-to-day operations, ensuring regulatory and classification society compliance, arranging hire of qualified officers and crew, arranging insurance, and purchasing stores, supplies, spares, and new equipment.

The Group also relies on original equipment manufacturers’ service engineers to perform technical services with its staff. The Group actively manages the risks relating to safety and environmental compliance, which are inherent in the business through, amongst other things, its staff tracking and fleet renewal programmes and are committed to eliminating incidents that threaten the safety and integrity of its fleet and personnel.

In order to maintain and operate its fleet until the usual scrapping age for vessels, the Group has to supply, maintain, and repair its fleet to a high standard throughout the lives of the vessels, which generally results in reduced machinery downtime. In some cases, the Group may, through its fleet maintenance programmes, successfully extend the useful lives of its vessels beyond that of their original useful lives.

Regulations

The Group is subject to a broad range of foreign and domestic laws, regulations, and international agreements. The Group is required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certifications for its fleet. Government regulation significantly affects the ownership and operation of the fleet. The Group is subject to international conventions and the applicable laws and regulations in the countries in which its fleet may operate. We believe that the Group is operating its fleet in substantial compliance with all government regulations and laws applicable to its fleet.

The Group’s fleet is subjected to regular scheduled and unscheduled inspections by local port authorities (harbour master or equivalent), classification societies, and terminal operators. Certain of these entities require TTA, or the

relevant Group company, to obtain permits, licenses, and certificates for the operation of its fleet. Failure to maintain necessary permits or approvals could require it to incur substantial costs or temporarily suspend the operation of one or more of its vessels or tender drilling rigs.

The increased level of environmental and quality concerns among insurance underwriters, regulators, and charterers has led to more rigorous inspection and safety requirements on all vessels and tender drilling rigs and may accelerate the scrapping of older vessels and tender drilling rigs throughout the industry. Therefore, the Group's operating strategy for its shipping business emphasises operational safety, quality maintenance, continuous training of its officers and crews, and compliance with international regulations.

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. The Group's fleet is in full compliance with the MARPOL Convention.

The operation of the Group's 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, the Group's safety management certificates are maintained through ongoing internal audits by its certified internal auditors and external audits performed by different classification societies. The Group's 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. SOLAS and other IMO regulations concerning safety, life-saving equipment, etc. apply to the Group's operations. Non-compliance with IMO regulations may cause increased liabilities or penalties, including the denial of access or detention in some ports.

The Group's fleet may also be required to be dry-docked for survey and inspection, as part of the classification procedures by International Association of Classification Societies ("IACS"). In addition to the class inspections, clients may inspect the Group's vessels or tender drilling rigs prior to employment, and regular inspections are standard practice under long-term contracts as well. The Group's fleet is also regularly inspected by its crews, who perform much of the necessary routine maintenance. Shore-based and technical specialists also inspect its fleet at least twice a year. Upon completion of each inspection, action plans are developed to address any items requiring improvement.

Insurance

The operation of any vessel or tender 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 and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

The Group carries hull and machinery insurance, war risks insurance and freight, demurrage, and defence cover to protect against most of the accident-related risks in its business. Hull and machinery insurance covers loss or damage due to marine perils, such as collisions, groundings, and weather with deductibles of US\$ 100,000 to US\$ 150,000 per incident. The Group's fleet is insured with a panel of major underwriters with the majority being A-rated. The fleet is also covered by international P&I clubs (as defined below) for third-party liability up to US\$ 3.0 billion, except for oil

pollution for which the Group-owned fleet is covered up to US\$ 1.05 billion. The Group's deductibles for these third party liabilities are US\$ 10,000 per incident. For vessels chartered-in by the Group, the insurance cover is limited to US\$ 350 million. The extent of hull and maintenance insurance varies according to the policy of each vessel and ranges from US\$ 6.9 million to US\$ 53.8 million.

The Group also maintains protection and indemnity insurance, provided by mutual protection and indemnity associations ("P&I Clubs"), which insure 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. The Group's fleet is insured with members of the International Group of thirteen (13) P&I Clubs. In February 2007, the Group was accepted into the Britannia P&I Club, one of the world's leading P&I Clubs.

The Group also carries insurance policies covering war risks, including piracy and terrorism. The Group does not carry insurance on its vessels covering the loss of revenues resulting from off-hire time based on its cost compared to its off-hire experience. The Group believes that its current insurance coverage is adequate to protect against most of the accident-related risks involved in the conduct of its business. The Group conducts a review of insured values on a six-monthly basis 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

The Group has provided shipping services to the maritime industry since 1904, and TTA has provided vessel agency services in Thailand since 1926. The Group's non-shipping operations have expanded over the years to include stevedoring, vessel brokerage, vessel maintenance and repairs, and port operations.

As part of the Group's strategy for diversification of services, the Group has grown its non-shipping operations, which are undertaken by the Shipping Services Group.

Ship Agency

The Group is the largest ship agency group in Thailand, handling vessels of every industry type. The Group's ship agency business is undertaken by three companies, ISS Thoresen Agencies Ltd. ("ITA"), which is a wholly-owned subsidiary of TTA, and Gulf Agency Company (Thailand) Ltd. ("GAC"), an associate company of TTA, of which TTA and Gulf Agency Company Limited (Liechtenstein), hold 51.0% and 49.0%, respectively. ITA is marketed as part of the Inchcape Shipping Services global network, one of the world's largest ship agency groups. Gulf Agency Company is one of the world's leading providers of shipping, logistics, and marine services.



The third ship agency is Thoresen (Indochina) S.A. ("TIS"), a joint venture company in which TTA owns 50.00% and the remaining 50.00% is owned by private investors. TIS has provided ship agency services in Vietnam and Cambodia since 1983. TIS is one of the largest agency companies in the Ho Chi Minh City – Vung Tau area, specialising in project cargo handling, and is actively developing new logistics projects in Vietnam.

These three companies provide traditional ship agency services: port clearance, berthing, loading and discharging, cargo booking, supplying fuel, water, stores, vessel repairs, and crew changes. In addition, GAC specialises in a comprehensive range of supply chain and logistics solutions, which 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 (“TPI”) was incorporated in February 2000. Prior to its incorporation, it was a division of TTA. As of 30 September 2007, TTA owned 90.00% of TPI, which acts as the local correspondent for P&I Clubs and hull and machinery insurers.

In this capacity, TPI offers a wide range of services to vessels calling in Thailand, such as 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.

TPI’s claims handling team provides quality technical and legal assistance for any casualty, with thorough reviews being conducted in accordance with local regulations, laws, and marine insurance practices, resulting in prompt and cost effective claims settlement.



Ship Supplies, Logistics, Ship Stevedoring and Transportation

Chidlom Marine Services & Supplies Ltd. (“CMSS”), a wholly-owned subsidiary of TTA, provides ship supplies and logistics services, including supply of ship stores, cargo dunnage materials, cargo lashing and securing equipment, cargo handling equipment, tally and checker services, forklift rental/services, warehouses and storage spaces for rental, material procurement, management, and distribution. CMSS also provides ship stevedoring and transportation services, including cargo loading and unloading, cargo handling, and transportation.



In October 2006, TTA and Gulf Agency Company Limited, Liechtenstein (“GACL”), which is part of the Gulf Agency Company group of companies, established GAC Thoresen Logistics Ltd. (“GTL”), as part of the Group’s further expansion into the domestic logistics business. TTA owns 51.00% of GACL and the remaining 29.00% and 20.00% are owned by GACL (for purposes of compliance with warehouse regulations) and Mr. Lars Safverstrom, the president of the Gulf Agency Company, respectively. GACTL has since completed a 10,000 square foot warehouse project in location of Amata Nakorn, Cholburi, Thailand, through which it provides full-scale third party logistics.

Ship Brokerage

Fearnleys (Thailand) Ltd. (“FTL”) is a subsidiary of TTA, of which TTA and Fearnleys A/S (“Fearnleys”) of Norway, hold 51.00% and 49.00%, respectively. Fearnleys is one of the largest ship broking companies in the world with activities in dry cargo, sale & purchase, tanker, gas, offshore, and consultancy. FTL also has a wholly-owned subsidiary, PT Fearnleys Indonesia, which provides dry cargo broking services in Indonesia and a 99.99% owned subsidiary, Fearnleys Shipbroking Private Limited, which provides dry cargo broking services in India.



In addition to the marketing of the Group’s own fleet, FTL engages in a competitive ship broking business with different owners and cargo charterers in South-East Asia, as well as worldwide.

Ship Repairs and Maintenance

T.S.C. Maritime Ltd. ("TSC"), a wholly-owned subsidiary of TTA, is an ISO 9001 company certified by Lloyd's Register of Shipping. TSC was established to perform maintenance and repairs afloat on the Group's vessels calling in Thailand.



Industrial Coating Services

Asia Coating Services Ltd. ("ACS"), a wholly-owned subsidiary of TTA, provides industrial coating services, including heat reflective coating, concrete and corrosion protection, and painting work. The applications can be applied to pipes, tanks, silos, containers, roofs, walls, and equipment.



Port Operations

Sharjah Ports Services LLC ("SPS") is an associate company of TTA, of which Sharjah Ports Authority in the United Arab Emirates ("UAE") and Thoresen Shipping FZE ("TSF") own 51.00% and 49.00%, respectively. SPS has a concession covering all stevedoring, cargo handling, cargo storage, cargo delivery, marketing, and accounting for all general cargo, roll-on, roll-off carriers, and reefer break bulk cargoes for Port Khalid, Hamriyah, and Sharjah Creek ports, for a period of 10 years, with options for renewals.

SPS was incorporated in June 2002, as part of a port privatisation programme, whereby all existing employees and equipment of the port were transferred to SPS.

Port Khalid is the largest of the three ports covered by the concession and is located some 16 kilometres south of Dubai. As of 30 September 2007, the three ports together handled in excess of 5 million tonnes per year, with significant available capacity for increases.





Other Middle East Operations

Due to the strong growth of the Group's liner business, TSF, a wholly-owned subsidiary of TTA, was established to act as the Group's regional office in the Middle East. TSF promotes the Group's liner services and provides cost effective cargo operations on vessels calling in the UAE and other ports in the Middle East.

TSF attends to more than 100 vessels in the UAE per year and coordinates the operation of a similar number of vessels in other Arabian Gulf ports. TSF has developed a special expertise in customs and cargo clearance and has executed over 2,400 cargo delivery jobs to customers in the UAE, Oman, and other nearby destinations.



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.

The Dry Bulk Shipping Industry

Industry Overview

The marine industry is a vital link in international trade, with ocean-going vessels representing the most efficient, and often the only means of transporting large volumes of basic commodities and finished products. Seaborne cargo is categorised as either dry cargo or liquid cargo. Dry cargo includes dry bulk cargo, container cargo and non-container cargo. Dry bulk cargo is shipped in dry bulk carriers, while container cargo is shipped in 20 or 40 foot containers on specialised container ships. Non-container cargo includes other dry cargo that cannot be shipped in a container due to size, weight or handling requirements, such as large manufacturing equipment or large industrial vehicles. Most of this cargo will be shipped in general cargo or multi-purpose vessels. Liquid cargo includes crude oil, refined oil products, liquefied gases, chemicals, and associated products, all of which are shipped in tankers dedicated to the specific commodity.

Table 12 : World Seaborne Trade: 2001 & 2006

	2001 Tons (Millions)	2006 Tons (Millions)	CAGR ⁽¹⁾ % 2001-2006	2001 % Total Seaborne Trade	2006 % Total Seaborne Trade
All Cargo					
Dry Cargo	3,196	4,500	7.1	50.8	54.3
Liquid Cargo	3,092	3,782	4.1	49.2	45.7
Total	6,288	8,282	5.7	100.0	100.0
Dry Cargo					
Dry Bulk	2,142	2,771	5.3	34.1	33.4
Major Bulks	1,252	1,685	6.1	19.9	20.4
Coal	565	701	4.4	9.0	8.5
Iron Ore	452	722	9.8	7.2	8.7
Grain	235	262	2.2	3.7	3.2
Minor Bulks	890	1,086	4.1	14.2	13.1
Container Cargo	648	1,161	12.4	10.3	14.0
Non Container/General Cargo	406	568	6.9	6.5	6.9
Total Dry Cargo	3,196	4,500	7.1	100.0	100.0

⁽¹⁾ Compound annual growth rate.

Source: Drewry.

In 2006, approximately 8.3 billion tonnes of cargo were seaborne, compared with 6.3 billion tonnes in 2001. Over this period, the compound average annual growth rate ("CAGR") in seaborne trade was 5.7 percent, which was more than double the average recorded in the 1990s. Trade has risen strongly as a result of buoyant economic growth, especially in countries such as China, India, and other fast growing Asian economies.

Table 13 : Real GDP Growth: 2001 to 2006

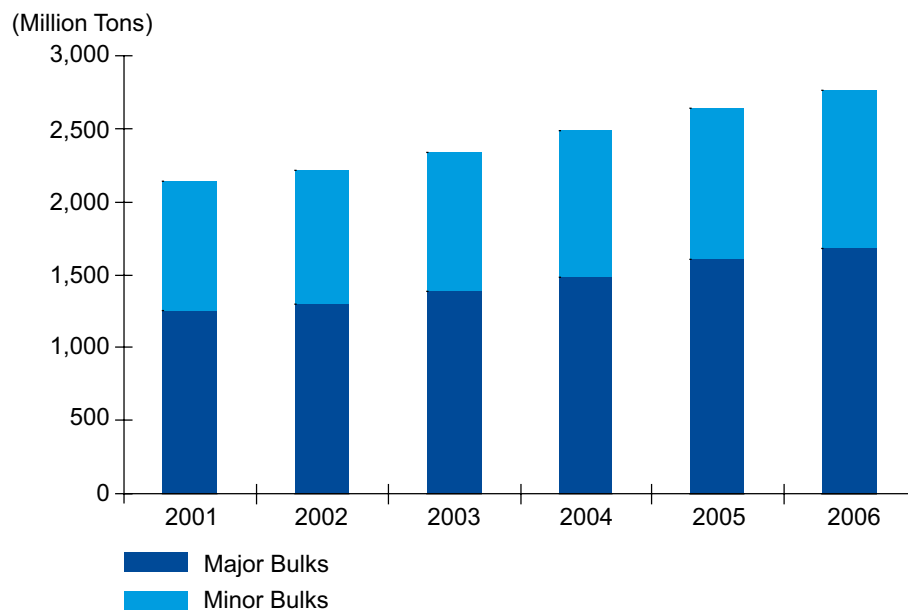
Years	(Percent Change Previous Period)					
	2001	2002	2003	2004	2005	2006
Global Economy	2.4	3.0	4.1	5.3	4.7	5.2
USA	0.3	1.6	2.7	3.9	3.2	3.3
Europe	1.7	1.1	1.1	2.1	1.6	2.8
Japan	0.4	-0.3	1.8	2.7	1.9	2.2
China	7.5	8.3	10.0	10.1	10.4	10.7
India	4.4	4.7	7.4	7.0	8.7	9.2

Source: Drewry

Dry Bulk Seaborne Trade

Dry bulk cargo can be further defined as either major bulk cargo or minor bulk cargo, all of which are shipped on bulk carriers. Major bulk cargo includes, among other things, iron ore, coal and grain (which includes wheat, coarse grains, and soybeans). Minor bulk cargo includes agricultural products, mineral cargo (which includes metal concentrates), cement, forest products, and metal products.

During the 1980s and 1990s, the average annual increase in dry bulk trade was slightly more than 2.5 percent per annum. However, between 2001 and 2006, seaborne dry bulk trade increased from 2.1 billion tonnes to 2.8 billion tonnes, equivalent to a CAGR of 5.3 percent, thereby creating significant additional demand for dry bulk carrier shipping. The following chart illustrates the changes in seaborne trade in the major and minor dry bulk segments for the period from 2001 to 2006.

Chart 8 : Dry Bulk Trade Development

Source: Drewry

The major bulks accounted for an estimated 60.9 percent of total dry bulk seaborne trade in 2006. Of the major bulks, iron ore and coal grew the fastest, with CAGRs of 9.8 percent and 4.4 percent, respectively, in the period from 2001 to 2006.

Table 14 : Dry Bulk Seaborne Trade: 2001 to 2006

(Million Tonnes)

	2001	2002	2003	2004	2005	2006	CAGR 2001/2006 %
Coal	565	570	619	650	675	701	4.4
Iron Ore	452	484	524	587	660	722	9.8
Grain	235	245	240	248	253	262	2.2
Minor Bulks	890	920	957	1,025	1,049	1,086	4.1
Total	2,142	2,219	2,340	2,510	2,637	2,771	5.3
YOY Change	1.6%	3.6%	5.5%	7.3%	5.1%	5.1%	

Source: Drewry.

However, due to structural changes in the pattern of trade, tonne-mile demand in both iron ore and coal grew at a faster rate than trading volumes, as the following figures indicate.

Table 15 : Dry Bulk Carrier Demand ⁽¹⁾: 2001 to 2006

(Billion Tonne-Miles)

	2001	2002	2003	2004	2005	2006	CAGR 2001/2006 %
Coal	2,532	2,531	2,852	3,319	3,565	3,716	8.0
Iron Ore	2,580	2,741	3,050	3,463	3,905	4,259	10.5
Grain	1,319	1,218	1,251	1,277	1,301	1,347	0.4
Minor Bulks	3,292	3,481	3,610	3,919	4,021	4,257	5.3
Total	9,723	9,971	10,763	11,978	12,792	13,579	6.9

(1) Excludes vessels below 10,000 dwt

Source: Drewry

Historically, certain economies have acted as the primary driver of dry bulk trade. In the 1990s, Japan was the driving force, when buoyant Japanese industrial production stimulated demand for imported bulk commodities. More recently China, and to a lesser extent India, have been the main drivers behind the recent increase in seaborne dry bulk trade.

Globally, Chinese steel production and consumption has been a crucial driver of the recent dry bulk boom, fully supported by the iron ore trades.

Table 16 : World Crude Steel Production

(Million Tonnes)

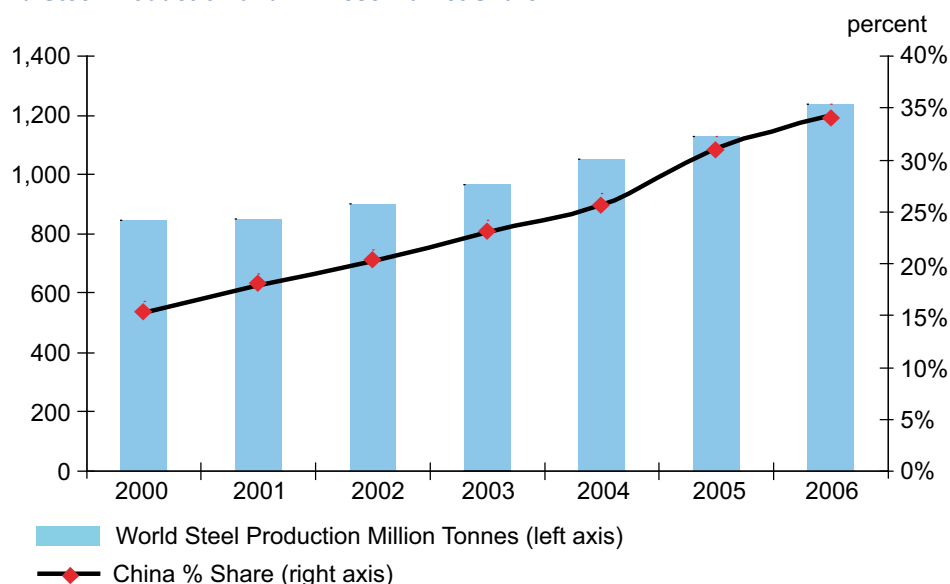
	EU-15	USA	Japan	China	South Korea	Taiwan	India	Total Major	Others	Total
2001	158.5	90.1	102.9	150.9	43.9	17.2	27.3	590.8	260.0	850.8
2002	158.1	91.6	107.7	179.7	45.4	18.3	28.8	629.6	272.3	901.9
2003	159.5	90.9	110.5	219.3	46.3	19.1	31.8	677.4	285.9	963.3
2004	169.7	98.6	112.7	269.3	47.5	19.5	32.6	749.9	304.2	1,054.1
2005	164.2	93.8	112.5	349.3	47.7	18.5	38.1	824.1	305.1	1,129.2
2006(p)	173.5	98.5	116.2	422.1	48.4	20.2	42.8	921.7	317.8	1,239.5
Percentage Change from 2001 to 2006 (%)	9.5	9.3	12.9	179.7	10.3	17.4	56.8	56.0	22.2	45.7

(p) = provisional

Source: Drewry

From approximately 220 million tonnes of crude steel output in 2003, Chinese production surged to approximately 270 million tonnes in 2004 (up 22.7 percent per annum) and to approximately 350 million tonnes in 2005 (up 29.6 percent per annum). In 2006, production is estimated to have increased by a further 20.9 percent, taking total output to approximately 422 million tonnes. This factor was almost single-handedly responsible for fuelling the dry bulk market boom.

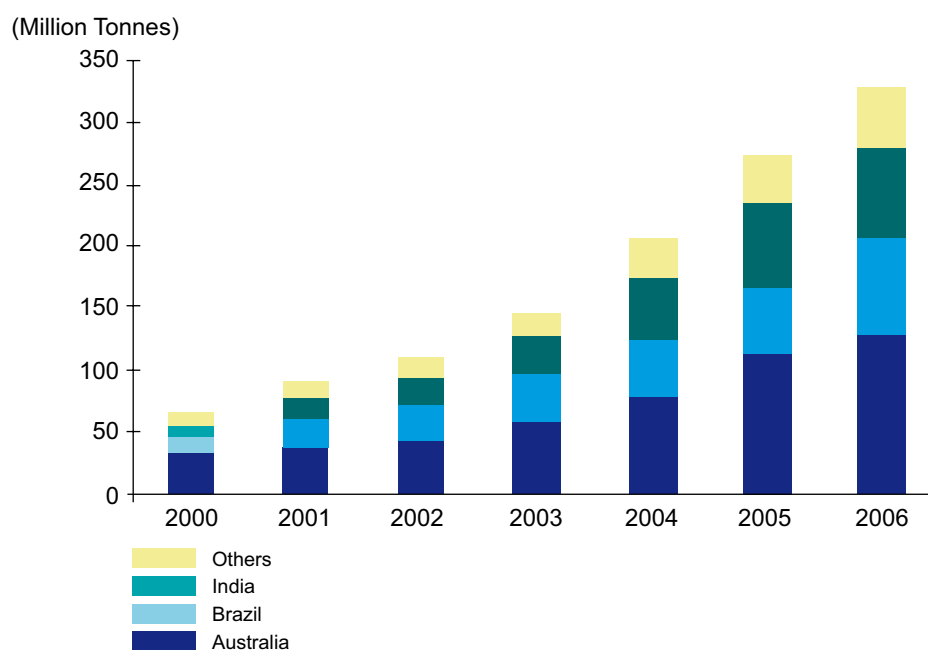
Chart 9 : World Steel Production and Chinese Market Share



Source: Drewry

Over the last five years, steel production in China has grown at an average annual rate of 22.8 percent, compared with global production increasing by an average of 7.8 percent per annum. As a result of this growth in steel production, Chinese imports of iron ore have also increased substantially.

Chart 10 : Chinese Iron Ore Imports by Source



Source: Drewry

Chinese iron ore imports for 2006 are placed at 327.0 million tonnes, an increase of 18.0 percent over 2005 imports of 275.0 million tonnes. They have increased at a CAGR of 23.0 percent since 2001. There is great demand for Chinese imports of iron ore, which have traditionally come from Australia, Brazil, India, South Africa, and Peru. Since 2000, the market share of Australian and South African ore has declined, with India and Brazil increasing their respective shares. This shift is borne out by the more rapidly increasing tonne miles for iron ore compared with the overall dry bulk market, a factor which has benefited the larger ships in the bulk carrier fleet.

Chart 11 : World Seaborne Iron Ore Trades and Chinese Market Share



Source: Drewry

There are certain main trading routes for major dry bulk commodities. Coal is mainly shipped from Australia and Canada to the Far East and Europe, whereas iron ore is mainly shipped from Australia and Brazil to China, Japan, and Europe. Grain is mainly shipped from the US Gulf, Brazil, or Argentina to Europe and the Far East.

Chart 12 : Major Dry Bulk Seaborne Trade Routes



Source: Drewry

While the above image represents the current major dry bulk trade routes, it is important to remember that seaborne trade evolves over time. For example, until quite recently, China was a major exporter of coal, but this is now changing, and Chinese imports of coal are on the rise. New routes and new trading opportunities are becoming a permanent feature of the market.

Dry bulk carriers are one of the most versatile elements of the global shipping fleet in terms of employment alternatives. They seldom operate on round trip voyages, and the norm is often triangular or multi-leg voyages. Hence, trade distances assume greater importance in the demand equation, and increases in long haul shipments will have greater impact on overall vessel demand.

Demand for dry bulk carrier capacity is also affected by the operating efficiency of the global fleet. In recent years, the growth in trade has led to port congestion, with vessels at times being forced to wait outside port to either load or discharge due to limited supply of berths at major ports. This inefficiency has been a further factor contributing to the general tightness in the market, especially among the larger vessels - Panamax and Capesize bulk carriers - which continue to experience long delays at major ports in places, such as Australia and Brazil.

Dry Bulk Carrier Supply

The bulk carrier was first developed to carry dry cargoes, which are shipped in large quantities and do not need to be carried in packaged form. The advantage of carrying such cargoes in bulk is that packaging costs may be greatly reduced and loading and unloading operations can be made more efficient. Today, the global dry bulk carrier fleet is divided into four categories based on a vessel's carrying capacity. These categories are:

I **Capesize.** Capesize vessels have carrying capacities of more than 100,000 dwt. These vessels generally operate along long haul iron ore and coal trade routes. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size.

I **Panamax.** Panamax vessels have a carrying capacity of between 60,000 and 100,000 dwt. These vessels are designed to meet the physical restrictions of the Panama Canal locks (hence their name "Panamax" - the largest vessels able to transit the Panama Canal), making them more versatile than Capesize vessels. These vessels carry coal, grains, and, to a lesser extent, minerals, such as bauxite/alumina and phosphate rock. As the availability of Capesize vessels has dwindled, Panamax vessels have also been used to haul iron ore cargoes.

I **Handymax/Supramax.** Handymax vessels have a carrying capacity of between 30,000 and 60,000 dwt. These vessels operate on a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. The standard vessel types are usually built with 25 to 30 tonne cargo gear, enabling them to discharge cargo where grabs are required (particularly industrial minerals), and to conduct cargo operations in countries and ports with limited infrastructure. These types of vessels offer good trading flexibility and can therefore be used in a wide variety of bulk and neobulk trades.

I **Handysize.** Handysize vessels have a carrying capacity of between 10,000 and 30,000 dwt. These vessels almost exclusively carry minor bulk cargo. Increasingly, vessels of this type operate on regional trading routes, and may serve as trans-shipment feeders for larger vessels. Handysize vessels are well suited for small ports with length and draft restrictions. Their cargo gear enables them to service ports lacking the infrastructure for cargo loading and unloading.

In October 2007, the world fleet of dry bulk carriers consisted of 6,685 vessels, totalling 388.2 million dwt in capacity. The following table presents the world dry bulk carrier fleet by size category as of October 2007. The average age of dry bulk carriers in service in October 2007 was 15.5 years.

Table 17 : Dry Bulk Carrier Fleet: October 2007

Size Category	Deadweight Tonnes	Number of Vessels	% of Total Fleet (number)	Total Capacity (million dwt)	% of Total Fleet (dwt)
Capesize	100,000+	751	11.2	128.1	33.0
Panamax	60,000 – 99,999	1,471	22.0	107.5	27.7
Handymax	30,000 – 59,999	2,517	37.7	108.6	28.0
Handysize	10,000 – 29,999	1,946	29.1	44.0	11.3
Total		6,685	100.0%	388.2	100.0%

Source: Drewry

Notwithstanding that the global dry bulk carrier fleet has developed in size to meet the increases in seaborne trade and vessel demand, the CAGR in supply during the period from 2001 to 2006, expressed in terms of dwt, was 4.6 percent. This compares with an increase in tonne mile employment of 6.9 percent and it helps to explain why the freight market has tightened and freight rates have risen in the dry bulk sector.

Orders for new vessels have been placed on an almost continuous basis, and the relationship between the total orderbook and the existing fleet is a guide to future levels of supply. As at 30 October 2007, the global dry bulk orderbook amounted to 186.5 million dwt, or 48.0 percent of the existing dry bulk fleet. Deliveries from this orderbook extend in some cases to 2012.

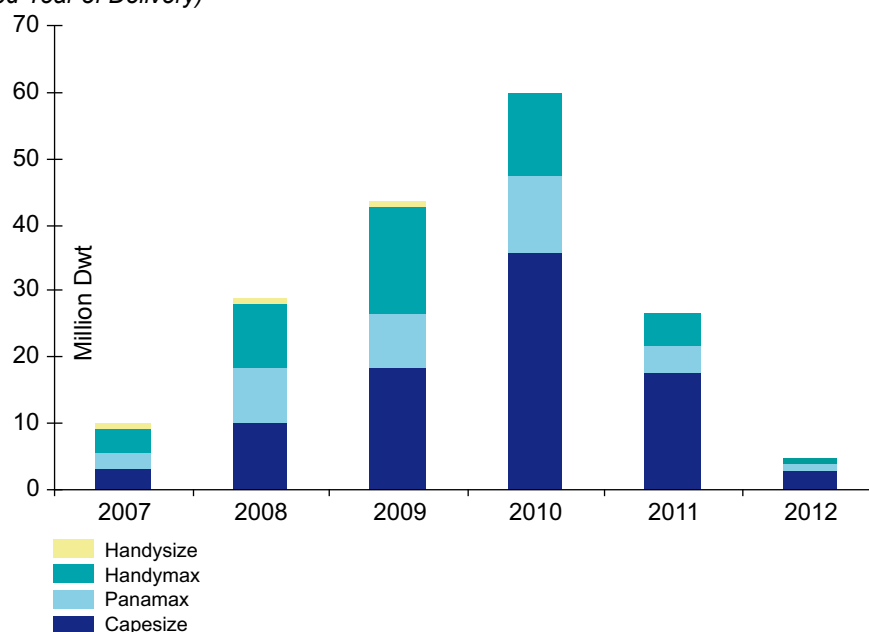
Table 18 : Dry Bulk Carrier Orderbook: October 2007

Size Category	Deadweight Tonnes	Number of Vessels	% of Existing Fleet (number)	Total Capacity (million dwt)	% of Existing Fleet (dwt)
Capesize	100,000+	501	66.7	92.8	72.4
Panamax	60,000 – 99,999	500	34.0	40.5	37.7
Handymax	30,000 – 59,999	1,065	42.3	50.5	46.5
Handysize	10,000 – 29,999	119	6.2	2.6	5.7
Total		2,185	32.7%	186.5	48.0%

Source: Drewry

Chart 13 : Dry Bulk Carrier Orderbook: October 2007

(By Scheduled Year of Delivery)



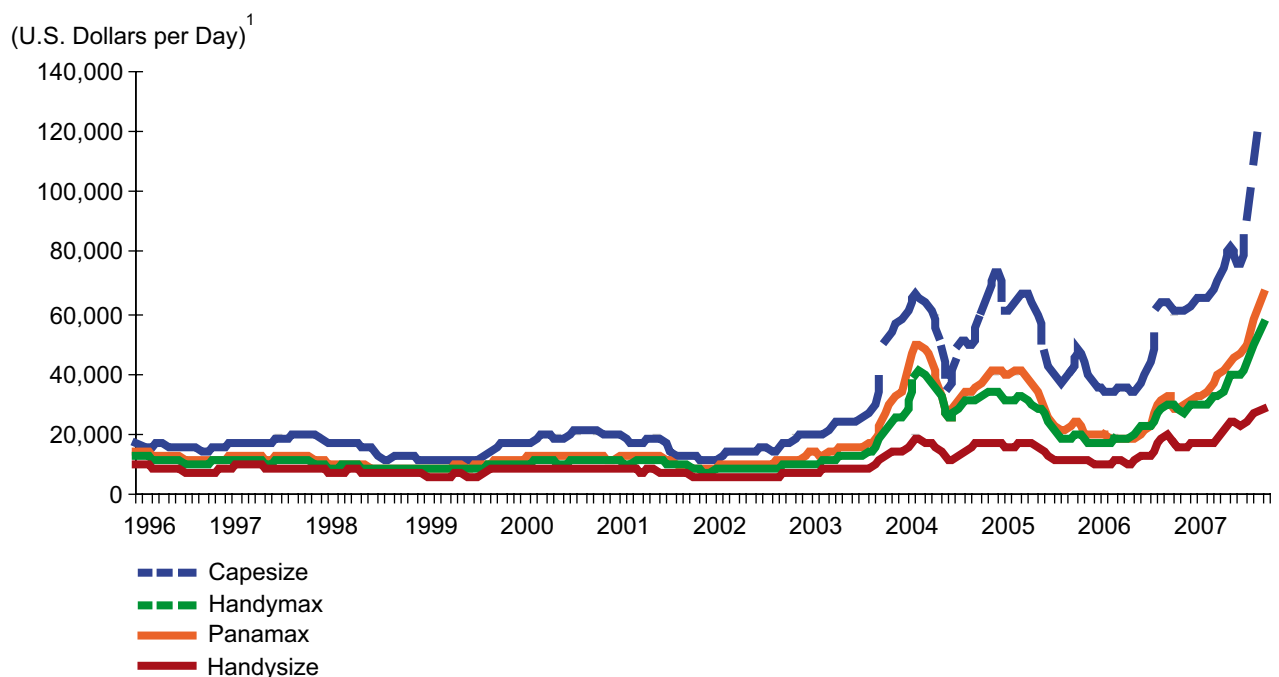
Source: Drewry

Freight Market and Rates

Freight rates in the dry bulk carrier sector are determined by the underlying balance between vessel supply and demand, although it is true to say that market sentiment can also play a part in setting the short-term trend in rates.

Charter hire rates also fluctuate by varying degrees with vessel size. For example, the volume and pattern of trade in a small number of commodities (major bulks) affect demand for larger vessels. 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 vessel values) of larger ships tend to be more volatile. Conversely, trade in a greater number of commodities (minor bulks) drives demand for smaller dry bulk carriers. Accordingly, charter rates and vessel values for those vessels are subject to less volatility.

Chart 14 : One Year Time Charter Rates



^{*1} Rates for 1-5 year old ships, except Handysize which is 10-15 years old

Source: Drewry

In the time charter market, rates vary depending on the length of the charter period and on vessel specific factors such as age, speed, and fuel consumption. 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.

The main driver of the dramatic upsurge in dry bulk freight rates since 2004 has been the high level of vessel demand created by growing Chinese and other Asian imports of raw materials.

Table 19 : Drybulk Vessels – One Year Time Charter Rates*(Period Averages - U.S. Dollars per Day)*

Size Category	Handysize	Handymax	Panamax	Capesize
DWT	26-28,000 10-15 years old	50-55,000 1-5 years old	70-75,000 1-5 years old	170,000+ 1-5 years old
2001	5,629	8,472	9,543	14,431
2002	4,829	7,442	9,102	13,608
2003	8,289	13,736	17,781	30,021
2004	14,413	31,313	36,708	55,917
2005	12,021	23,038	27,854	49,333
2006	12,558	21,800	22,475	45,646
2007*	21,600	40,475	47,275	90,550
October 2007	30,500	62,000	79,000	155,000

* Average of year to date

Source: Drewry

The table above highlights the substantial increase in the charter rates of vessels from the Handysize and Handymax through to Capesize bulk carriers, reflecting the increased demand from Asian economies.

Vessel Prices

Newbuild Prices

Dry bulk carrier newbuild prices have increased significantly since 2003, due to tightness in shipyard capacity, high levels of new ordering, and stronger freight rates. In approximate terms, newbuild prices for bulk carriers nearly doubled between January 2002 and October 2007.

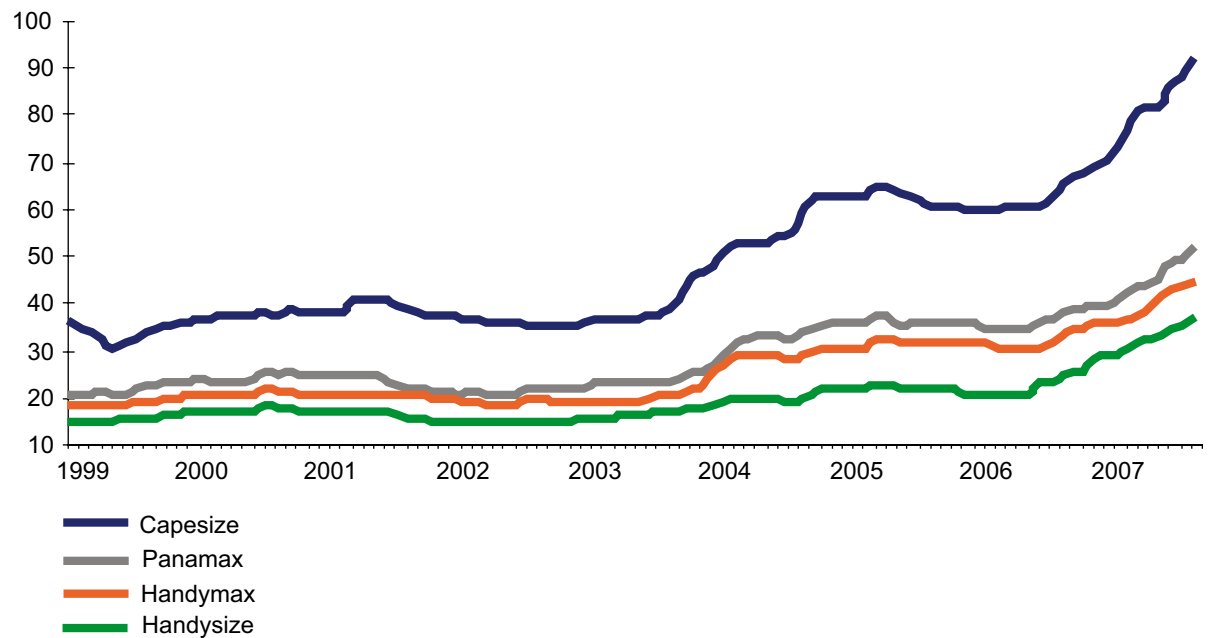
Second-hand Values

In the second-hand market, the steep increase in newbuild prices and the strength of the freight market have also affected values, to the extent that prices rose sharply in 2004, before dipping in the early part of 2006, only to rise once more as the year came to a close. In 2007, prices have remained very firm, rising in many cases to record highs and for some types above newbuild prices for very young vessels.

Consequently in 2005 and now again in 2007, demand for modern vessels has resulted in second-hand prices for some five year old Handysize, Handymax, Panamax, and Capesize dry bulk carriers exceeding comparably sized newbuild contracts.

Chart 15 : Dry Bulk Carrier Newbuilding Prices: 1999 to 2007

(Millions of US Dollars)

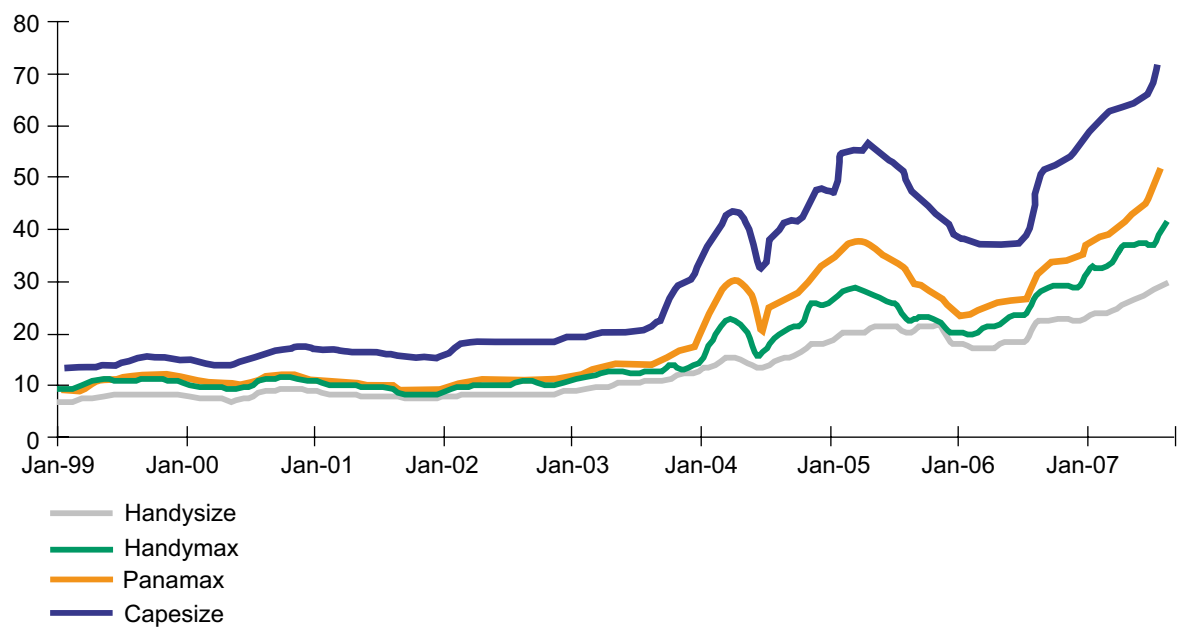


Source: Drewry

Chart 16 : Dry Bulk Carrier Secondhand Prices : 1999 to 2007

5 Year Old Ships (Period Averages)

(Millions of US Dollars)



Source: Drewry

The Offshore Services Industry

Overview

The demand for drilling and sub-sea engineering services is driven primarily by investments and level of activity in 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 oil and gas prices.

Oil and gas companies have until recently been reluctant to increase exploration and production spending. However, their recent aggressive plans to increase production, reserves, and market share have translated into increased exploration and production spending for these companies. A number of field development projects which had been previously delayed or postponed have been resumed. The low drilling activity in the last few years has resulted in the increase in demand for such services today. Based on client indications, we believe that exploration and production budgets are increasing and should lead to sustained levels of activity in the drilling and sub-sea engineering services markets.

The Asian market for drilling and sub-sea engineering services offers the potential for high utilisation and favourable day-rates as a result of: (i) stronger demand for oil and gas in the region; (ii) significant growth in regional economies, especially in China and India; and (iii) new projects planned by exploration and production companies in Asia, according to Fearnleys.

The market for drilling services is both cyclical and volatile, ranging from the highly volatile exploration sector to the more stable oil and gas production services market. Tender rig drilling and sub-sea engineering services cater to the more stable niche of the oil and gas production market.

Oil And Gas Prices

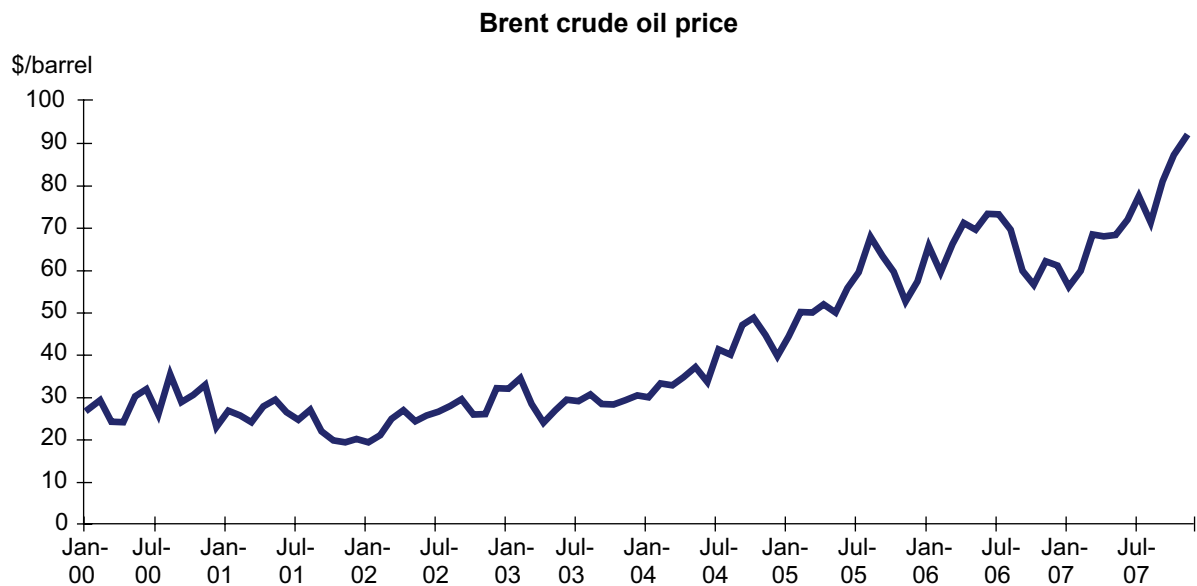
Oil and gas prices are at the top end of their historical range and are well above the hurdle rates that oil and gas companies have established for both their committed and uncommitted development projects to be economically viable.

Factors such as increased global demand, declining production levels, extreme weather conditions, and political instability in some oil and gas producing countries have contributed to rising oil and gas prices.

In 2006, the annual average price measured in nominal terms for a barrel of Brent crude oil exceeded US\$ 60 per barrel for the first time, representing an increase of more than 15.0 percent over the 2005 figure. Further, on August 7, 2007, the price of a barrel of Brent crude oil touched a high of US\$77.05 per barrel.

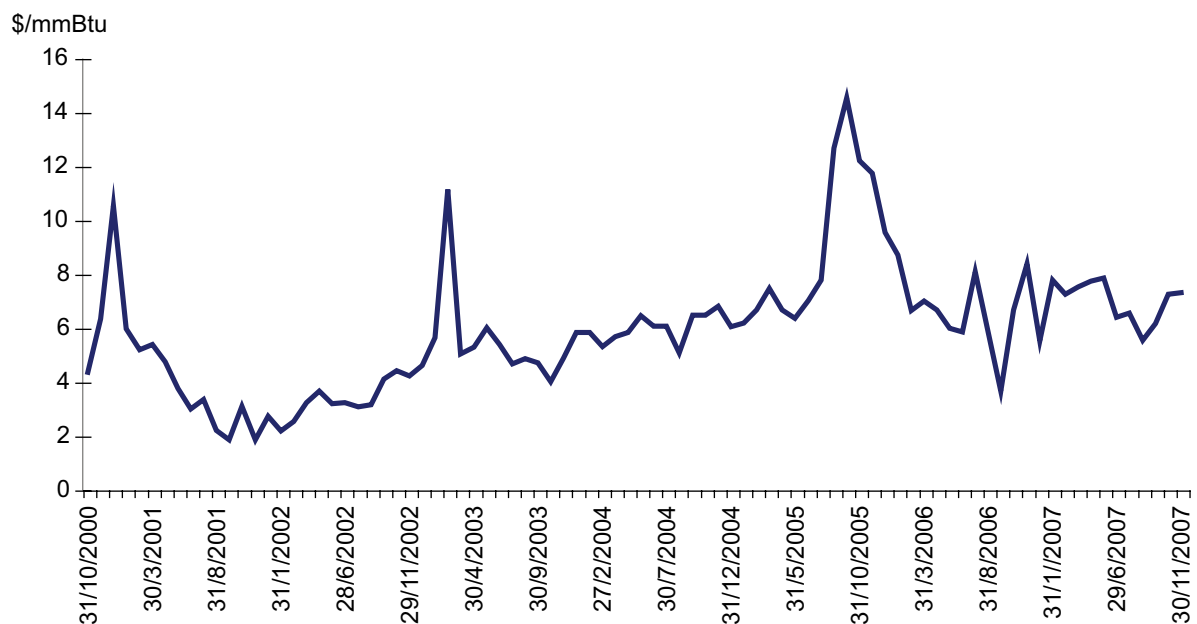
The charts below illustrate historical oil and gas prices.

Chart 17 : Historical Oil Price



Source: Fearnleys

Chart 18 : History Hub Natural Gas Price



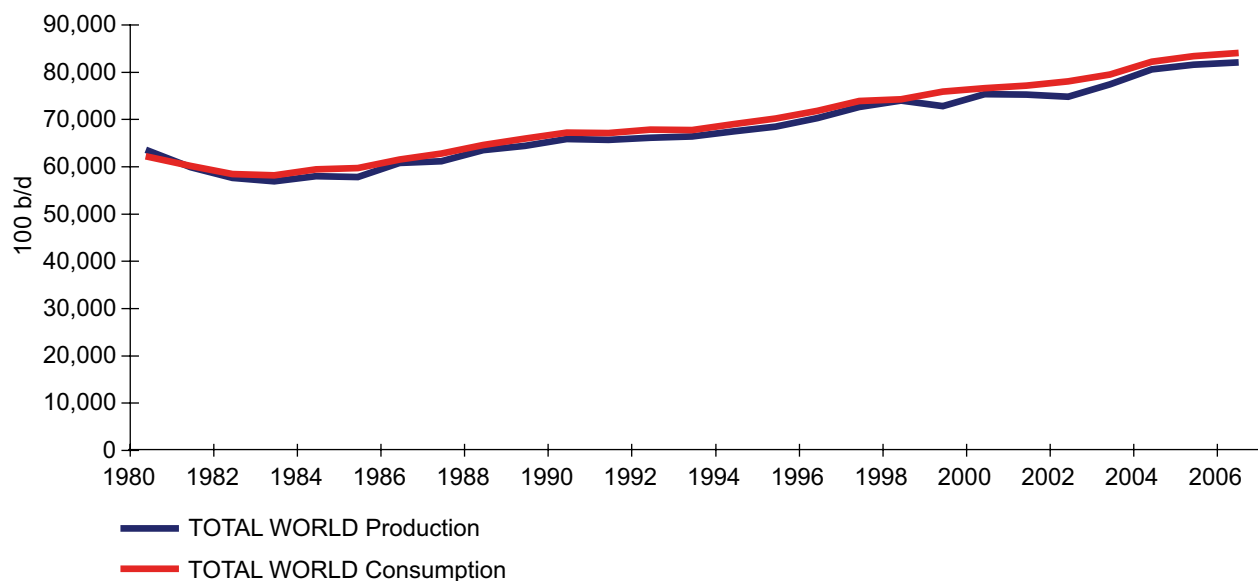
Source: Fearnleys

Oil And Gas Production And Consumption

From 1995 to 2006, consumption of oil increased from 69,830 to 83,719 million barrels per day, while production of oil increased from 68,125 to 81,663 million barrels per day. Similarly, from 1995 to 2006, consumption of gas increased from 208 to 276 billion cubic feet per day, while production of gas increased from 207 to 277 billion cubic feet per day.

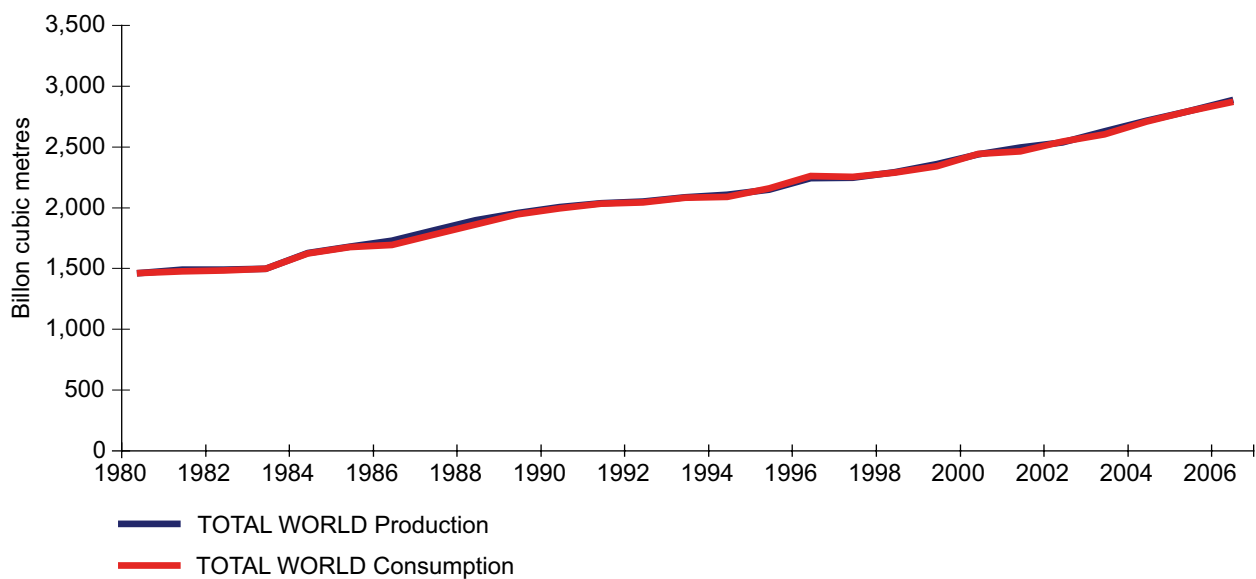
The next charts illustrate global oil and gas production and consumption for the periods indicated.

Chart 19 : Global Oil Production and Consumption (1980-2006)



Source: BP Statistical Review of World Energy June 2007

Chart 20 : World Gas Production and Consumption (1980-2006)



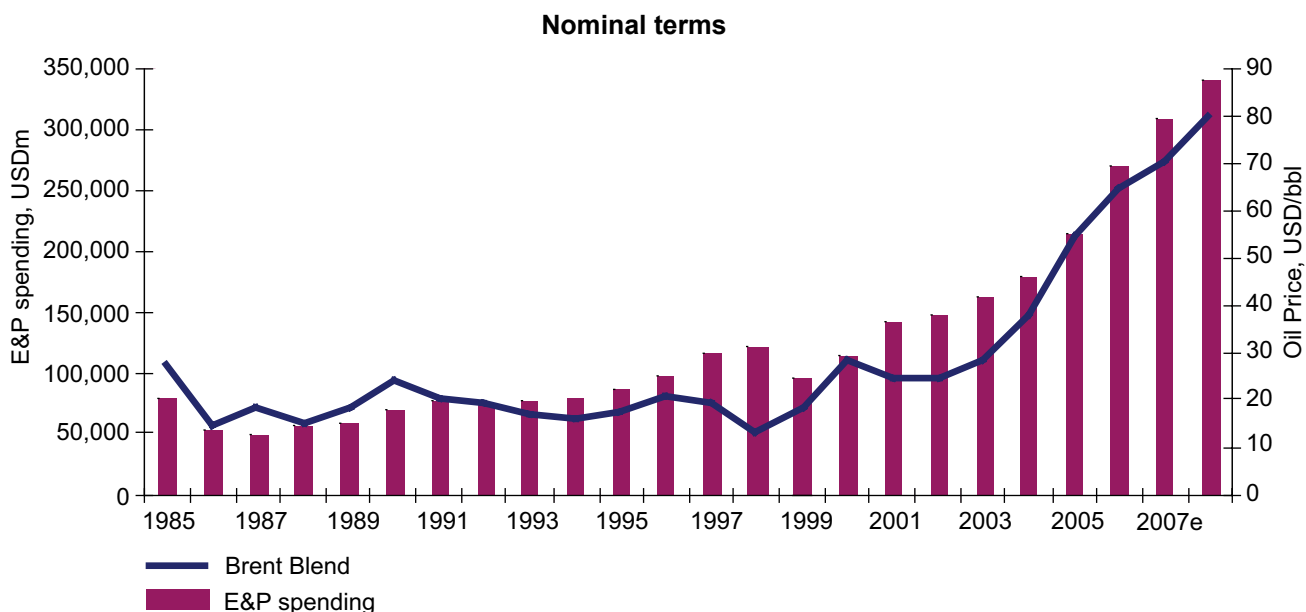
Source: BP Statistical Review of World Energy June 2007

In order to meet the rising global oil demand and as a result of depleting onshore reserves, there has been a greater focus on offshore exploration and production. Offshore oil production is still dominated by shallow water drilling and resources. Deepwater areas represent the new growth areas of offshore exploration and production. 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.

Exploration And Production Spending

Exploration and production spending has historically been driven by oil and gas prices. In turn, exploration and production spending is a driver of drilling and sub-sea engineering services. The chart below illustrates global exploration and production spending and oil price.

Chart 21 : Exploration and Production Spending and Oil Price



Source: Fearnleys

Drilling Services Industry

The drilling services industry is highly competitive. Demand for drilling and related services is influenced by a number of factors, including the current and expected prices of oil and gas, as well as the level of activity in oil and gas exploration and production.

Drilling operations are geographically dispersed in oil and gas exploration and production 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 generally do not exist in the long-term because of rig mobility.

Types Of Drilling Units

Tender rigs

A tender rig is a barge moored alongside 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 drilling equipment set. A tender rig carries its own drilling 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 equipment set. A typical tender barge has dimensions of 300 feet by 80 feet with a gross tonnage of about 4,500 tons. Typical water depths it can operate in are between 30 to 400 feet. Tender rigs can also be moored in up to 6,500 feet by use of a pre-laid mooring arrangement. 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 relocating, 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 and 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 to maintain position over a well.

Global Mobile Offshore Drilling Market

The utilisation of mobile offshore drilling units ("MODUs") is at historical high levels. Day-rates for these MODUs have also continued to climb to new highs. As a result of limited rig availability, oil and gas companies are now entering into contracts for rig capacity well ahead of contract commencement. Industry consensus suggests that utilisation level of MODUs should remain relatively high for at least the next five years. This is supported by the fact that oil and gas companies are now securing MODU capacities for long-term periods of up to three to five years.

Table 20 : Global MODU Fleet as of December 2007

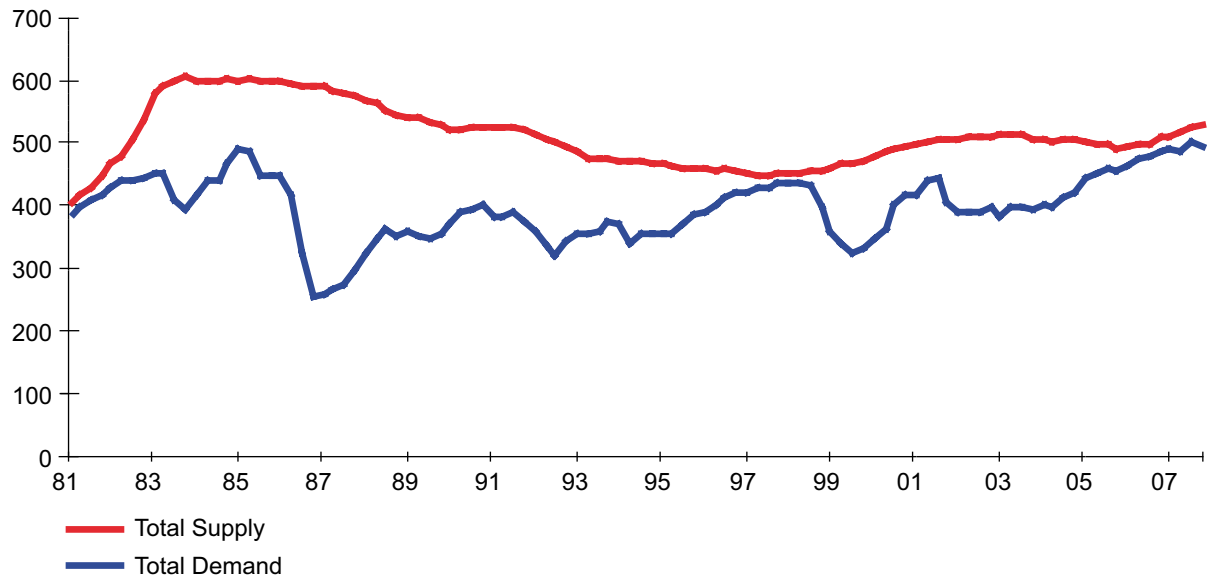
Areas:	Jackups	Semisubmersibles	Drillships	Tenders
Africa - Other		2		
Africa - West	25	18	10	7
Asia - Caspian	9	7		
Asia - Far East	23	21	22	
Asia - South	37	3	6	
Asia - SouthEast	80	29	6	22
Australia	5	10	1	
Black Sea	5	1		
Europe - East	5	4		
Europe - North Sea	36	39	1	
Mediterranean	10	6	3	
MidEast - Persian Gulf	95	5		
MidEast - Red Sea	13			
N. America - Canadian Atlantic		1		
N. America - Mexico	34	6		
N. America - US GOM	98	30	6	
S. America - Brazil	8	25	7	
S. America - Other & Carib.	6	4		
S. America - Venezuela	2			2
Total	491	211	62	31

Source: Fearnleys

The charts below illustrate supply and demand for MODUs.

Chart 22 : Supply and Demand Worldwide
Semisubmersibles, Jackups and Drillships

NUMBER OF UNITS

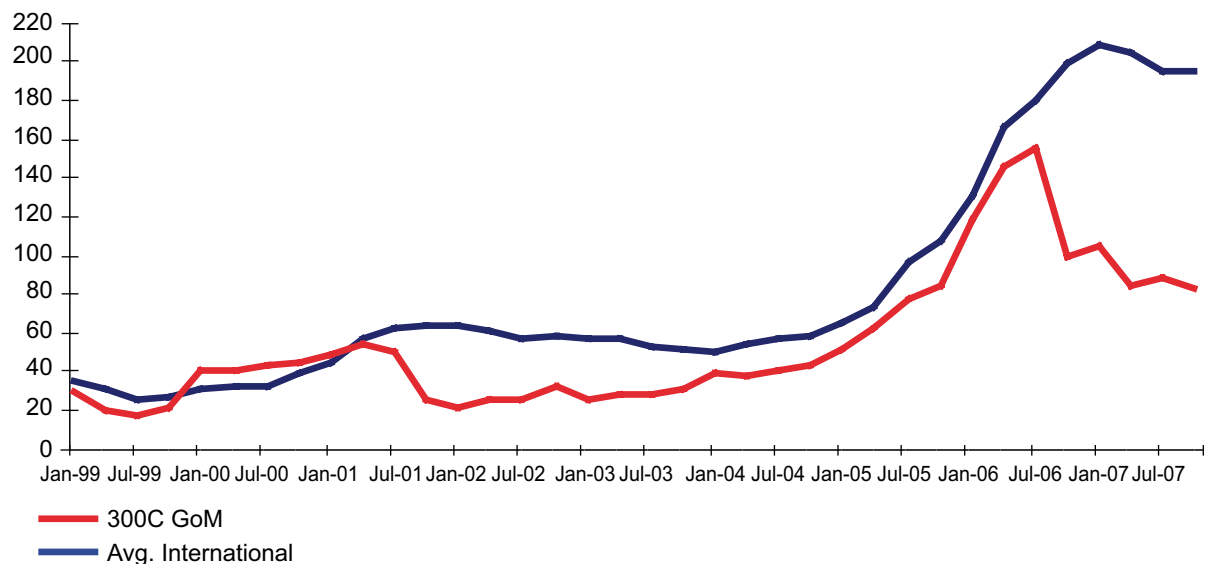


Source: Fearnleys

Chart 23 : Historical Jack-Ups Day Rates

AVERAGE DAY RATES 300 IC JACKUP DRILLING UNITS

THOUSAND USD



Source: Fearnleys

Drilling contracts are typically awarded on a competitive bid or negotiated basis. Price is often the primary factor in determining the award for a drilling contract. Rig availability and each contractor's safety performance record and reputation for quality are also key factors in the selection process.

Tender Rig Market

According to Fearnleys, the global fleet of tender rigs comprises 30 units, including new builds under construction, as of December 2007. The majority of these operates in South East Asia and has been contracted for the next one to three years by oil and gas companies in the region.

The market for tender rigs is a niche market that generally goes through the same cycles as the market for other MODUs in general, and with jack-ups in particular.

However, tender rigs are normally preferred by oil and gas companies that have oil platforms which are able to accommodate both tender rigs and jack-up rigs. The use of tender rigs tend to reduce costs for oil and gas companies as tender rigs lighten the weight of the oil platform, shorten the construction period by reducing the complexity of the oil platform, and, as a result, reduce construction risk.

While tender rigs have their own niche in water depths where jack-ups cannot be used, high jack-up day-rates create more opportunities for tender rigs that can perform the same tasks at lower day-rates. As such, as jack-up rig utilisation increases and day-rates rise, tender rig demand should also grow.

South East Asia is the biggest market for tender rigs, followed by West Africa. The level of activity for tender rigs in South East Asia has remained high, with industry consensus suggesting that this relatively high level of activity will continue for at least the next one to three years.

Table 21 : World Fleet of Tender Drilling Rigs

Rig Name	Manager	Rig Type	Current Region	Current Status
Seahawk	Atwood Oceanics	Tender	Africa - West	Drilling
Charley Graves	KCA Deutag	Tender	Asia - SouthEast	Drilling
Searex 10	KCA Deutag	Tender	Asia - SouthEast	Modification
Searex 9	KCA Deutag	Tender	Asia - SouthEast	Modification
W D Kent	KCA Deutag	Tender	Asia - SouthEast	Modification
Mermaid Tender TBN 1	Mermaid Drilling	Tender	Asia - SouthEast	Under Construction
MTR-1	Mermaid Drilling	Tender	Asia - SouthEast	Drilling
MTR-2	Mermaid Drilling	Tender	Asia - SouthEast	Maintenance
GP-14	PDVSA	Tender	S. America - Venezuela	Ready Stacked
GP-18	PDVSA	Tender	S. America - Venezuela	Ready Stacked
Al Baraka I	Pride International	Tender	Africa - West	Drilling
Alligator	Pride International	Tender	Africa - West	Drilling
Barracuda	Pride International	Tender	Africa - West	Drilling
Baruna I	PT Patra	Tender	Asia - SouthEast	Accommodation
TAD-1	Saipem	Tender	Africa - West	Drilling
T-10	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
T-11	Seadrill Ltd	Tender	Asia - SouthEast	Under Construction
T-3	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
T-4	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
T-6	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
T-7	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
T-8	Seadrill Ltd	Tender	Africa - West	Drilling
T-9	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
Teknik Berkat	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
West Alliance	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
West Berani	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
West Menang	Seadrill Ltd	Tender	Africa - West	Drilling
West Pelaut	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
West Setia	Seadrill Ltd	Tender	Asia - SouthEast	Drilling
West TBN	Seadrill Ltd	Tender	Asia - SouthEast	Under Construction

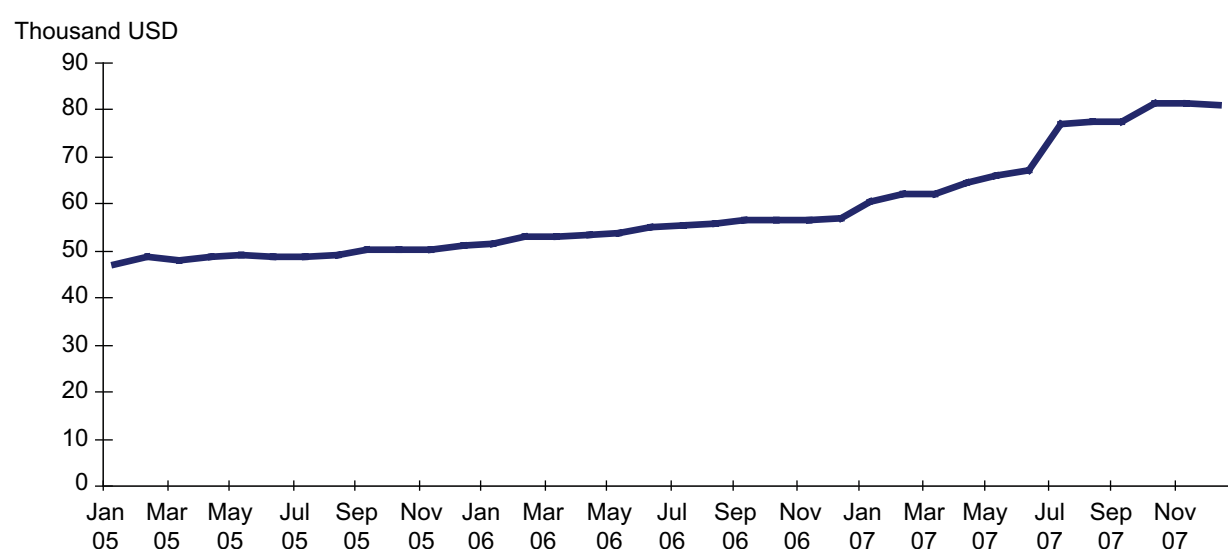
Source: Fearnleys

The tender rigs in the market are operating at near full utilisation as of December 2007, with client indications suggesting that utilisation is expected to continue at high levels for at least the next one to three years.

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. In addition, geographic location may also affect contracted day-rates.

Notwithstanding this, contracted day rates in the tender rig market generally track rates in the jack-up market, as both these market segments are driven by cycles in the oil and gas industry. According to Fearnleys, current rates in the tender rig market range between US\$ 40,000-145,000/day, depending on the location and rig specifications.

Chart 24 : Day-Rate Development of Tender Rigs



Source: Fearnleys

Sub-Sea Engineering Service Industry

The sub-sea engineering industry with respect to oil and gas exploration covers a wide range of activities that encompass all offshore developments from 'cradle to grave'. Whilst there is currently a large focus on the buoyant exploration and production activity, this is only one element in the life of an offshore oil or gas field. Once installed, ongoing repair and maintenance, in addition to upgrades and planned inspection programs, provide an ongoing requirement for sub-sea work for the life of a field, and eventual decommissioning (it is usual for oil and gas companies to be liable for the complete removal of all offshore facilities at end of life), provide regular and ongoing work programs. Further, sub-sea engineering services also include emergency repair and call out services using a combination of air/saturation diving and ROV services. Typical work undertaken would include:

- I inspection and non-destructive testing of submerged parts of offshore structures and vessels;
- I inspection of oil and gas pipeline systems on the seabed;
- I repair of any underwater sub-sea pipe system and structure;
- I offshore tie-ins;
- I salvage and underwater repairs; and
- I cleaning and marine growth removal.

Sub-sea work in the oil and gas industry has a relatively short history with major developments dating back to the early development of the North Sea oil and gas fields in the 1960s.

Some of the key value drivers for the sub-sea market going forward are expected to be relatively robust oil and gas prices, development of new facilities in mid to deep water, expansion of existing installations, and increased maintenance activity on ageing offshore oil and gas fields.

Whilst data relating to volume and geographical location of exploration and production activities is available from various market sources, 'in-service', decommissioning and particularly repair costs, which are the main indicators of the size of the sub-sea engineering services market, are less readily available, although there is an obvious link between increased exploration and production and these activities.

With respect to the South East Asian market (notably Thailand), it should also be noted that production of gas is far more predominant than oil production and therefore, far less exposed to dramatic price fluctuations such as those experienced in oil production. This is partly attributable to gas being less of a global commodity, being more difficult to transport over long distances than oil, with more localised consumption and less exposure to regional political volatility.

Charter rates for sub-sea engineering vessels have been on the uptrend. Based on client indications, demand for sub-sea engineering services is expected to continue to remain strong for at least the next one to three years.

The Shipping Services Industry

Shipping Services Group

TTA's original business was the provision of various shipping services in Asia. Over time, TTA evolved into an owner and operator of general cargo and dry bulk vessels, offshore support vessels, and tender drilling rigs. The Shipping Services Group has expanded into stevedoring, ship maintenance and repairs, ship brokerage, and port operations, but due to the significant asset growth in other parts of the Group, now has a lower revenue and net profit contribution than before.

Net Contributions of Shipping Services Group

The combined net contributions of the Shipping Services Group amounted to Baht 145.1 million for the financial year that ended on 30 September 2007, as compared to Bt 142.3 million for the financial year that ended on 30 September 2006. The Group's offshore services business was part of the Shipping Services Group until the Offshore Services Group was consolidated into the Group as a separate business from the Shipping Services Group. The consolidation took effect during the financial year that ended on 30 September 2006. As a result of such consolidation, the net contribution of the Shipping Services Group decreased accordingly for the financial year that ended on 30 September 2006. A breakdown of the net contributions of the Shipping Services Group is shown in the following table:

Table 22 : Net Contributions of Service Companies

Group Company	For the financial year that ended on 30 September 2006		For the financial year that ended on 30 September 2007	
	Net income (Baht millions)	Net income as a percentage of the combined net contributions of the Shipping Services Group (%)	Net income (Baht millions)	Net income as a percentage of the combined net contributions of the Shipping Services Group (%)
Ship agencies	41.5	29.2	18.4	12.7
Ship Brokerage	21.7	15.2	37.0	25.5
Stevedoring	(0.9)	(0.6)	1.3	0.9
Marine Communications	-	-	-	-
P&I Club Representative	4.9	3.4	3.1	2.1
Ship Supplies & Logistics Provider	10.0	7.0	5.6	3.9
Other Middle East Operations	69.1	48.6	95.5	65.8
Ship Maintenance	(4.0)	(2.8)	(15.8)	(10.9)
Total for the Shipping Services Group	142.3	100.0	145.1	100.0

TSF contributed significantly to the net contributions for the Shipping Services Group for the financial year that ended on 30 September 2007. While Port Khalid is almost fully utilised, an expansion at Port Hamriyah provides investment opportunities for the Group. The Group's liner trades to the Middle East derive significant benefits from this joint venture, indicated by TSF handling higher cargo volumes. Net contributions for the financial year that ended on 30 September 2007 increased 38.2% to Baht 95.5 million.

For the financial year that ended on 30 September 2007, FTL contributed Baht 29.0 million to the Group, compared to Baht 16.5 million for the financial year that ended on 30 September 2006. The net contributions increased as a result of the high freight rate environment in 2007, which resulted in higher commission income for FTL.

CTS and CMSS have strategically shifted their focus from stevedoring, which is a highly competitive market segment, to vessel supply and warehouse businesses. CMSS completed construction of one new warehouse in 2007 and all warehouses are fully rented to clients, such as Cementhai Logistics Co., Ltd. (Siam Cement Group), DHL Excel Supply Chain Ltd., and Excel Logistics (Far East). GTL also completed construction of one distribution centre for use by Bristol-Myers Squibb Thai Ltd.

Overall, we expect gradual increases in contributions from the Shipping Services Group in 2008.

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/Calendar-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 represent 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 23 : Operating Results from Key Business Groups

Unit: Baht in Millions

	2007			
	Shipping Group	MOS	MDL	Total
Voyage revenues	15,865.29	-	-	15,865.29
Offshore service revenues	-	2,867.21	1,140.08	4,007.29
Vessel operating expenses	6,572.02	-	-	6,572.02
Offshore service expenses	-	1,932.91	416.85	2,349.76
Time charter hire expenses	2,708.34	329.80	-	3,038.14
Net operating/offshore revenues	6,584.93	604.50	723.23	7,912.66
Depreciation	1,338.32	168.22	198.16	1,704.70
General and administrative expense	652.76	95.52	462.08	1,210.36
Writedown/(gain) on sale of vessels and equipment	(14.91)	-	24.63	9.72
Operating results	4,608.76	340.76	38.36	4,987.88

Dry Bulk Shipping Group

As of 30 September 2007, our dry bulk fleet consisted of forty-five (45) owned vessels and six (6) chartered-in vessels with a remaining period of two to three years. Our owned fleet has a total cargo carrying capacity of 1,266,518 dwt, while the six chartered-in vessels have a total cargo carrying capacity of 301,598 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.

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 24 : Calendar-Ship-Days for Dry Bulk Vessels

Unit: Days

Calendar-Ship-Days	FY 2006		FY 2007	
	No. of days	% Change	No. of days	% Change
Owned Vessels	17,031	(1.08)%	16,402	(3.69)%
Chartered-In Vessels	2,299	104.54%	3,199	39.14%
Total	19,330	5.39%	19,601	1.40%

The average size of our own dry bulk fleet decreased 3.69% from 17,031 calendar-ship-days in 2006 to 16,402 calendar-ship-days in 2007. This decrease was primarily the result of the sale of one vessel, M.V. Hermes (built in 1977). To meet our client commitments, we chartered-in a significantly higher amount of vessels in 2007.

Net Voyage Revenues: Net voyage revenues increased 25.36% to Baht 9,104.64 million in 2007 from Baht 7,262.76 million in 2006. This increase was primarily due to employing a greater percentage of the fleet on the short-term markets. In 2006, 43.04% of the fleet's available capacity was placed on period time charters. In 2007, 32.73% of the fleet's available capacity was placed on period time charters, with the difference placed on more short-term fixtures. Spot-based net voyage revenues rose 84.85%, as more than 54.39% of the fleet's available capacity was employed on liner services and short-term voyage charters.

This increase in net voyage revenues was offset by unplanned off-hire time for two vessels, which had a total of 173 off-hire days, leading to a decrease in vessel utilisation. Voyage expenses increased 26.51% to Baht 6,760.65 million in 2007, primarily as a result of an increase in charter hire expenses and bunker fuel prices. Due to the strong freight markets, we were able to pass through these voyage expense increases. The margin between gross freight revenues and voyage expenses equalled 57.39%, which is similar to 2006. Cargo volumes fell 5.36%, as we switched to more long-haul voyages, which generated higher net voyage revenues.

The below table shows significantly higher TC rates in all services, except for period time charters, as most of these charters were fixed from 2006. In 2007, the fleet average TC rate rose 36.14% to US\$ 15,410, compared to our average TC rate in 2006 of US\$ 11,079 per day.

Table 25 : TC Rates by Type Of Service (TTA Fleet Only)

Unit: US\$/Per Day

TC Rates	FY 2006	FY 2007	%
Liner Service	9,453	15,473	63.68
Tramp – COA	5,022	12,692	152.73
Tramp - Voyage Charter	6,786	12,224	80.14
Tramp - Spot Time Charter	9,919	16,801	69.38
Tramp - Period Time Charter	16,090	16,082	(0.05)

Table 26 : Fleet Utilisation

Item	FY 2006		FY 2007	
	No. of days	% Change	No. of days	% Change
Calendar-Ship-Days	17,031	(1.08)%	16,402	(3.70)%
Planned Off-Hire Days	552	50.41%	548	(0.72)%
Available Days	16,479	(2.20)%	15,854	(3.79)%
Unplanned Off-Hire Days	402	(4.96)%	493	22.64%
Operating Days	16,077	(2.13)%	15,361	(4.45)%
Fleet Utilisation	97.56%	0.07%	96.89%	(0.69)%

Table 27 : Cargo Volumes by Type of Service

Unit: Tonnes

Type of Service	FY 2006		FY 2007	
	Quantity	% Change	Quantity	% Change
Liner Service	2,844,923	18.95%	3,373,891	18.59%
Tramp – COA	795,532	(29.37)%	1,596,298	100.66%
Tramp - Voyage Charter	1,877,081	28.32%	1,646,659	(12.28)%
Tramp - Time Charter	8,556,374	5.26%	6,702,923	(21.66)%
Total	14,073,910	7.35%	13,319,771	(5.36)%

Vessel Operating Expenses (Owner Expenses): Vessel operating expenses decreased 7.98% to Baht 2,519.71 million in 2007 from Baht 2,738.11 million in 2006. The decrease was primarily due to strict cost controls that led to lower crew and repair and maintenance expenses. These decreases were offset by higher insurance premiums due to the higher insured value of the fleet and additional amortisation of dry-docking costs of Baht 52.77 million. In 2007, there were outstanding dry-docking expenses to be amortised on forty-two (42) vessels, which was higher than in 2006. Our repair and maintenance costs equalled 55.52% of vessel operating expenses. 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. The average Thai Baht currency strengthened 9.8% relative to the U.S. dollar in 2007, causing vessel operating expenses to rise from US\$ 4,177 per calendar-ship-day in 2006 to US\$ 4,422 per calendar-ship-day in 2007.

Time Charter Hire Expense: Time charter hire expenses increased 73.01% to Baht 2,708.34 million in 2007, from Baht 1,565.43 million in 2006, primarily due to an increase in chartered-in vessels. In 2007, we chartered in twenty-nine (29) vessels with forty-six (46) voyages on either a voyage or short-term basis to employ on our liner and COA services. In 2006, we chartered in twenty-two (22) vessels with thirty-six (36) voyages for similar purposes. Furthermore, our average charter hire rate increased 29.48% to US\$ 22,904 per day in 2007 from US\$ 17,689 per day in 2006.

Depreciation and Amortisation: Depreciation and amortisation expenses increased 4.74% to Baht 1,338.32 million in 2007 from Baht 1,277.80 million in 2006. Depreciation and amortisation expenses increased due to the acquisition of one second-hand vessel, which created an extra Baht 42.07 million of expenses. This increase was partially offset by the previously mentioned vessel sale.

Gain on Sale of Vessels: Due to the sale of one older vessel, we recorded a gain of Baht 16.45 million in 2007. The gain on sale of vessels in 2006 was Baht 99.38 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 28 : Calendar-Ship-Days for Offshore Service Vessels

Unit: Days

Calendar-Ship-Days	FY 2006		FY 2007	
	No. of days	% Change	No. of days	% Change
Owned Vessels	1,313	259.73%	1,460	11.20%
Chartered-In Vessels	320	14.70%	365	14.06%
Total	1,633	153.57%	1,825	11.76%

The average size of our own offshore service vessel fleet increased 11.20% in 2007, as the second-hand vessel acquired in 2006 was employed for the full year in 2007. For a similar reason, the chartered-in vessel days increased, even though we did not charter-in additional vessels in 2007.

Offshore Service Revenues: Service revenues increased 66.95% to Baht 2,867.21 million in 2007, or US\$ 44,012 per calendar-ship-day, from Baht 1,717.36 million, or US\$ 27,001 per calendar-ship-day in 2006. Vessel utilisation days improved from 970 days in 2006 to 1,349 days in 2007, resulting in a 77.17% utilisation rate. This reflects strong demand and a higher number of sub-sea engineering projects. In 2007, we worked on forty (40) major projects, as compared to forty-seven (47) major projects in 2006. The 2007 average project duration was longer, and more valued-added services, like ROV's, were provided as we owned more equipment.

Table 29 : Fleet Utilisation for Offshore Service Vessels

Item	FY 2006		FY 2007	
	No. of days	% Change	No. of days	% Change
Calendar-Ship-Days	1,633	153.57%	1,825	11.76%
Planned Off-Hire Days	0	0	77	100%
Available Days	1,633	153.57%	1,748	7.04%
Operating Days	970	138.92%	1,349	39.07%
Fleet Utilisation	59.40%	(3.64)%	77.17%	29.92%

Offshore Service Expenses: Service expenses increased 70.82% to Baht 1,932.91 million, or US\$ 29,668 per calendar-ship-day, in 2007 from Baht 1,131.54 million, or US\$ 17,764 per calendar-ship-day, in 2006. The increase in service expenses was primarily due to higher utilisation rates, larger crew, and higher insurance premiums.

Depreciation and amortisation: Depreciation and amortisation expenses increased 49.26% to Baht 168.22 million in 2007, from Baht 112.70 million in 2006. An increase of Baht 55.52 million is attributable to the full year depreciation of two second-hand vessels in 2007, as compared to their partial year depreciation in 2006.

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

Table 30 : Calendar-Rig-Days for Drilling Rigs

Calendar-Rig-Days	FY 2006		FY 2007	
	No. of days	% Change	No. of days	% Change
Owned Rigs	652	276.88%	730	11.96%
Chartered-In Rigs	0	0	0	0
Total	652	276.88%	730	11.96%

Table 31 : Fleet Utilisation for Drilling Rigs

Item	FY 2006		FY 2007	
	No. of days	% Change	No. of days	% Change
Calendar-Rig-Days	652	276.88%	730	11.96%
Planned Off-Hire Days	0	0%	70	100%
Available Days	652	276.88%	660	1.23%
Unplanned Off-Hire Days	23	100%	178	673.91%
Operating Days	629	263.58%	482	(23.37%)
Fleet Utilisation	96.47%	3.53%	73.03%	(24.30%)

Offshore Service Revenues: Service revenues decreased 6.98% to Baht 1,140.08 million, or US\$ 44,116 per calendar-rig-day, in 2007, compared to Baht 1,225.59 million, or US\$ 48,262 per calendar-rig-day, in 2006. The decrease was due to a significantly lower utilisation rate of 73.03%. One drilling rig had planned off-hire time for its five-year special survey. A subsequent accident on the same rig resulted in unplanned off-hire time of eighty-seven (87) days.

Offshore Service Expenses: Service expenses increased 35.35% to Baht 814.72 million, or US\$ 31,263 per calendar-rig-day, in 2007 compared to Baht 601.93 million, or US\$ 23,703 per calendar-rig-day, in 2006. This increase was primarily the result of asset write-offs and repair and maintenance expenses from the fire accident totalling Baht 129.80 million. Even though the utilisation rate was lower in 2007, compensation costs increased due to tight supply of skilled drilling rig crews.

Depreciation and Amortisation: Depreciation and amortisation expenses increased 16.49% to Baht 198.16 million in 2007, from Baht 170.12 million in 2006. This was primarily due to additional purchases of tools and equipment for the drilling rigs.

Other Operating Results

General and administrative expenses: General and administrative expenses increased 49.17% to Baht 1,674.76 million in 2007, from Baht 1,122.75 million in 2006. One of the primary reasons was the accrual of a variable compensation reserve totalling Baht 188.15 million in 2007. Other general and administrative expenses in the Dry Bulk Shipping Group and Shipping Services Group increased 33.74% to Baht 1,020.40 million in 2007 due to the establishment of seven (7) new subsidiaries resulting in higher direct service costs and legal fees for establishing these companies. We also paid Baht 18.04 million of prepayment fees as we refinanced the Dry Bulk Shipping Group's bank loans with the convertible bond proceeds. Some hedging costs were also recorded for our two

Japanese newbuild vessels. General and administrative expenses in Mermaid decreased 6.67% to Baht 301.90 million in 2007, due to the disposal and dissolution of four (4) subsidiaries.

Interest expenses: Interest expenses decreased 5.08% to Baht 665.47 million in 2007. We repaid US\$ 37.44 million and prepaid US\$ 9.22 million of bank debt prior to the convertible bond issue. At the end of September 2007, the Dry Bulk Shipping Group repaid bank loans totalling US\$ 131.01 million from the convertible bond proceeds. Mermaid's total debt decreased to US\$ 63.39 million as of 30 September 2007. The Group's average debt, including the convertible bonds, increased 2.24% to US\$ 263.97 million, but another US\$ 23.16 million of the Dry Bulk Shipping Group's bank loans will be repaid in November and December 2007 with the convertible bond proceeds. Furthermore, higher US Dollar LIBOR interest rates limited the reduction in interest expenses.

Interest and dividend income: Interest and dividend income decreased 8.54% to Baht 74.58 million in 2007, from Baht 81.54 million in 2006. We maintained a higher average cash balance in 2007 but deposited the funds primarily in bank accounts. This higher degree of cash liquidity was maintained, as we made more capital investments in 2007. A limited portion of our cash balance was invested in short-term highly liquid instruments, such as fixed-income securities, and equity. The average size of the equity portfolio and dividends from the portfolio were significantly lower than 2006. Our average cash balance in 2007 was Baht 2,558.82 million, compared to Baht 1,535.26 million in 2006.

Equity Income From Associates and Joint Venture: Equity income from associates and joint venture increased from a loss of Baht 3.16 million in 2006 to a gain of Baht 9.39 million in 2007 due to Mermaid's change from an affiliate company to a subsidiary company in 2006. Mermaid recorded a net loss of Baht 15.51 million prior to its consolidation in 2006. In 2007, other affiliates, including Gulf Agency (Thailand) Limited and Thoresen Indochina S.A., recorded total gains of Baht 9.39 million.

Foreign Exchange Gains (Losses): Foreign exchange gains of Baht 723.36 million were recorded in 2007, as a result of the strengthening of the Thai Baht in 2007 relative to 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.

Other Income (Loss): Other revenues decreased 34.28% to Baht 155.20 million, as we discontinued third-party sales of dunnage and cargo lashing materials. Furthermore, due to the increased off-hire time for the drilling rigs, we recorded significantly lower rechargeable income to clients in 2007. These decreases were offset by gains on the sale of securities of Baht 17.03 million.

As a result of the discussed factors and the elimination of various inter-company transactions, our net income increased to Baht 4,968.52 million in 2007 versus Baht 3,502.44 million in 2006.

Liquidity and Capital Resources

The following table sets forth our consolidated capitalisation for the one previous financial year.

Table 32 : Total Capitalisation

Unit: Baht

Item	As of 30 September	
	2006	2007
Debt		
Bank overdrafts	40,058,490	20,274,164
Short-term debt	160,000,000	210,777,752
Current portion, long-term debt	1,450,126,683	1,239,979,268
Convertible bonds	-	5,665,202,823
Long-term debt	7,311,727,988	1,940,323,187
Total Debt	8,961,913,161	9,076,557,194
Shareholders' Equity		
Ordinary shares, Baht 1 par value, 643,684,422 shares paid up;	643,684,422	643,684,422
Additional paid-in capital	1,540,410,208	1,540,410,208
Retained earnings	9,057,647,332	13,103,766,043
Others	781,320,831	766,672,612
Total Shareholders' Equity	12,023,062,793	16,054,533,285
Total Capitalisation	20,984,975,954	25,131,090,479
Total Debt to Total Capitalisation	0.43	0.36
Net Debt to Total Net Capitalisation	0.38	0.24

Cash Flows

The following table summarises our cash and cash equivalents provided by (used for) operating, financing, and investing activities for the years presented:

Table 33 : Summary Cash Flows

Item	FY2006	FY2007
Net Operating Cash Flows	4,206,516,415	6,848,647,052
Net Investing Cash Flows	(1,869,914,089)	(4,366,270,411)
Net Financing Cash Flows	(2,860,635,320)	(99,069,489)

As of 30 September 2007, our total cash and cash equivalents equalled Baht 3,745.16 million, compared to Baht 1,372.49 million at 30 September 2006. Our total liquidity, including cash, cash equivalents, and undrawn borrowings, was Baht 4,646.28 million as of 30 September 2007, up from Baht 2,900.43 million as of 30 September 2006. The increase in total liquidity was mainly the result of higher cash flows from operations. A balance of US\$ 23.16 million from the convertible bond proceeds was reserved to repay the Dry Bulk Shipping Group's remaining long-term loans in November and December 2007.

Net cash flows from operating activities rose to Baht 6,848.65 million in 2007 from Baht 4,206.52 million in 2006, mainly reflecting the increase in the average fleet TC rate and higher offshore service income.

Net cash flows used in investing activities equalled Baht 4,366.27 million in 2007, primarily as a result of five newbuild dry bulk vessels and orders for new offshore equipment. The net cash flows used in investing activities was Baht 1,869.91 million in 2006.

Net cash flows from financing activities equalled Baht (99.07) million in 2007, primarily as a result of long-term loan repayments and dividends paid to shareholders. Scheduled loan repayments were US\$ 40.28 million during 2007. We also prepaid US\$ 9.22 million of loans prior to the convertible bond issue. We used cash generated from operations and proceeds from vessel sales to make these prepayments. These payments were offset by the convertible bond proceeds of US\$ 169.8 million and long-term loans of Baht 290.93 million from commercial banks to construct a warehouse and a distribution centre and to purchase offshore equipment. We have followed a clear policy to reduce our leverage. The total bank debt to total capitalisation ratio was 0.36 x as of 30 September 2007 versus 0.43 x as of 30 September 2006. Similarly, the net bank debt to total net capitalisation ratio was 0.24 x and 0.38 x, respectively, and the debt to equity ratio was 0.57 x and 0.74 x, respectively, on the same dates.

As of 30 September 2007, TTA had total long-term debt of US\$ 261.38 million, compared to US\$ 231.30 million as of 30 September 2006. We also have revolving credit facilities up to US\$ 10 million provided by a foreign bank and Baht 365.00 million provided by local banks. As of 30 September 2007, Baht 201.60 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 certain minimum level of free cash. As of 30 September 2007, 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 2007 were Baht 922.40 million.

Capital Expenditures

In 2007, we acquired one second-hand vessel at a cost of US\$ 37.41 million and paid deposits on five newbuild vessels, equalling US\$ 45.04 million. The total investment cost for the six vessels was US\$ 239.02 million. The second-hand vessel acquisition was funded by a combination of existing cash balances and a bank loan, which was then refinanced with the convertible bond proceeds. Deposits for the newbuild vessels were all funded by our internal cash flows. During 2007, we had eighteen (18) vessels undergo dry-docking, which cost Baht 558.76 million in total.

Mermaid paid ongoing instalments for one new build vessel, and acquired two remotely operated vehicle ("ROV") systems, and one crane for a total cost of Baht 546.13 million. These capital expenditures were funded by a combination of existing cash balances and loans. Mermaid also had two offshore support vessels and one tender rig undergo dry-docking during 2007 for a total cost of Baht 109.60 million.

Over the next four financial years, twenty-four (24) of our dry bulk vessels will reach the age of twenty-five (25) years, which could result in immediate scrapping.

Table 34 : Vessels Reaching 25 Years

Vessel Reaching 25 Years Old	2008	2009	2010	2011
Number of Vessels	6	3	5	10
DWT	127,057	84,402	171,991	249,364

Giving our growing client base, we need to not only replace these vessels but also expand the fleet. The objective of our gradual fleet renewal plan is to ensure that newer vessels, either newbuild or second-hand ones, will arrive in time to replace possible sale or scrapping candidates. Any future expenditure is subject to the prices at which we can acquire vessels.

Our Shipping Services Group invested a total amount of Baht 291.49 million during 2007. The funds were used to construct one 8,580 square metre warehouse through Chidlom Marine Services and Supplies Ltd. and one 10,000 square metre distribution centre through GAC Thoresen Logistics Ltd. Both assets started to generate income for the Group since April 2007 and November 2006, respectively.

Our business strategy is to become a broad-based provider of maritime services. Besides investments into our fleet, we spent Baht 234.5 million to acquire another 4.08% of Mermaid from an existing shareholder, United Asset Group Limited.

With the funds from the Mermaid IPO and credit facilities under processing, Mermaid 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 other foreign currencies, the most significant of which are the Euro and Singapore dollar. During 2007, approximately 39.22% of vessel and voyage costs, overhead, and dry-dock expenditures were denominated in other currencies besides the US dollar.

We entered into forward exchange sales and purchase contracts as a hedge against our Thai Baht exposures. The fair market value of the forward exchange sales and purchase contracts was Baht 366.72 million and Baht 59.23 million, respectively, as of 30 September 2007. The table below summarises our foreign currency forward contracts.

Table 35 : Summary of Forward Foreign Exchange Sale And Purchase Contracts

Item	FY2008
Foreign currency forward sale contracts	
US Dollar to Thai Baht Contract Amount	US \$ 9 million
Average Contractual Exchange Rate	36.67
Foreign currency forward purchase contracts	
Thai Baht to US Dollar Contract Amount	US \$ 1.63 million
Average Contractual Exchange Rate	34.27
Thai Baht to British Pound Contract Amount	GBP 0.05 million
Average Contractual Exchange Rate	68.00

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

During the year, we entered into currency collar contracts to limit the foreign currency exchange rate fluctuation relating to two Japanese yen-denominated ship building contracts totalling YEN 7,353 million. Such contracts specify the range of minimum and maximum exchange rates between YEN 105 to 120 per US\$ 1. The contracts are effective from 12 December 2006 to 12 September 2011 for the first contract and from 27 December 2006 to 28 December 2009 for the second 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 certain margins. The convertible bonds have a fixed annual interest rate of 2.50%. We also 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 2007.

We do not intend to enter into any foreign exchange or interest rate derivative transactions for speculative purposes.

Table 36 : Debt Maturity, Capital Commitments, and Interest Rate Cap Profile

Unit: US\$ in Millions

Item	FY2008	FY2009	FY2010-FY2012	Thereafter	Total
Long Term Debt					
Fixed Rate Debt US Dollars Denominated	-	-	169.80	-	169.80
Variable Rate Debt US Dollar Denominated	32.59	9.42	25.92	9.22	77.15
Variable Rate Debt Thai Baht Denominated	3.10	3.21	6.98	1.14	14.43
Capital Commitments					
New Building Instalments	6.53	17.75	131.55	-	155.83
New Vessel Acquisition	-	-	-	-	-
Chartered-In Vessels	53.62	35.59	18.75	-	107.96
Interest Rate Cap					
Contract Amount	200.00	200.00	200.00	-	-
Average Cap. Rate	6.31%	6.50%	6.63%	-	-

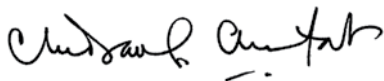
Statement of the Board of Directors Responsibilities for the Financial Statements



The Board of Directors realises the significance of its duties and responsibilities in supervising TTA's business to ensure good management in accordance with laws, detailed objectives, 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 TTA's financial report contains accurate and full accounting records that reflect its 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 2007 of TTA and its subsidiaries, which have been reviewed by the Audit Committee in conjunction with the management, and audited by TTA'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

A person wearing a blue hard hat and a blue shirt is shown in profile, holding a black walkie-talkie to their mouth. The background is a bright, hazy sky with a large, glowing sun or light source, creating a silhouette effect on the person and the walkie-talkie.

Commitment

We are passionate about the future of this company and feel accountable for business results and success.



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 2007, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the year 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 audit. The consolidated and company financial statements for the year ended 30 September 2006 of Thoresen Thai Agencies Public Company Limited and its subsidiaries, and of Thoresen Thai Agencies Public Company Limited, respectively, presented herewith for comparative purposes, were audited by another auditor in the same firm as myself whose report dated 21 December 2006, expressed an unqualified opinion on those statements.

I conducted my audit 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 audit provides 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 2007, and the consolidated and the company results of operations and cash flows for the year 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.

Nangnoi Charoenthaveesub
Certified Public Accountant (Thailand) No. 3044
PricewaterhouseCoopers ABAS Limited

Bangkok
21 December 2007

Balance Sheets

As at 30 September 2007 and 2006

		Consolidated		Company	
		2007	2006	2007	2006
Note		Baht	Baht	Baht	Baht
Assets					
Current Assets					
Cash and cash equivalents	4	3,745,160,727	1,372,484,623	751,667,050	896,770,706
Short-term investments	5	300,595,000	245,719,370	155,595,000	140,719,370
Trade accounts receivable, net	6	2,169,545,739	1,827,231,664	-	25,449
Amounts due from related parties	28.2	296,088	291,924	54,050,474	5,401,474
Short-term loans to related parties	28.4	-	-	2,029,843,478	1,846,860,620
Current portion of long-term loans to related parties	28.4	4,000,000	6,000,000	674,415,079	6,000,000
Vessel supplies and spareparts		724,943,137	698,560,248	-	-
Prepayments		126,507,438	115,343,119	2,093,623	347,527
Other current assets, net	7	791,608,327	529,423,859	20,961,516	37,860,891
Total current assets		7,862,656,456	4,795,054,807	3,688,626,220	2,933,986,037
Non-Current Assets					
Long-term loans to related parties	28.4	15,323,000	12,000,000	3,439,016,206	16,000,000
Investments in subsidiaries	8	-	-	17,055,002,735	16,995,527,196
Investments in associates	9	57,924,828	60,827,300	28,736,869	30,336,675
Investments in a joint venture	10	23,776,924	18,283,048	23,776,924	18,283,048
Goodwill, net	11	594,666,469	521,710,886	-	-
Property, plant and equipment, net	12	18,670,880,734	16,925,857,284	289,703,999	260,417,940
Intangible assets, net	13	64,794,826	17,240,282	54,477,620	-
Other assets	14	853,939,851	789,420,242	1,936,313	2,025,553
Total non-current assets		20,281,306,632	18,345,339,042	20,892,650,666	17,322,590,412
Total Assets		28,143,963,088	23,140,393,849	24,581,276,886	20,256,576,449

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Balance Sheets

As at 30 September 2007 and 2006

		Consolidated		Company	
		2007	2006	2007	2006
Note		Baht	Baht	Baht	Baht
Liabilities and Shareholders' Equity					
Current Liabilities					
Bank overdrafts	15	20,274,164	40,058,490	-	-
Short-term loans	16	210,777,752	160,000,000	-	-
Trade accounts payable - others		1,461,648,114	1,157,704,716	3,536,040	4,065,311
Amounts due to related parties	28.3	17,810	492,361	11,233,247	7,414,528
Other accounts payable		251,957,947	246,044,912	86,116,277	99,759
Advances from customers		415,718,114	136,465,333	-	-
Short-term loans from related parties	28.4	-	-	3,399,190,511	8,882,822,183
Current portion of long-term loans	17	1,227,130,991	1,440,941,614	-	-
Current portion of finance lease liabilities	18	12,848,277	9,185,069	4,618,319	-
Accrued income taxes		36,115,162	47,464,538	-	-
Accrued expenses		641,999,270	396,862,348	56,465,420	2,379,161
Other current liabilities		205,416,192	170,383,687	783,082	665,533
Total current liabilities		4,483,903,793	3,805,603,068	3,561,942,896	8,897,446,475
Non-Current Liabilities					
Convertible bonds, net	19	5,665,202,823	-	5,665,202,823	-
Long-term loans	17	1,921,874,977	7,302,025,826	-	-
Finance lease liabilities	18	18,448,210	9,702,162	8,896,399	-
Net liabilities in a subsidiary	8	-	-	17,804,104	-
Total non-current liabilities		7,605,526,010	7,311,727,988	5,691,903,326	-
Total Liabilities		12,089,429,803	11,117,331,056	9,253,846,222	8,897,446,475

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Balance Sheets

As at 30 September 2007 and 2006

Note	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Liabilities and Shareholders' Equity (Continued)				
Shareholders' Equity				
Share capital	20			
Registered share capital				
- ordinary shares	868,684,422	693,684,422	868,684,422	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)	-	-
Excess of carrying value over purchase consideration of acquisition under common control	-	-	124,542,422	124,542,422
Translation adjustment for investments in overseas subsidiaries	(106,517,385)	(21,752,808)	(106,517,385)	(21,752,808)
Fair value reserve	5 21,544,954	14,598,398	21,544,954	14,598,398
Retained earnings				
Appropriated - Legal reserves	25 87,000,000	77,000,000	87,000,000	77,000,000
Unappropriated	13,016,766,043	8,980,647,332	13,016,766,043	8,980,647,332
Total parent's shareholders' equity	15,152,858,350	11,184,557,660	15,327,430,664	11,359,129,974
Minority interests	901,674,935	838,505,133	-	-
Total Shareholders' Equity	16,054,533,285	12,023,062,793	15,327,430,664	11,359,129,974
Total Liabilities and Shareholders' Equity	28,143,963,088	23,140,393,849	24,581,276,886	20,256,576,449

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Statements of Income

For the years that ended on 30 September 2007 and 2006

		Consolidated		Company	
		2007	2006	2007	2006
	Note	Baht	Baht	Baht	Baht
Revenues					
Freight charges		15,865,290,884	12,820,993,100	-	-
Offshore service income		4,025,548,421	2,752,821,058	-	-
Other service and commission income		465,222,110	423,406,412	5,626,403	3,402,734
Interest income		71,900,934	74,504,246	98,905,925	68,152,824
Gains (losses) on exchange rates		723,363,372	742,092,519	22,134,872	(96,740,213)
Share of profit in subsidiaries	8	-	-	5,030,249,042	3,710,406,162
Share of profit (loss) in associates and a joint venture	9, 10	9,389,378	(3,160,923)	9,389,378	(3,160,923)
Other income	27	157,876,086	243,184,642	36,778,510	26,596,755
Total revenues		21,318,591,185	17,053,841,054	5,203,084,130	3,708,657,339
Expenses					
Vessels operating expenses		9,280,361,787	8,167,239,013	-	-
Offshore service expenses		2,713,748,491	1,566,276,577	-	-
Depreciation and amortisation charges	12, 13	1,781,391,213	1,613,994,460	18,975,697	17,351,768
Goodwill amortisation	10, 11	68,626,738	17,961,364	626,601	626,601
Service and administrative expenses		1,599,831,465	1,098,629,962	117,756,127	94,703,848
Directors' fees		6,300,000	6,160,000	6,300,000	6,160,000
Total expenses		15,450,259,694	12,470,261,376	143,658,425	118,842,217
Profit before interest and taxes	22	5,868,331,491	4,583,579,678	5,059,425,705	3,589,815,122
Interest expenses		(665,466,843)	(701,077,348)	(90,910,482)	(87,371,792)
Income taxes	23	(87,116,716)	(103,553,816)	-	-
Profit before minorities		5,115,747,932	3,778,948,514	4,968,515,223	3,502,443,330
Minority interests		(147,232,709)	(276,505,184)	-	-
Net profit for the year		4,968,515,223	3,502,443,330	4,968,515,223	3,502,443,330
Basic earnings per share					
Net profit for the year	24	7.72	5.44	7.72	5.44

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Statements of Change in Shareholder' Equity



For the years that ended on 30 September 2007 and 2006

Consolidated 2007									
	Issued and paid-up share capital	Premium on ordinary shares	Capital reserves - adjustment arising under pooling of interest	Translation adjustments for investments in overseas subsidiaries	Fair value reserve	Retained earnings		Minority interests	Total
	Baht	Baht	Baht	Baht	Baht	Legal reserves	Unappropriated	Baht	Baht
Opening Balance									
1 October 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
Translation adjustments for investments in overseas subsidiaries	-	-	-	(84,764,577)	-	-	-	2,294,252	(82,470,325)
Increase investment in subsidiary	-	-	-	-	-	-	-	36,750,700	36,750,700
Additional investment in subsidiaries	-	-	-	-	-	-	-	(93,557,879)	(93,557,879)
Fair value change of short-term investments	-	-	-	-	6,946,556	-	-	-	6,946,556
Legal reserve	-	-	-	-	-	10,000,000	(10,000,000)	-	-
Net profit for the year	-	-	-	-	-	-	4,968,515,223	147,232,709	5,115,747,932
Dividends paid	-	-	-	-	-	-	(922,396,512)	(29,549,980)	(951,946,492)
Closing Balance									
30 September 2007	643,684,422	1,540,410,208	(50,029,892)	(106,517,385)	21,544,954	87,000,000	13,016,766,043	901,674,935	16,054,533,285

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Statements of Change in Shareholder' Equity



For the years that ended on 30 September 2007 and 2006

Consolidated 2006									
	Issued and paid-up share capital	Premium on ordinary shares	Capital reserves - adjustment arising under pooling of interest	Translation adjustments for investments in overseas subsidiaries	Fair value reserve	Retained earnings		Minority interests	Total
						Legal reserves	Unappropriated		
Note	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)
Additional investments in subsidiary	-	-	-	-	-	-	-	(257,190,470)	(257,190,470)
Fair value change of short-term investments	-	-	-	-	(10,466,202)	-	-	-	(10,466,202)
Net profit for the year	-	-	-	-	-	-	3,502,443,330	276,505,184	3,778,948,514
Dividends paid	-	-	-	-	-	-	(1,383,669,029)	(321,000)	(1,383,990,029)
26									
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 the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Statements of Change in Shareholder' Equity



For the years that ended on 30 September 2007 and 2006

Company 2007								
Note	Issued and paid-up share capital	Premium on ordinary shares	Excess of carrying value over purchase consideration of acquisition under common control	Translation adjustments for investments in overseas subsidiaries	Fair value reserve	Retained earnings		Total
						Legal reserves	Unappropriated	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening Balance 1 October 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
Translation adjustments for investments in overseas subsidiaries	-	-	-	(84,764,577)	-	-	-	(84,764,577)
Fair value change of short-term investments	-	-	-	-	6,946,556	-	-	6,946,556
Legal reserve	-	-	-	-	-	10,000,000	(10,000,000)	-
Net profit for the year	-	-	-	-	-	-	4,968,515,223	4,968,515,223
Dividends paid	-	-	-	-	-	-	(922,396,512)	(922,396,512)
Closing Balance 30 September 2007	643,684,422	1,540,410,208	124,542,422	(106,517,385)	21,544,954	87,000,000	13,016,766,043	15,327,430,664

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Statements of Change in Shareholder' Equity



For the years that ended on 30 September 2007 and 2006

Company 2006										
Note	Issued and paid-up share capital	Premium on ordinary shares	Excess of carrying value over purchase consideration of acquisition under common control	Translation adjustments for investments in overseas subsidiaries	Fair value reserve	Retained earnings		Total		
						Baht	Baht			
									Legal reserves	Unappropriated
						</				

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Statements of Cash Flows

For the years that ended on 30 September 2007 and 2006

	Note	Consolidated		Company	
		2007 Baht	2006 Baht	2007 Baht	2006 Baht
Cash flows from operating activities	21	6,848,647,052	4,206,516,415	49,459,655	(209,178,817)
Cash flows from investing activities					
Proceeds from disposal of short-term investments		2,863,705,123	1,450,770,777	2,624,705,123	1,435,897,202
Payments for purchase of short-term investments		(2,894,603,395)	(1,157,307,021)	(2,615,603,395)	(1,037,477,809)
Dividends received from short-term investments		2,502,490	7,039,520	2,502,490	7,039,520
Proceeds from settlement of short-term loans					
to related parties	28.4	-	-	2,767,005,865	1,953,388,343
Payment for short-term loans to related parties	28.4	-	-	(3,549,123,123)	(3,418,250,552)
Proceeds from sales of investments in subsidiaries		42,394,281	-	-	-
Payments for investments in subsidiaries	7	(234,513,599)	(1,014,768,420)	(2,147,740,270)	-
Payments for investments in an associate		(6,471,346)	-	-	-
Proceeds from sales of fixed assets		336,290,308	308,005,704	1,030	71,766
Payments for purchase of fixed assets and intangible assets		(3,807,813,225)	(935,790,739)	(35,429,744)	(11,323,359)
Payments for dry-docking		(679,080,768)	(533,189,164)	-	-
Proceeds from settlement of long-term loans to related parties	28.4	6,000,000	2,000,000	10,000,000	2,000,000
Payments for long-term loans to related parties	28.4	(7,323,000)	-	(3,577,259,649)	(4,000,000)
Dividends received from subsidiaries	8	-	-	7,051,553,300	2,889,000
Dividends received from an associate	9	7,774,013	-	-	-
Dividends received from a joint venture	10	4,868,707	3,325,254	4,868,707	3,325,254
Net cash inflows (outflows) from investing activities		<u>(4,366,270,411)</u>	<u>(1,869,914,089)</u>	<u>535,480,334</u>	<u>(1,066,440,635)</u>
Cash flows from financing activities					
Net received (paid) from bank overdrafts		(19,784,326)	40,058,490	-	-
Proceeds from short-term loans	16	211,903,654	174,713,000	-	-
Repayments of short-term loans	16	(160,000,000)	(81,916,598)	-	-
Proceeds from short-term loans from related parties	28.4	-	-	8,972,350,873	10,072,378,621
Repayment from short-term loans from related parties	28.4	-	-	(14,455,982,545)	(7,497,175,032)
Proceeds from long-term loans		1,259,491,661	251,258,447	1,105,282	555,361
Repayments of long-term loans		(6,151,469,225)	(1,860,758,630)	(1,105,282)	(555,361)
Proceeds from convertible bonds		5,675,984,539	-	5,675,984,539	-
Proceeds for shares from minority interests		36,750,700	-	-	-
Dividends paid to shareholders	26	(922,396,512)	(1,383,669,029)	(922,396,512)	(1,383,669,029)
Dividends paid to minority interests		(29,549,980)	(321,000)	-	-
Net cash inflows (outflows) from financing activities		<u>(99,069,489)</u>	<u>(2,860,635,320)</u>	<u>(730,043,645)</u>	<u>1,191,534,560</u>
Net increase (decrease) in cash and cash equivalents		2,383,307,152	(524,032,994)	(145,103,656)	(84,084,892)
Beginning balance		1,372,484,623	1,698,029,423	896,770,706	980,855,598
		3,755,791,775	1,173,996,429	751,667,050	896,770,706
Decrease in cash from sales of investments in subsidiaries		(10,631,048)	-	-	-
Increase in cash from change of associate to subsidiary		-	198,488,194	-	-
Ending balance		<u>3,745,160,727</u>	<u>1,372,484,623</u>	<u>751,667,050</u>	<u>896,770,706</u>

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Statements of Cash Flows (Continued)



For the years that ended on 30 September 2007 and 2006

Consolidated		Company	
2007	2006	2007	2006
Baht	Baht	Baht	Baht

Additional cash flow information

Interest paid	716,102,576	742,037,399	86,929,736	85,404,243
Interest received	77,864,917	58,958,752	62,770,312	55,487,215
Income taxes paid	133,486,159	174,777,802	1,123,320	1,003,466

Non-cash transactions

Consolidated

As at 30 September 2007, the Group has unpaid liabilities from dry-docking, purchases of fixed assets, hire purchase agreements, and convertible bond issuing costs amounting to Baht 108,317,719, Baht 111,420,557, Baht 30,504,758, and Baht 46,440,670, respectively (30 September 2006: Baht 223,840,671, Baht 22,204,241, Baht 18,887,251, and nil, respectively).

Company

As at 30 September 2007, the Company has unpaid liabilities from purchases of fixed assets, hire purchase agreements, and convertible bond issuing costs amounting to Baht 53,896,606, Baht 13,514,718, and Baht 46,440,670, respectively (30 September 2006: Baht 99,759 and no unpaid liabilities from hire purchase agreements and convertible bond issuing costs).

The notes to the consolidated and Company financial statements on pages 88 to 137 are an integral part of these financial statements.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

1 General information

Thoresen Thai Agencies Public Company Limited (“the Company”) is a public limited company, incorporated in Thailand. The address of its registered office is 26/26-27 Orakarn Building, 8th Floor, Soi Chidlom, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries, associates, and a joint venture are referred to as “the Group”.

The principal business operations of the Group involve the entire spectrum of shipping services. The Group’s activities can be separated into three main categories, namely dry bulk shipping operations, shipping related services, and offshore services.

As at 30 September 2007, the Group employs 1,965 people (2006: 1,847 people).

These consolidated and Company financial statements are authorised for issue by the Board of Directors on 21 December 2007.

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 under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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 generally accepted accounting principles 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. Although these estimates are based on management’s best knowledge of current events and actions, 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.

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.2 New standard and amendments to Accounting Standards effective in 2007 and 2008

During 2007, the Federation of Accounting Professions ("FAP") has announced new standard and amendments to Thai Accounting Standards ("TAS") as follows:

Revised standards

TAS 25	"Cash Flow Statements"
TAS 29	"Leases"
TAS 31	"Inventories"
TAS 33	"Borrowing Costs"
TAS 35	"Presentation of Financial Statements"
TAS 39	"Accounting Policies, Changes in Accounting Estimates and Errors"
TAS 41	"Interim Financial Reporting"
TAS 43	"Business Combinations"
TAS 44	"Consolidated and Separate Financial Statements"
TAS 45	"Investments in Associates"
TAS 46	"Interests in Joint Ventures"
TAS 49	"Construction Contracts"

New standard

TAS 51	"Intangible Assets"
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The revised TAS 25 "Cash Flow Statement", TAS 29 "Leases", TAS 31 "Inventories", TAS 33 "Borrowing Costs", TAS 35 "Presentation of Financial Statements", TAS 39 "Accounting Policies, Changes in Accounting Estimates and Errors", TAS 41 "Interim Financial Reporting", TAS 43 "Business Combinations", TAS 49 "Construction Contracts", and TAS 51 "Intangible Assets" will be effective for the accounting period beginning on or after 1 January 2008. However, management has assessed and determined that there is no significant impact to the Group related to the revised and new standards, except TAS 43 "Business Combinations" and TAS 51 "Intangible Assets". Under the amendments to TAS 43 and the requirement of TAS 51, intangible assets with indefinite useful lives shall not be amortised but will be tested for impairment annually.

The amendments relating to TAS 44 "Consolidated and Separate Financial Statements", TAS 45 "Investments in Associates", and TAS 46 "Interests in Joint Ventures" is effective for the period beginning on or after 1 January 2007. Such amendments to accounting standards No. 44, 45, and 46 require a change from the equity method to the cost method for investments in subsidiaries, associates, and joint ventures presented in the Company financial statements. Under the cost method, income from investments will be recorded when dividends are declared. This change has an impact to the Company financial statements only and will not have an impact to the consolidated financial statements.

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.2 Amendments to Accounting Standards effective in 2007 and 2008 (Continued)

The Group will be implementing this change for the financial period commencing from 1 October 2007 onwards. For illustration purposes only, the Company has computed the effects of this change to the Company financial statements for the years that ended on 30 September 2007 and 2006. The results are shown as follows:

- (a) Effect to balance sheet as at 30 September 2007 and statement of income for the year that ended on 30 September 2007:

	30 September 2007	
	Restated	As currently reporting
	Million Baht	Million Baht
Balance sheet		
Investments in subsidiaries, associates, and a joint venture	9,989	17,090
Retained earnings - Unappropriated	6,834	13,027
Statement of income		
Net profit for the year	6,994	4,969
Basic earnings per share (Baht)	10.87	7.72

- (b) Effect to balance sheet as at 30 September 2006 and statement of income for the year that ended on 30 September 2006:

	30 September 2006	
	Restated	As currently reporting
	Million Baht	Million Baht
Balance sheet		
Investments in subsidiaries, associates, and a joint venture	7,926	17,044
Retained earnings (deficit) - Unappropriated	(160)	8,980
Statement of income		
Net profit (loss) for the year	(202)	3,502
Basic earnings (loss) per share (Baht)	(0.31)	5.44

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.3 Group accounting - investments in subsidiaries, associates, and joint ventures

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.

Business combination under common control is accounted for using the carrying value of the acquiree and the excess of carrying value over the purchase consideration of an acquisition under common control is shown in shareholders' equity on the balance sheet.

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 and the financial effects of the acquisitions and disposals of subsidiaries are shown in Note 8.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.3 Group accounting - investments in subsidiaries, associates, and joint ventures (Continued)

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 financial effects of acquisitions and disposals of associates are shown in Note 9.

Investments in joint ventures

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 financial effects of acquisitions and disposals of the joint venture are shown in Note 10.

2.4 Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the reporting currency of each entity's country of incorporation. 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 prevailing on that date. Unrealised gains and losses on foreign exchange are recognised in the statements of income as incurred.

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.4 Foreign currency transactions (Continued)

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 prevailing on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are part of shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.5 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 at call with banks, and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

2.6 Trade accounts 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 year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collected. Bad debts are written off during the year in which they are identified.

2.7 Short-term 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 balance sheet date. 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.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.8 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 income statement. Allowance is made, where necessary, for obsolete, slow moving, and defective supplies and spareparts.

2.9 Property, plant, and equipment

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

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. The 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 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
Building improvements	10-20 years
Ocean vessels	5-23 years
Support & supply vessels	5-16 years
Tender rigs	5-13 years
Furniture, fixtures, and equipment	3-10 years
Motor vehicles	5 years
Motor launches	5, 10 years

The estimated useful lives of ocean vessels, support & supply vessels, and tender rigs are based on the 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 income statement.

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.

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.10 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated using the straight-line method to allocate the cost of computer software over their estimated useful lives (3, 5, and 10 years).

2.11 Other assets

Other assets mainly comprise deferred dry-docking expenses, which are amortised to the income statement on a straight line basis over a period of 2 - 5 years.

Dry-docking is an expenditure incurred during inspections and major repairs of the vessels. Dry-docking is recognised in the carrying amount of other assets and is amortised over the period until the next scheduled dry-docking, up to a maximum of 5 years. When significant specific dry-docking costs are incurred prior to the expiry of the amortisation periods, the remaining costs of the previous dry-docking are written off immediately.

2.12 Impairment of assets

Property, plant, and equipment and other non-financial assets, including goodwill and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets other than goodwill that recorded an impairment charged could change if the estimation of the recoverable amounts changed in a subsequent period after the Group's recognition of impairment.

2.13 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 both principal and 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 income statement 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 income statement 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.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.14 Convertible bonds

Convertible bonds with settlement options by the Company are classified purely as financial liabilities. Convertible bonds are recognised initially at the proceed amount, net of transaction costs incurred, and are subsequently stated at their amortised cost.

2.15 Provisions

Provisions, which exclude the provisions relating to employee benefits, 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.

2.16 Revenue recognition

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.

Offshore service income is recognised as services are performed based upon (a) contracted day-rates and the number of operating days during the period or (b) agreed service charges. When the arrangement contains a lease, revenues are evenly recognised over the contract period.

Activities to mobilise a rig from one geographic area to another and linked to the underlying contracts are classified as mobilisation activities. Certain contracts include mobilisation fees paid at the start of the contracts. Where the mobilisation fee covers a general or specific upgrade of a rig or equipment, the fee is recognised as revenue over the contract period. In cases where the fee covers specific operating expenses at the start up of the contract, the fee is recognised in the same period as the expenses.

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

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.

2.17 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.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

2 Accounting policies (Continued)

2.18 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.

2.19 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. The principal temporary differences arise from depreciation on property, plant, and equipment and tax losses carried forward.

2.20 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.

2.21 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, foreign currency forward contracts, and foreign currency collar 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 statement 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.

Foreign currency collar contracts are entered into to protect the Group from movements in exchange rates by limiting the rate at which a foreign currency liability will be settled. Any payment to be received from the contracts will be recognised in the income statement on the settlement date.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

3 Business segment information

Segment information of the Group's business activities is as follows:

Consolidated							
For the year that ended on 30 September 2007							
	Shipping Baht	Shipping Agency Baht	Shipping Related Services Baht	Turn-key diving ROV and NDT services to offshore industries Baht	Drilling Services and Offshore Related Services Baht	Elimination of Inter-Segment Transactions Baht	Total Baht
Service income							
Total gross segment	18,473,069,261	153,129,171	512,534,432	2,867,436,971	1,172,537,260	(2,822,645,680)	20,356,061,415
From inter-segment	(2,607,778,377)	(46,104,676)	(168,762,627)	-	-	2,822,645,680	-
From outside customers	15,865,290,884	107,024,495	343,771,805	2,867,436,971	1,172,537,260	-	20,356,061,415
Operating profits	4,908,057,078	8,255,023	176,827,809	623,688,595	149,331,315	-	5,866,159,820
Unallocated costs, net							(79,118,641)
Interest income							71,900,934
Share of profit in associates and a joint venture							9,389,378
Interest expenses							(665,466,843)
Minority interests							(147,232,709)
Income taxes							(87,116,716)
Net profit							4,968,515,223
Property, plant, equipment, and intangible assets as at 30 September 2007	13,829,307,796	10,186,526	444,160,017	2,109,576,693	1,795,162,311	-	18,188,393,343
Unallocated							547,282,217
Total							18,735,675,560
Total assets as at 30 September 2007							28,143,963,088

Consolidated							
For the year that ended on 30 September 2006							
	Shipping Baht	Shipping Agency Baht	Shipping Related Services Baht	Turn-key diving ROV and NDT services to offshore industries Baht	Drilling Services and Offshore Related Services Baht	Elimination of Inter-Segment Transactions Baht	Total Baht
Service income							
Total gross segment	12,837,583,956	162,217,254	360,608,497	1,562,999,430	1,274,845,642	(201,034,209)	15,997,220,570
From inter-segment	(16,590,856)	(39,881,975)	(141,285,350)	-	(3,276,028)	201,034,209	-
From outside customers	12,820,993,100	122,335,279	219,323,147	1,562,999,430	1,271,569,614	-	15,997,220,570
Operating profits	3,672,053,540	38,309,939	138,147,617	371,759,379	477,357,732	-	4,697,628,207
Unallocated costs, net							(185,391,851)
Interest income							74,504,246
Share of profit in associates and a joint venture							(3,160,923)
Interest expenses							(701,077,348)
Minority interests							(276,505,184)
Income taxes							(103,553,816)
Net profit							3,502,443,330
Property, plant, equipment, and intangible assets as at 30 September 2006	12,297,278,247	13,234,684	194,342,486	1,778,795,977	2,124,336,246	-	16,407,987,640
Unallocated							535,109,926
Total							16,943,097,566
Total assets as at 30 September 2007							23,140,393,849

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

4 Cash and cash equivalents

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Cash on hand	1,801,512	1,697,780	50,000	50,000
Deposits held at call with banks	3,743,359,215	1,370,786,843	751,617,050	896,720,706
Cash and cash equivalents	<u>3,745,160,727</u>	<u>1,372,484,623</u>	<u>751,667,050</u>	<u>896,770,706</u>

As at 30 September 2007, deposits held at call with banks bear interest at the rates of 0.5% to 4.85% per annum (2006: 0.5% to 4.25% per annum).

5 Short-term investments

Short-term investments as at 30 September comprise the following:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Ordinary shares of listed companies	84,050,046	126,120,972	84,050,046	126,120,972
Debt securities	195,000,000	105,000,000	50,000,000	-
	<u>279,050,046</u>	<u>231,120,972</u>	<u>134,050,046</u>	<u>126,120,972</u>
Add: Change in fair value	21,544,954	14,598,398	21,544,954	14,598,398
	<u>300,595,000</u>	<u>245,719,370</u>	<u>155,595,000</u>	<u>140,719,370</u>

6 Trade accounts receivable, net

Trade accounts receivable as at 30 September comprise the following:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Trade accounts receivable	1,406,861,441	1,427,725,296	-	102,615
Accrued income	785,085,254	427,088,634	-	-
	<u>2,191,946,695</u>	<u>1,854,813,930</u>	<u>-</u>	<u>102,615</u>
Less: Allowance for doubtful accounts	(22,400,956)	(27,582,266)	-	(77,166)
Trade accounts receivable, net	<u>2,169,545,739</u>	<u>1,827,231,664</u>	<u>-</u>	<u>25,449</u>

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

6 Trade accounts receivable, net (Continued)

Trade accounts receivable as at 30 September can be analysed as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Current	995,747,484	917,896,517	-	-
Overdue below 3 months	318,118,310	406,474,363	-	-
Overdue 3 - 6 months	13,870,316	36,791,331	-	-
Overdue 6 - 12 months	61,909,023	47,290,677	-	-
Overdue more than 12 months	17,216,308	19,272,408	-	102,615
Total	1,406,861,441	1,427,725,296	-	102,615
Less: Allowance for doubtful accounts	(22,400,956)	(27,582,266)	-	(77,166)
	1,384,460,485	1,400,143,030	-	25,449

Full provision has been made for all trade accounts receivable which are classified as non-collectible.

7 Other current assets, net

Other current assets as at 30 September comprise the following:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Pending for insurance claims	394,189,512	258,849,580	-	-
Value added tax refundable	101,170,850	91,976,250	5,275,496	427,473
Advances to employees	53,788,690	59,316,643	-	-
Advances for business expenses	100,352,186	56,827,340	16,930	-
Accrued interest income	47,348	13,188,990	37,106	13,188,990
Pending value added tax	43,032,061	49,556,511	-	-
Other current assets	180,460,410	42,708,545	15,631,984	24,244,428
	873,041,057	572,423,859	20,961,516	37,860,891
Less: Allowance for impairment of assets	(81,432,730)	(43,000,000)	-	-
Other current assets, net	791,608,327	529,423,859	20,961,516	37,860,891

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

8 Investments in subsidiaries

The movement of investments in subsidiaries during the years that ended on 30 September is as follows:

	Company	
	2007 Baht	2006 Baht
Opening balance	16,995,527,196	12,492,348,631
Add: Change of investment from an associate to a subsidiary (Note 9)	-	834,414,211
	16,995,527,196	13,326,762,842
Additional investment	2,147,740,270	-
Share of profit in subsidiaries	5,046,400,309	3,710,406,162
Dividends received from subsidiaries	(7,051,553,300)	(2,889,000)
Accrued dividend	-	(17,000,000)
Translation adjustment for investments in overseas subsidiaries	(83,111,740)	(21,752,808)
Closing balance	17,055,002,735	16,995,527,196

Additional investments in Mermaid Maritime Public Company Limited

During the year that ended on 30 September 2006, Thoresen Chartering (HK) Limited, a subsidiary, made additional investments in Mermaid Maritime Public Company Limited, previously an associate. As a result, the Company has the power to govern the financial and operating policies of Mermaid Maritime Public Company Limited, which becomes a subsidiary of the Company since 23 November 2005.

On 5 October 2006, a subsidiary, Thoresen Chartering (HK) Limited, invested Baht 234.5 million in Mermaid Maritime Public Company Limited. 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). The Company has additional goodwill in respect of the increased ownership interest in Mermaid Maritime Public Company Limited of Baht 140.96 million.

Details of net assets (4.08%) acquired and goodwill are as follows:

	Baht
Fair value of net assets	93,557,879
Goodwill (Note 11)	140,955,720
Total purchase consideration	234,513,599

As at the acquisition date, the fair value of net assets approximates the net book value.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

8 Investments in subsidiaries (Continued)

Additional paid-up share capital in subsidiaries

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, and the Company fully subscribed the increase in share capital.

On 30 August 2007, a subsidiary, Thor Alliance Shipping Co., Ltd., increased its registered and paid-up capital from Baht 80 million to Baht 106 million, and the Company fully subscribed the increase in share capital.

On 30 August 2007, a subsidiary, Thor Jupiter Shipping Co., Ltd., increased its registered and paid-up capital from Baht 85 million to Baht 97.4 million, and the Company fully subscribed the increase in share capital.

On 31 August 2007, a subsidiary, Thor Neptune Shipping Co., Ltd., increased its registered and paid-up capital from Baht 75 million to Baht 138 million, and the Company fully subscribed the increase in share capital.

On 3 September 2007, a subsidiary, Thor Nectar Shipping Co., Ltd., increased its registered and paid-up capital from Baht 210 million to Baht 254.1 million, and the Company fully subscribed the increase in share capital.

On 3 September 2007, a subsidiary, Thor Nereus Shipping Co., Ltd., increased its registered and paid-up capital from Baht 165 million to Baht 212.8 million, and the Company fully subscribed the increase in share capital.

On 3 September 2007, a subsidiary, Thor Tribute Shipping Co., Ltd., increased its registered and paid-up capital from Baht 55 million to Baht 117 million, and the Company fully subscribed the increase in share capital.

On 4 September 2007, a subsidiary, Thor Enterprise Shipping Co., Ltd., increased its registered and paid-up capital from Baht 300 million to Baht 630 million, and the Company fully subscribed the increase in share capital.

On 5 September 2007, a subsidiary, Thor Navigator Shipping Co., Ltd., increased its registered and paid-up capital from Baht 45 million to Baht 99 million, and the Company fully subscribed the increase in share capital.

On 5 September 2007, a subsidiary, Thor Nexus Shipping Co., Ltd., increased its registered and paid-up capital from Baht 75 million to Baht 185.7 million, and the Company fully subscribed the increase in share capital.

On 5 September 2007, a subsidiary, Thor Nautica Shipping Co., Ltd., increased its registered and paid-up capital from Baht 50 million to Baht 75.3 million, and the Company fully subscribed the increase in share capital.

On 5 September 2007, a subsidiary, Thor Integrity Shipping Co., Ltd., increased its registered and paid-up capital from Baht 280 million to Baht 385 million, and the Company fully subscribed the increase in share capital.

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

8 Investments in subsidiaries (Continued)

Newly established subsidiaries

During the year that ended on 30 September 2007, ten (10) new subsidiaries were established with the registered and paid-up share capital as follows:

Subsidiaries names	Registered share capital	Paid-up share capital	Percentage of holding	Country of incorporation
Thoresen Shipping Singapore Pte. Ltd.	SGD 53.6 million	SGD 53.6 million	100%	Singapore
GAC Thoresen Logistics Ltd.	Baht 75 million	Baht 75 million	51%	Thailand
Thor Friendship Shipping Pte. Ltd.	SGD 5 million	SGD 5 million	100%	Singapore
Thor Fortune Shipping Pte. Ltd.	SGD 5 million	SGD 5 million	100%	Singapore
Thor Horizon Shipping Pte. Ltd.	SGD 15.5 million	SGD 15.5 million	100%	Singapore
Thoresen Shipping Germany GmbH	EURO 25,000	EURO 25,000	100%	Germany
Fearnleys Shipbroking Private Ltd.	Rs. 5 million	Rs. 1 million	51%	India
Mermaid Drilling (Singapore) Pte. Ltd.	USD 1	USD 1	78.09%	Singapore
MTR-1 (Singapore) Ltd.	USD 1	USD 1	78.09%	Singapore
MTR-2 (Singapore) Ltd.	USD 1	USD 1	78.09%	Singapore

On 19 September 2007, a subsidiary, Mermaid Drilling (Singapore) Pte. Ltd., entered into a contract with Kencana Petroleum Ventures Sdn. Bhd., incorporated in Malaysia, to establish a new company named Kencana Mermaid Drilling Sdn. Bhd., with a share capital of Malaysia Ringgit 100,000, with 60% held by Kencana Petroleum Ventures Sdn. Bhd. and 40% held by Mermaid Drilling (Singapore) Pte. Ltd. This new company is in the process of establishment.

Disposals of investments in subsidiaries

On 27 November 2006, a subsidiary, Mermaid Maritime Public Company Limited, sold its entire investments in Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. to an overseas company. The net gain from the sale of these two subsidiaries amounted to Baht 2.6 million.

On 22 December 2006, a subsidiary, Mermaid Maritime Public Company Limited, sold its entire investments in MTR-3 Ltd. and MTR-4 Ltd., both of which were dormant companies, to a third party. The net gain from the sale of these two subsidiaries amounted to Baht 0.1 million.

On 17 August 2007, a subsidiary, Mermaid Maritime Public Company Limited, sold its entire investments in Mermaid Supply Ltd., which was a dormant company, to a third party. The net gain from the sale of this subsidiary amounted to Baht 0.2 million.

Notes to Consolidated and Company



Financial Statements

For the years that ended on 30 September 2007 and 2006

8 Investments in subsidiaries (Continued)

Investments in subsidiaries as at 30 September comprise investments in the following companies:

30 September 2007							
Nature of business	Country of incorporation	Paid-up capital (Million Baht)	Investment portion (%)	Amount of		Dividend	
				Cost method	Equity method		
				Baht	Baht		
Company financial statements							
Shipping group							
- Thoresen & Company (Bangkok) Limited	Ship management	Thailand	125.0	999	166,459,952	76,122,857	-
- Thor Orchid Shipping Co., Ltd.	International maritime transportation	Thailand	47.3	99.9	47,249,300	177,680,503	118,125,000
- Thor Mercury Shipping Co., Ltd.	"	Thailand	60.0	99.9	59,999,400	142,192,806	99,000,000
- Thor Mariner Shipping Co., Ltd.	"	Thailand	35.0	99.9	38,599,280	95,491,886	147,000,000
- Thor Merchant Shipping Co., Ltd.	"	Thailand	20.0	99.9	19,999,400	65,052,208	100,000,000
- Thor Navigator Shipping Co., Ltd.	"	Thailand	99.0	99.9	98,999,300	164,617,162	49,500,000
- Thor Captain Shipping Co., Ltd.	"	Thailand	153.0	99.9	152,999,400	274,256,570	237,150,000
- Hermes Shipping Co., Ltd.	"	Thailand	27.0	99.9	26,999,400	46,757,099	59,400,000
- Thor Pilot Shipping Co., Ltd.	"	Thailand	80.0	99.9	79,999,300	282,889,972	100,000,000
- Thor Master Shipping Co., Ltd.	"	Thailand	188.0	99.9	187,999,300	251,660,437	65,800,000
- Thor Commander Shipping Co., Ltd.	"	Thailand	115.0	99.9	114,999,300	294,161,768	195,500,000
- Thor Transporter Shipping Co., Ltd.	"	Thailand	200.0	99.9	199,999,300	318,279,103	20,000,000
- Thor Nereus Shipping Co., Ltd.	"	Thailand	212.8	99.9	212,799,300	317,272,282	165,000,000
- Herakles Shipping Co., Ltd.	"	Thailand	25.0	99.9	24,999,300	31,648,286	112,500,000
- Heron Shipping Co., Ltd.	"	Thailand	25.0	99.9	24,999,300	48,230,934	100,000,000
- Thor Nectar Shipping Co., Ltd.	"	Thailand	254.1	99.9	254,099,300	345,803,074	63,000,000
- Hermelin Shipping Co., Ltd.	"	Thailand	100.0	99.9	99,999,300	115,019,028	85,000,000
- Thor Jasmine Shipping Co., Ltd.	"	Thailand	70.0	99.9	69,999,300	313,155,067	287,000,000
- Thor Champion Shipping Co., Ltd.	"	Thailand	75.0	99.9	74,999,300	219,101,854	255,000,000
- Thor Star Shipping Co., Ltd.	"	Thailand	30.0	99.9	29,999,300	102,063,813	93,000,000
- Thor Skipper Shipping Co., Ltd.	"	Thailand	30.0	99.9	29,999,300	117,231,084	90,000,000
- Thor Sailor Shipping Co., Ltd.	"	Thailand	30.0	99.9	29,999,300	104,516,774	135,000,000
- Thor Sun Shipping Co., Ltd.	"	Thailand	40.0	99.9	39,999,300	117,470,179	72,000,000
- Thor Sky Shipping Co., Ltd.	"	Thailand	40.0	99.9	39,999,300	111,244,189	128,000,000
- Thor Spirit Shipping Co., Ltd.	"	Thailand	40.0	99.9	39,999,300	135,397,260	140,000,000
- Thor Sea Shipping Co., Ltd.	"	Thailand	40.0	99.9	39,999,300	111,033,001	88,000,000
- Thoresen Chartering (HK) Ltd.	"	Hong Kong	64,078				
		US dollar		99.9	2,725,995	621,979,723	-
- Thor Lotus Shipping Co., Ltd.	"	Thailand	63.0	99.9	63,810,860	257,870,502	214,200,000
- Thor Trader Shipping Co., Ltd.	"	Thailand	45.0	99.9	44,999,300	118,462,994	85,500,000
- Thor Traveller Shipping Co., Ltd.	"	Thailand	45.0	99.9	44,999,300	104,634,144	45,000,000
- Thor Venture Shipping Co., Ltd.	"	Thailand	75.0	99.9	74,999,300	264,808,273	262,500,000
- Thor Triumph Shipping Co., Ltd.	"	Thailand	60.0	99.9	59,999,300	124,055,728	60,000,000
- Thor Guardian Shipping Co., Ltd.	"	Thailand	75.0	99.9	74,999,300	265,049,689	285,000,000
- Thor Confidence Shipping Co., Ltd.	"	Thailand	50.0	99.9	49,999,300	189,995,498	260,000,000
- Thor Nautica Shipping Co., Ltd.	"	Thailand	75.3	99.9	75,299,300	199,870,385	85,000,000
- Thor Neptune Shipping Co., Ltd.	"	Thailand	138.0	99.9	137,999,300	183,394,382	112,500,000
- Thor Nexus Shipping Co., Ltd.	"	Thailand	185.7	99.9	185,699,300	235,664,803	217,500,000
- Thor Tribute Shipping Co., Ltd.	"	Thailand	117.0	99.9	116,999,300	176,058,793	39,600,000
- Thor Jupiter Shipping Co., Ltd.	"	Thailand	97.4	99.9	97,399,300	350,208,700	314,500,000
- Thor Alliance Shipping Co., Ltd.	"	Thailand	106.0	99.9	105,999,300	280,540,985	248,000,000
- Thor Nautilus Shipping Co., Ltd.	"	Thailand	50.0	99.9	49,999,300	112,602,162	-
- Thor Wind Shipping Co., Ltd.	"	Thailand	200.0	99.9	199,999,300	438,376,255	180,000,000
- Thor Wave Shipping Co., Ltd..	"	Thailand	200.0	99.9	199,999,300	382,162,665	250,000,000
- Thor Dynamic Shipping Co., Ltd.	"	Thailand	360.0	99.9	359,999,300	514,134,215	180,000,000
- Thor Enterprise Shipping Co., Ltd.	"	Thailand	630.0	99.9	629,999,300	718,137,648	165,000,000
- Thor Harmony Shipping Co., Ltd.	"	Thailand	350.0	99.9	349,999,300	480,795,817	315,000,000
- Thor Integrity Shipping Co., Ltd.	"	Thailand	385.0	99.9	384,999,300	595,718,566	322,000,000
- Thor Transit Shipping Co., Ltd.	"	Thailand	100.0	99.9	99,999,300	121,303,478	-
- Thor Endeavour Shipping Co., Ltd.	"	Thailand	1,100.0	99.9	1,099,999,300	1,231,006,637	132,000,000
- Thor Energy Shipping Co., Ltd.	"	Thailand	1,000.0	99.9	999,999,300	1,164,761,012	120,000,000
- Thoresen Shipping Germany GmbH	"	Germany	25,000				
		EURO		100.0	1,163,750	-	-

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8 Investments in subsidiaries (Continued)

30 September 2007							
Nature of business	Country of incorporation	Paid-up capital (Million Baht)	Investment portion (%)	Amount of		Dividend Baht	
				Cost method Baht	Equity method Baht		
Company financial statements (Cont'd)							
Shipping group (Cont'd)							
- Thoresen Shipping Singapore Pte. Ltd.	International maritime transportation	Singapore	53.6 million Singapore dollar	100.0	1,218,026,920	1,136,232,476	-
With subsidiaries as follows:							
- Thor Friendship Shipping Pte. Ltd.	"	Singapore	5.0 million Singapore dollar				
- Thor Fortune Shipping Pte. Ltd.	"	Singapore	5.0 million Singapore dollar				
- Thor Horizon Shipping Pte. Ltd.	"	Singapore	15.5 million Singapore dollar				
					8,936,304,957	14,646,174,726	6,898,275,000
Shipping agency group							
- ISS Thoresen Agencies Ltd.	Ship agency	Thailand	50.0	99.9	49,999,300	151,300,748	-
Shipping related service group							
- Chidlom Transport & Services Co., Ltd.	Stevedoring	Thailand	5.0	99.9	4,994,000	13,607,207	-
- Fearnleys (Thailand) Ltd.	Ship brokerage	Thailand	2.0	51.0	1,019,400	89,317,731	-
With subsidiary as follows:							
- PT. Fearnleys Indonesia	"	Indonesia	106,000 US dollar				
- Fearnleys Shipbroking Private Limited	"	India	1 million Rupee				
- Thoresen Chartering (PTE) Ltd.	"	Singapore	100,000 Singapore dollar	100.0	2,158,391	35,914,503	-
- Thai P&I Services International Ltd.	Claim handling	Thailand	1.0	90.0	876,033	7,403,484	3,678,300
- T.S.C. Maritime Ltd.	Ship spareparts and equipment repairing and maintenance	Thailand	35.0	99.9	34,999,300	25,105,303	-
- Chidlom Marine Services & Supplies Ltd.	Supply cargo lashing materials	Thailand	70.0	99.9	69,999,300	105,446,131	-
- Asia Coating Services Ltd. (formerly "Helios Shipping Co., Ltd.")	Coating services	Thailand	80.0	99.9	79,999,300	85,451,157	149,600,000
- GAC Thoresen Logistics Ltd.	Warehousing	Thailand	75.0	51.0	38,249,300	37,884,184	-
- Thoresen Shipping FZE	Ship agency	UAE	550,500 Dirhams	100.0	6,600,210	263,810,338	-
With associate as follows:							
- Sharjah Ports Services LLC	Port operations	UAE	2.6 million Dirhams				
Total					288,894,534	815,240,786	153,278,300
Offshore service group							
- Mermaid Maritime Public Company Limited (formerly "Mermaid Maritime Ltd.")	Ship-care services	Thailand	383.2	78.1	810,598,020	1,593,587,223	-
With subsidiaries as follows:							
- Darium Thai Offshore Ltd.	Owning and operating multipurpose offshore service vessels	Thailand	212.4				
- Mermaid Offshore Services Ltd.	Turn-key diving ROV and DNDT service to offshore industries	Thailand	550.0				
- Mermaid Training and Technical Services Ltd.	Sub-sea engineering training and examination service	Thailand	2.0				
- Mermaid Drilling (Singapore) Pte. Ltd.	Production and exploration drilling services and support to offshore oil and gas industries	Singapore	1 US dollar				
With subsidiaries as follows:							
- MTR-1 (Singapore) Ltd.	Drilling services	Singapore	1 US dollar				
- MTR-2 (Singapore) Ltd.	"	Singapore	1 US dollar				
- Mermaid Drilling Ltd.	Production and exploration drilling services and support to offshore oil and gas industries	Thailand	240.0				
With subsidiaries as follows:							
- MTR -1 Ltd.	Drilling services	Thailand	240.0				
- MTR -2 Ltd.	"	Thailand	350.0				
- Mermaid Drilling (Malaysia) Sdn. Bhd.	"	Malaysia	250,000 Malaysia Ringgit				
Total					810,598,020	1,593,587,223	-
Grand total					10,035,797,511	17,055,002,735	7,051,553,300

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For the years that ended on 30 September 2007 and 2006

8 Investments in subsidiaries (Continued)

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

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For the years that ended on 30 September 2007 and 2006

8 Investments in subsidiaries (Continued)

30 September 2006							
	Nature of business	Country of incorporation	Paid-up capital (Million Baht)	Investment portion (%)	Amount of		Dividend Baht
					Cost method Baht	Equity method Baht	
					Baht	Baht	
Company financial statements (Cont'd)							
<u>Shipping agency group</u>							
- ISS Thoresen Agencies Ltd.	Ship agency	Thailand	50.0	99.9	49,999,300	140,530,928	-
<u>Shipping related service group</u>							
- Chidlom Transport & Services Co.,Ltd.	Stevedoring	Thailand	5.0	99.9	4,994,000	12,253,383	17,000,000
- Fearnleys (Thailand) Ltd.	Ship brokerage	Thailand	2.0	51.0	1,019,400	61,325,403	-
<u>With subsidiary as follows:</u>							
- PT. Fearnleys Indonesia	"	Indonesia	106,000 US dollar				
			100,000 Singapore dollar				
- Thoresen Chartering (PTE) Ltd.	Ship brokerage	Singapore		100.0	2,158,391	29,984,361	-
- Thai P&I Services International Ltd.	Claim handling	Thailand	1.0	90.0	876,033	8,008,350	2,889,000
- T.S.C. Maritime Ltd.	Ship spareparts and equipment repairing and maintenance	Thailand	35.0	99.9	34,999,300	34,184,887	-
- Chidlom Marine Services & Supplies Ltd.	Supply cargo lashing materials	Thailand	60.0	99.9	59,999,300	88,904,039	-
- Thoresen Shipping FZE	Ship agency	U.A.E.	550,500 Dirhams	100	6,600,210	184,715,255	-
<u>With associate as follows:</u>							
- Sharjah Ports Services LLC	Port operations	U.A.E.	2.6 million Dirhams				
Total					160,645,934	559,906,606	19,889,000
<u>Offshore service group</u>							
- Mermaid Maritime Ltd.	Ship-care services	Thailand	383.2	74.0	810,598,020	1,204,371,747	-
<u>With subsidiaries as follows:</u>							
- Mermaid Supply Ltd.	Ships chandlery	Thailand	10.0				
- Darium Thai Offshore Ltd.	Owning and operating multipurpose offshore service vessels	Thailand	212.4				
- Mermaid Offshore Services Ltd.	Turn-key diving ROV and DNDT service to offshore industries	Thailand	550.0				
- Mermaid Safety Services Ltd.	Safety equipment service and supply	Thailand	4.0				
- Mermaid Drilling Ltd.	Oil & gas drilling contractor	Thailand	240.0				
<u>With subsidiaries as follows:</u>							
- MTR -1 Ltd.	Oil & gas drilling contractor	Thailand	240.0				
- MTR -2 Ltd.	Oil & gas drilling contractor	Thailand	350.0				
- MTR Drilling (Malaysia) Sdn. Bhd.	Drilling manager	Malaysia	250,000 Ringgit				
- Mermaid Maritime (Vietnam) Ltd.	Sales and services safety equipment and supplies to merchant shipping and offshore industries	Vietnam	580,013 US dollar				
- MTR -3 Ltd.	Oil & gas drilling contractor	Thailand	1.0				
- MTR -4 Ltd.	Oil & gas drilling contractor	Thailand	1.0				
- Mermaid Training and Technical Services Ltd.	Sub-sea engineering Training and examination service	Thailand	2.0				
Total					810,598,020	1,204,371,747	-
Grand total					7,888,057,541	16,995,527,196	19,889,000

On 15 January 2007, a subsidiary, Mermaid Maritime Public Company Limited, had changed the status of the company from a private limited company to a public limited company and changed the company's name from "Mermaid Maritime Limited" to "Mermaid Maritime Public Company Limited".

At the Extraordinary Meeting of Shareholders No.2/2007 of Helios Shipping Co., Ltd. held on 26 April 2007, approval was given to change its name from "Helios Shipping Co., Ltd." to "Asia Coating Services Ltd." and its nature of business from shipping business to coating service business. The registration was approved by the Business Department, Ministry of Commerce on 30 April 2007.

On 24 August 2007, a subsidiary, Darium Thai Offshore Ltd., ceased its commercial business. The dissolution was registered with the Ministry of Commerce on 24 August 2007. As at 30 September 2007, the subsidiary is in the process of liquidation.

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For the years that ended on 30 September 2007 and 2006

8 Investments in subsidiaries (Continued)

Net liabilities in a subsidiary

The loss in Thoresen Shipping Germany GMBH exceeded its share capital. The Company is responsible for the subsidiary's obligation. Therefore, the capital deficiency of this subsidiary is recognised as a liability in the Company's balance sheet.

The movement of net liabilities arising from an investment in a subsidiary in the Company financial statement for the year that ended on 30 September 2007 is as follows:

	Company Baht
Opening net book amount	-
Share of loss in a subsidiary for the year	(16,151,267)
Translation adjustment for investments in overseas subsidiaries	(1,652,837)
Closing net book amount	(17,804,104)

9 Investments in associates

The movements of investments in associates during the years that ended on 30 September are as follows:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Opening balance	60,827,300	903,927,167	30,336,675	873,436,542
Less: Change of investment in an associate to a subsidiary (Note 8)	-	(834,414,211)	-	(834,414,211)
Additional investments	60,827,300	69,512,956	30,336,675	39,022,331
Share of losses in associates	6,471,347	-	-	-
Dividends received from associates	(1,599,806)	(8,685,656)	(1,599,806)	(8,685,656)
	(7,774,013)	-	-	-
Closing balance	57,924,828	60,827,300	28,736,869	30,336,675

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

9 Investments in associates (Continued)

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

30 September 2007							
Nature of business	Country of incorporation	Paid-up capital (Million Baht)	Investment portion (%)	Amount of		Dividend	
				Cost method	Equity method		
				Baht	Baht	Baht	
Consolidated financial statements							
<u>Shipping agency group</u>							
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	22.0	51.0	11,213,000	28,736,869	-
<u>Shipping related service group</u>							
- Sharjah Ports Services LLC (invested by Thoresen Shipping FZE)	Port operations	U.A.E.	2.6 million Dirhams	49.0	17,997,911	29,187,959	7,774,013
Total					29,210,911	57,924,828	7,774,013
Company financial statements							
<u>Shipping agency group</u>							
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	22.0	51.0	11,213,000	28,736,869	-
Total					11,213,000	28,736,869	-
30 September 2006							
Nature of business	Country of incorporation	Paid-up capital (Million Baht)	Investment portion (%)	Amount of		Dividend	
				Cost method	Equity method		
				Baht	Baht	Baht	
Consolidated financial statements							
<u>Shipping agency group</u>							
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	22.0	51.0	11,213,000	30,336,675	-
<u>Shipping related service group</u>							
- Sharjah Ports Services LLC (invested by Thoresen Shipping FZE)	Port operations	U.A.E.	2.6 million Dirhams	49.0	11,526,564	30,490,625	-
Total					22,739,564	60,827,300	-
Company financial statements							
<u>Shipping agency group</u>							
- Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	22.0	51.0	11,213,000	30,336,675	-
Total					11,213,000	30,336,675	-

Notes to Consolidated and Company

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For the years that ended on 30 September 2007 and 2006

10 Investment in a joint venture

The movements of interests in the joint venture during the years that ended on 30 September are as follows:

	Consolidated and Company 2007 Baht	Consolidated and Company 2006 Baht
Opening balance	18,283,048	16,710,170
Goodwill amortisation	(626,601)	(626,601)
Share of profits in a joint venture	10,989,184	5,524,733
Dividends received from a joint venture	(4,868,707)	(3,325,254)
Closing balance	23,776,924	18,283,048

The investment in the joint venture amounting to Baht 23,776,924 (2006: Baht 18,283,048) includes Baht 3,811,108 (2006: Baht 4,437,709) of goodwill, net in respect of acquisition of the joint venture.

The principal jointly controlled entity is:

Business	Country of Incorporation	% Ownership interest		
		2007	2006	
Thoresen (Indochina) S.A	Ship agency and related services in Vietnam	Panama	50	50

11 Goodwill, net

The movements of goodwill during the years that ended on 30 September are as follows:

	Consolidated 2007 Baht	Consolidated 2006 Baht
Opening net book value	521,710,886	-
Additions (Note 8)	140,955,720	539,045,649
Amortisation charge	(68,000,137)	(17,334,763)
Closing net book value	594,666,469	521,710,886

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

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For the years that ended on 30 September 2007 and 2006

12 Property, plant, and equipment, net

Consolidated									
		Buildings and factories	Building improvements	Ocean vessels, support vessels, and tender rigs	Furniture, fixtures, and equipment	Motor vehicles	Motor launches	Construction in progress	Total
	Land Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 30 September 2006									
Cost	204,313,050	451,036,827	91,865,301	19,545,889,977	811,388,862	99,053,679	10,125,592	282,161,442	21,495,834,730
Less: Accumulated depreciation	-	(81,075,750)	(27,388,489)	(4,119,850,151)	(285,063,114)	(47,393,703)	(9,206,239)	-	(4,569,977,446)
Net book value	204,313,050	369,961,077	64,476,812	15,426,039,826	526,325,748	51,659,976	919,353	282,161,442	16,925,857,284
For the year that ended on 30 September 2007									
Opening net book value	204,313,050	369,961,077	64,476,812	15,426,039,826	526,325,748	51,659,976	919,353	282,161,442	16,925,857,284
Additions	63,801,000	142,628,796	8,860,032	2,646,362,455	173,051,722	24,961,090	827,435	791,591,835	3,852,084,365
Transfer in (out)	2,777,430	57,237,121	4,474,200	46,440,642	39,154,367	-	-	(150,083,760)	-
Disposals	(25,336,843)	-	-	(276,061,744)	(2,784,719)	(13,182,243)	(5,872)	-	(317,371,421)
Disposals of investments in subsidiaries (Note 8)	-	(5,800,560)	-	-	(7,096,930)	(1,933,857)	-	(3,677,785)	(18,509,132)
Depreciation charge (Note 21)	-	(24,385,105)	(10,769,748)	(1,609,520,320)	(110,222,553)	(16,656,119)	(829,229)	-	(1,772,383,074)
Translation adjustments	-	-	-	1,212,691	(9,979)	-	-	-	1,202,712
Closing net book value	245,554,637	539,641,329	67,041,296	16,234,473,550	618,417,656	44,848,847	911,687	919,991,732	18,670,880,734
At 30 September 2007									
Cost	245,554,637	644,695,304	105,199,532	21,738,795,484	1,004,917,383	91,993,109	10,933,400	919,991,732	24,762,080,581
Less: Accumulated depreciation	-	(105,053,975)	(38,158,236)	(5,504,321,934)	(386,499,727)	(47,144,262)	(10,021,713)	-	(6,091,199,847)
Net book value	245,554,637	539,641,329	67,041,296	16,234,473,550	618,417,656	44,848,847	911,687	919,991,732	18,670,880,734

As at 30 September 2007, property, plant, and equipment exist, which have been fully depreciated according to their useful lives, but are still in use with cost and accumulated depreciation of Baht 103.86 million and Baht 103.85 million, respectively (2006: Baht 133.21 million and Baht 117.17 million, respectively).

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

12 Property, plant, and equipment, net (Continued)

	Company						Total Baht
	Land Baht	Buildings Baht	Building improvements Baht	Furniture, fixtures, and equipment Baht	Motor vehicles Baht	Assets under installation Baht	
At 30 September 2006							
Cost	78,012,041	185,679,756	73,518,856	11,191,368	8,434,578	-	356,836,599
Less: Accumulated depreciation	-	(63,027,361)	(23,703,329)	(4,802,166)	(4,885,803)	-	(96,418,659)
Net book value	78,012,041	122,652,395	49,815,527	6,389,202	3,548,775	-	260,417,940
For the year that ended on 30 September 2007							
Opening net book value	78,012,041	122,652,395	49,815,527	6,389,202	3,548,775	-	260,417,940
Additions	-	-	1,783,437	750,080	-	45,310,992	47,844,509
Disposals	-	-	-	(1,934)	-	-	(1,934)
Depreciations charge (Note 21)	-	(8,167,355)	(6,654,500)	(2,052,897)	(1,681,764)	-	(18,556,516)
Closing net book value	78,012,041	114,485,040	44,944,464	5,084,451	1,867,011	45,310,992	289,703,999
At 30 September 2007							
Cost	78,012,041	185,679,756	75,302,293	11,928,658	8,434,578	45,310,992	404,668,318
Less: Accumulated depreciation	-	(71,194,716)	(30,357,829)	(6,844,207)	(6,567,567)	-	(114,964,319)
Net book value	78,012,041	114,485,040	44,944,464	5,084,451	1,867,011	45,310,992	289,703,999

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

12 Property, plant, and equipment, net (Continued)

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

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Depreciation charges				
- vessel operations	1,285,050,990	1,227,159,899	-	-
- offshore services	367,545,950	268,647,518	-	-
- service and administration	119,786,134	118,187,043	18,556,516	17,351,768
	<u>1,772,383,074</u>	<u>1,613,994,460</u>	<u>18,556,516</u>	<u>17,351,768</u>

Property, plant, and equipment as of 30 September 2007 used as collateral for loan facilities can be summarised as follows:

The Group owns a total of 45 ocean vessels (2006: 45 ocean vessels). Thirty-four (34) ocean vessels have been mortgaged with various banks as collateral for their loan facilities (2006: 42 ocean vessels). The vessels are mortgaged at a total value of Baht 8,532.71 million and USD 252.41 million (2006: Baht 9,859.71 million and USD 31 million).

The Group owns 4 support vessels, 2 motor launches, 6 remotely operated vehicles, 1 saturation diving system, and 2 tender rigs (2006: 6 supply and support vessels, 2 motor launches, 6 remotely operated vehicles, 1 saturation diving system, and 2 tender rigs). All the above assets, except 4 remotely operated vehicles, have been mortgaged with various banks as collateral for their loan facilities. The vessels, vehicles, equipment, and tender rigs are mortgaged at a total value of Baht 2,574.8 million and USD 15.0 million (2006: Baht 2,302.6 million and USD 15.0 million).

Certain land and buildings of the Group have been mortgaged with various banks as collateral for loan facilities, bank overdraft facilities, and letters of guarantee of the Company and its subsidiaries. The assets are mortgaged at a total value of Baht 555.4 million (2006: Baht 505.4 million).

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13 Intangible assets, net

	Consolidated		
	Computer software	Computer software under installation	Total
	Baht	Baht	Baht
At 30 September 2006			
Cost	22,937,256	-	22,937,256
Less: Accumulated amortisation	(5,696,974)	-	(5,696,974)
Net book value	17,240,282	-	17,240,282
For the year that ended on 30 September 2007			
Opening net book value	17,240,282	-	17,240,282
Additions	9,990,268	46,572,415	56,562,683
Amortisation charge (Note 21)	(9,008,139)	-	(9,008,139)
Closing net book value	18,222,411	46,572,415	64,794,826
At 30 September 2007			
Cost	32,927,524	46,572,415	79,499,939
Less: Accumulated amortisation	(14,705,113)	-	(14,705,113)
Net book value	18,222,411	46,572,415	64,794,826
	Company		
	Computer software	Computer software during installation	Total
	Baht	Baht	Baht
For the year that ended on 30 September 2007			
Opening net book value	-	-	-
Additions	8,324,386	46,572,415	54,896,801
Amortisation charge (Note 21)	(419,181)	-	(419,181)
Closing net book value	7,905,205	46,572,415	54,477,620
At 30 September 2007			
Cost	8,324,386	46,572,415	54,896,801
Less: Accumulated amortisation	(419,181)	-	(419,181)
Net book value	7,905,205	46,572,415	54,477,620

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14 Other assets

Other assets as at 30 September comprise the following:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Deferred dry docking expenses	2,131,028,775	1,550,972,876	-	-
Less: Accumulated amortisation	(1,343,917,616)	(817,965,478)	-	-
Deferred dry docking expenses, net	787,111,159	733,007,398	-	-
Long-term portion of fee for interest rate cap	11,642,352	22,055,634	-	-
Other assets	55,186,340	34,357,210	1,936,313	2,025,553
Total other assets	853,939,851	789,420,242	1,936,313	2,025,553

15 Bank overdrafts

Bank overdraft facilities of the Group in the amount of Baht 345 million (2006: Baht 380 million) are guaranteed by the Company and a subsidiary, and a mortgage of the Group's land and buildings. As at 30 September 2007, the Group has unused bank overdraft facilities of Baht 324.7 million (2006: Baht 339.9 million).

16 Short-term loans

The movements of short-term loans during the years that ended on 30 September are as follows:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Beginning balance	160,000,000	-	-	-
Add: Loans from change of associate to subsidiary	-	63,776,614	-	-
	160,000,000	63,776,614	-	-
Additions	211,903,654	174,713,000	-	-
Repayments	(160,000,000)	(81,916,598)	-	-
Realised (gains) losses on exchange rates (Note 21)	(1,125,902)	3,426,984	-	-
Ending balance	210,777,752	160,000,000	-	-

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16 Short-term loans (Continued)

As at 30 September 2007, Mermaid Offshore Services Limited, a subsidiary, raised short-term loans from local financial institutions amounting to Baht 201.6 million (2006: Baht 160 million) for the construction of a marine diesel engine (2006: for working capital). The loans bear interest rates at a fixed rate and MLR minus certain margins (2006: MLR minus a certain margin) and are due for repayment within 6 months (2006: within 33-40 days). The loans are secured by mortgages of certain land and buildings as mentioned in Note 12.

As at 30 September 2007, GAC Thoresen Logistics Limited, a subsidiary, raised short-term loans from a local financial institution, which represented promissory notes in the total amount of Baht 9.2 million for working capital (2006: nil). The loans bear interest at the rate of MLR minus a certain margin and are due for repayment within 1 year. The loans are secured by corporate guarantees of Gulf Agency (Thailand) Company Limited, an associate.

17 Long-term loans, net

Long-term loans comprise the following:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Long-term loans	3,149,005,968	8,742,967,440	-	-
Less: Current portion				
Less: of long-term loans	(1,227,130,991)	(1,440,941,614)	-	-
Long-term loans, net	<u>1,921,874,977</u>	<u>7,302,025,826</u>	<u>-</u>	<u>-</u>

The movements of long-term loans during the years that ended on 30 September are as follows:

	Consolidated	
	2007	2006
	Baht	Baht
Beginning balance	8,742,967,440	8,671,797,870
Add: Loans from change of associate to subsidiary	-	2,530,067,790
	8,742,967,440	11,201,865,660
Addition during year	1,245,111,957	258,685,936
Repayment during year	(6,138,326,839)	(1,844,501,409)
Realised gains on exchange rate (Note 21)	(65,561,114)	(47,507,636)
Unrealised gains on exchange rate (Note 21)	(635,185,476)	(825,575,111)
Ending balance	<u>3,149,005,968</u>	<u>8,742,967,440</u>

In September 2007, the Group made early loan repayments to financial institutions in the total amount of USD 131.01 million along with a prepayment fee of Baht 20.26 million using the proceeds of the convertible bonds (Note 19). As at 30 September 2007, the Group is in the process of unsecuring twenty-three (23) ocean vessels, which were mortgaged as collateral at a total value of Baht 7,392.40 million and USD 27.75 million, and releasing bank guarantees and corporate guarantees, related to the loans repaid to the banks.

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For the years that ended on 30 September 2007 and 2006

17 Long-term loans, net (Continued)

Maturity of long-term loans is as follows:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Within 1 year	1,227,130,991	1,440,941,614	-	-
Later than 1 year and not later than 5 years	1,733,845,081	5,393,320,091	-	-
Later than 5 years	188,029,896	1,908,705,735	-	-
	<u>3,149,005,968</u>	<u>8,742,967,440</u>	<u>-</u>	<u>-</u>

Long-term loans comprise the following:

a) 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 23,161,800 as of 30 September 2007 (2006: USD 165,404,350) 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 a certain margin.
- Loans for the purchase of support vessels and equipment are granted by local commercial banks, and are in Thai Baht and US Dollars, having a total outstanding balance of Baht 212,950,000 and USD 21,647,750 as at 30 September 2007 (2006: Baht 245,000,000 and USD 21,148,750) with repayment terms within 5 - 7 years. As at 30 September 2007, interest rates on the Thai Baht loans and US Dollar loans are as follows:
 - The loan balance of Baht 30,000,000 (2006: Baht 40,000,000): fixed rates for the first 3 years and MLR thereafter;
 - The loan balance of Baht 163,000,000 (2006: Baht 205,000,000): MLR minus a certain margin for the first 2 years and MLR thereafter;
 - The loan balance of Baht 19,950,000 (2006: Nil): MLR minus a certain margin.
 - The loan balance of USD 12,500,000 (2006: USD 15,000,000): USD-LIBOR plus a certain margin for the first year and USD-LIBOR plus a certain margin thereafter; and
 - The loan balance of USD 9,147,750 (2006: USD 6,148,750): USD-LIBOR plus a certain margin.

These loans are secured by mortgages of supply vessels and their integral parts and equipment and are guaranteed by a subsidiary.

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17 Long-term loans, net (Continued)

a) Loans for the purchases of vessels (Continued)

- Loans for the purchase of tender rigs are granted by a local commercial bank and are denominated in US Dollars with a total outstanding balance of USD 32,338,000 as at 30 September 2007 (2006: USD 34,650,000) with repayment terms within 9 years, including a 1.5-year grace period. These loans bear interest at the rate of USD-LIBOR plus a certain margin, are secured by mortgages of the tender rigs as mentioned in Note 12, and guaranteed by the two 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.

b) 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 172,929,747 as of 30 September 2007 (2006: Baht 37,280,000) and repayment terms within 7.5 - 10.0 years. As at 30 September 2007, interest rates and the detail of mortgages are as follows:

- The loan balance of Baht 96,889,747 (2006: nil): MLR minus a certain margin. The loans are secured by mortgages of the subsidiary's land & buildings and guaranteed by the Company and a shareholder.
- The loan balance of Baht 76,040,000 (2006: Baht 37,280,000): the 1-year fixed deposit rate for personal account plus a certain margin. The loans are secured by mortgages of the subsidiary's land & buildings and guaranteed by the Company.

c) Loan for the purchase of land and construction of a building is granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 110,400,000 as at 30 September 2007 (2006: Baht 135,200,000) and a repayment term of 6.5 years. The loan is secured by mortgages of the subsidiary's land and building as mentioned in Note 12. This loan bears interest at the rate of MLR minus a certain margin until 14 June 2007 and MLR thereafter.

The carrying amounts of the long-term loans are denominated in the following currencies:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Currency				
USD	2,652,726,221	8,325,487,440	-	-
Baht	496,279,747	417,480,000	-	-
	<u>3,149,005,968</u>	<u>8,742,967,440</u>	<u>-</u>	<u>-</u>

The interest rate risk of the long-term loans of the Group and the Company is as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
At fixed rates	-	-	-	-
At floating rates	3,149,005,968	8,742,967,440	-	-
Total loans	<u>3,149,005,968</u>	<u>8,742,967,440</u>	<u>-</u>	<u>-</u>

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17 Long-term loans, net (Continued)

Credit facilities

As at 30 September 2007, the available credit facilities from financial institutions are USD 224.66 million and Baht 58.11 million, which will mainly be used for acquisitions of ocean vessels (30 September 2006: USD 6 million).

18 Finance lease liabilities

Finance lease liabilities comprise:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Finance lease liabilities	35,512,838	21,103,695	15,933,093	-
Less: Deferred interest expenses	(4,216,351)	(2,216,464)	(2,418,375)	-
Total finance lease liabilities	31,296,487	18,887,231	13,514,718	-
Less: Current portion of finance Lease liabilities	(12,848,277)	(9,185,069)	(4,618,319)	-
Long-term portion of finance lease liabilities	18,448,210	9,702,162	8,896,399	-

As at 30 September 2007, finance lease liabilities to purchase motor vehicles carry fixed interest rates (2006: fixed interest rates). The leases have repayment terms within 3-5 years and are secured by mortgages of motor vehicle registrations.

19 Convertible bonds, net

On 24 September 2007, the Company issued unsecured convertible bonds of USD 169.80 million. The convertible bonds were listed for trading on the Singapore Exchange Securities Trading Limited on 25 September 2007. The convertible bonds were offered to non-US persons outside the United States in reliance of Regulation S under the Securities Act of Singapore.

The convertible bonds are issued at par with a face value of USD 300,000 per bond. Interest is payable semi-annually in arrears at an annual interest rate of 2.50%. Each bond is convertible at any time up to maturity at an initial conversion ratio at 171,535.8932 shares per bond (a fixed exchange rate of 34.25 Baht = 1 USD and initial conversion price of 59.90 Baht). The conversion period is from 30 October 2007 onwards. The Company may, at its option, elect to make the cash settlement amount to the relevant bondholder in lieu of delivering shares of a converting bondholder.

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19 Convertible bonds, net (Continued)

The nominal value of the bond will amortise as follows:

	<u>Date</u>	<u>Redemption amount</u>
1st Redemption Amount	24 September 2010	USD 109,640
2nd Redemption Amount	24 September 2011	USD 113,220
3rd Redemption Amount	24 September 2012	USD 117,000

The Company has an option, at redemption, to settle the redemption amount in ordinary shares or in cash.

Initial convertible bonds comprise the following:

	Consolidated and Company	
	2007	2006
	Baht	Baht
Convertible bonds	5,838,589,980	-
Less: Issuing costs	(179,314,131)	-
Convertible bonds, net	<u>5,659,275,849</u>	<u>-</u>

The movement of convertible bonds during the year that ended on 30 September 2007 in the consolidated and the Company financial statements is as follows:

	Baht
Beginning balance	-
Additions	5,808,858,000
Issuing costs	(179,314,131)
Accrued interest expenses	5,926,974
Unrealised losses on exchange rates (Note 21)	<u>29,731,980</u>
Ending balance	<u>5,665,202,823</u>

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 6.3%, inclusive of bond issuing costs.

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20 Share capital and premium on share capital

	Registered shares (Number of Share)	Issued and paid-up shares (Baht)	Share premium (Baht)	Total (Baht)
At 1 October 2005	693,684,422	643,684,422	1,540,410,208	2,184,094,630
Issue of shares	-	-	-	-
At 30 September 2006	693,684,422	643,684,422	1,540,410,208	2,184,094,630
Reduction of registered shares	(50,000,000)	-	-	-
Issue of shares	225,000,000	-	-	-
At 30 September 2007	868,684,422	643,684,422	1,540,410,208	2,184,094,630

On 6 August 2007, the Extraordinary General Meeting of Shareholders No.1/2007 approved or acknowledged the following resolutions:

To reduce the Company's registered capital by cancelling 50,000,000 authorised but unissued shares from the existing registered capital of Baht 693,684,422, thereby achieving a new registered capital of Baht 643,684,422 divided into 643,684,422 ordinary shares at the par value of 1 Baht each.

To increase the Company's registered capital to be Baht 868,684,422 by issuing 225,000,000 ordinary shares at the par value of 1 Baht each from the existing registered capital. Up to 175,000,000 new ordinary shares at the par value of 1 Baht will be reserved for conversion of the convertible bonds. If the Company offers the convertible bonds in an amount less than that approved or there are any unsubscribed convertible bonds after the offering thereof, in each case, resulting in those reserved shares being more than the number of shares which are required for the conversion of the convertible bonds, the excess shares shall be allotted and offered in one or several tranches from time to time by way of private placement. In addition, the remaining 50,000,000 new ordinary shares to be offered in one or several tranches from time to time by way of private placement. The Board of Directors is authorised to determine the offered price and other details of the allotments.

The new registered share capital reduction and increase was officially registered with the Business Development Department, Ministry of Commerce on 14 August 2007.

As at 30 September 2007, the total authorised number of ordinary shares is 868,684,422 shares (2006: 693,684,422 shares) with a par value of Baht 1 per share (2006: Baht 1 per share). Ordinary shares of 643,684,422 shares are issued and fully paid-up (2006: 643,684,422 shares).

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21 Cash flows from operating activities

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

Notes	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Net profit for the year	4,968,515,223	3,502,443,330	4,968,515,223	3,502,443,330
Adjusted by:				
Depreciation	12 1,772,383,074	1,608,986,996	18,556,516	17,351,768
Amortisation on intangible assets	13 9,008,139	5,007,464	419,181	-
Amortisation on goodwill	10,11 68,626,738	17,961,364	626,601	626,601
Amortisation on deferred dry-docking expenses	524,063,983	471,290,246	-	-
Amortisation on prepayments	8,737,015	9,670,661	-	-
Interest expenses on convertible bonds	19 5,926,974	-	5,926,974	-
Losses from write off fixed assets	25,225,037	11,115,338	-	-
Dividends income from short-term investments	(2,502,490)	(7,039,520)	(2,502,490)	(7,039,520)
Net (gains)/losses from sales of fixed assets	(24,640,590)	(129,143,870)	906	43,844
Unrealised (gains)/losses on exchange rates from loans	17,19, 28.4 (605,453,496)	(825,575,111)	104,694,744	-
Realised (gains)/losses on exchange rates from loans	16,17 (66,687,016)	(44,080,652)	-	-
Allowance for doubtful accounts and provision for unrecoverable value added tax	76,251,420	11,583,448	(77,166)	(593,570)
Net gains from sales of investments in subsidiaries	(2,994,986)	-	-	-
Net (gains)/losses from sales of short-term investments	(17,030,801)	13,121,565	(17,030,801)	13,121,565
Share of profit in subsidiaries	8 -	-	(5,030,249,042)	(3,710,406,162)
Share of (profit)/loss of associates and a joint venture	9,10 (9,389,378)	3,160,923	(9,389,378)	3,160,923
Minority interests	147,232,709	276,505,184	-	-
Exchange difference from conversion of overseas companies	(82,842,384)	-	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)				
- Trade accounts receivable	(351,902,591)	(350,669,007)	102,615	634,005
- Amounts due from related parties	(4,164)	2,974	(48,649,000)	(5,002,031)
- Vessel supplies and spare parts	(63,677,947)	(150,480,070)	-	-
- Prepayments	(20,001,817)	(9,544,978)	(1,746,096)	257,840
- Other current assets	(350,848,005)	(60,683,442)	16,899,375	(18,424,328)
- Other assets	(29,893,039)	(11,747,850)	89,239	1,241,538
- Trade accounts payable	313,807,381	(10,908,768)	(529,270)	(1,106,207)
- Amounts due to related parties	(474,551)	(3,417,589)	3,818,719	(640,986)
- Other accounts payable	3,795,184	35,850,445	3,795,184	(73,362)
- Advances from customers	279,252,782	(14,312,683)	-	-
- Accrued income taxes	(9,817,223)	(27,822,058)	-	-
- Accrued expenses	228,284,473	(164,628,028)	36,070,076	(3,086,733)
- Other current liabilities	55,697,398	49,870,103	117,545	(1,687,332)
Net cash inflows (outflows) from operating activities	6,848,647,052	4,206,516,415	49,459,655	(209,178,817)

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22 Operating profit

The following expenses, classified by nature, other than those already disclosed in the income statement, have been charged in arriving at operating profits (losses):

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Expenses included in vessel operating expenses				
Vessel supplies and spareparts expenses and repair and maintenance expenses	1,417,636,951	1,555,670,181	-	-
Crew and staff costs	874,241,898	924,206,268	-	-
Charter hire	2,708,341,612	2,077,466,688	-	-
Expenses included in offshore service expenses				
Vessel supplies and spareparts expenses and repair and maintenance expenses	299,814,009	336,748,704	-	-
Crew, staff costs, and subcontractor costs	1,249,776,355	939,414,631	-	-
Charter hire and equipment rental	603,639,523	131,659,946	-	-
Loss of fixed assets due to fire damage	129,803,476	-	-	-
Expenses included in service and administrative expenses				
Staff costs	810,318,140	648,176,446	61,737,848	44,593,533
Depreciation charges				
Depreciation on owned assets (Note 12, 13)	1,781,391,213	1,613,994,460	18,975,697	17,351,768

23 Corporate income tax

Income taxes as shown in the consolidated and Company income statements are calculated based on net income from non-BOI activities using a principal tax rate of 30%. Non-BOI activities comprise shipping agency, shipping related services, drilling services outside Thailand, and other offshore related services.

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24 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		Company	
	2007	2006	2007	2006
Net profit attributable to shareholders (Baht)	4,968,515,223	3,502,443,330	4,968,515,223	3,502,443,330
Weighted average number of ordinary share in issue (share)	643,684,422	643,684,422	643,684,422	643,684,422
Basic earnings per share (Baht)	7.72	5.44	7.72	5.44

There are no dilutive potential ordinary shares in issue during the years presented, so no diluted earnings per share are presented.

25 Legal reserve

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Opening balance	77,000,000	77,000,000	77,000,000	77,000,000
Appropriation during the year	10,000,000	-	10,000,000	-
Closing balance	87,000,000	77,000,000	87,000,000	77,000,000

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.

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26 Dividends paid

At the Board of Directors' meeting of the Company held on 15 May 2007, it was resolved that an interim dividend in respect of the operating results for the six-month period that ended on 31 March 2007 of Baht 0.75 per share for 643,684,422 shares, totalling Baht 482,763,316, be paid to shareholders. The dividends of Baht 471,830,716 were paid in June 2007, and the remaining amount of Baht 10,932,600 represents disqualified shareholders.

At the Annual General Meeting of Shareholders held on 26 January 2007, the shareholders approved the annual dividend payment from net income of the Company for the year that ended on 30 September 2006 of Baht 1.35 per share. Since the Board of Directors had declared and paid an interim dividend payment of Baht 0.65 per share, the remaining balance of Baht 0.70 per share was approved to be paid for the 643,684,422 shares, amounting to Baht 450,579,095 by the end of February 2007. The dividends of Baht 450,565,796 were paid during the period, and the remaining amount of Baht 13,299 represents disqualified shareholders.

At the Board of Directors' meeting of the Company held on 11 May 2006, it was resolved that an interim dividend in respect of the operating results for the six-month period that ended on 31 March 2006 of Baht 0.65 per share for 643,684,422 shares, totalling Baht 418,394,874, be paid to shareholders. The dividends of Baht 418,376,999 were paid in June 2006, and the remaining amount of Baht 17,875 represents disqualified shareholders.

At the Annual General Meeting of Shareholders held on 30 January 2006, the shareholders approved the annual dividend payment from income of the Company 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. The dividends of Baht 965,292,030 were paid during the period, and the remaining amount of Baht 234,603 represents disqualified shareholders.

27 Other income

	For the years ended 30 September			
	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Gains on sales of marketable securities	17,030,801	-	17,030,801	-
Sales	4,176,239	37,229,571	-	-
Insurance claims received	381,041	-	-	-
Gains on sales of fixed assets	-	111,300,554	-	-
Bad debt reversal	-	13,784,045	-	-
Dividend income	2,677,490	7,039,520	2,677,490	7,039,520
Rental income	15,054,225	9,750,247	8,269,950	-
Miscellaneous income	118,556,290	64,080,705	8,800,269	19,557,235
Total other income	157,876,086	243,184,642	36,778,510	26,596,755

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28 Related party transactions

28.1 Related party transactions

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

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

	Company	
	2007	2006
Service income	5,603,036	3,312,000
Rental office and office equipment income	14,998,541	15,820,544
Interest income	63,958,234	9,155,605
Interest expenses	78,681,401	77,826,145

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

	Consolidated		Company	
	2007	2006	2007	2006
Service income	1,214,377	1,260	8,910	-
Interest income	1,634,454	1,539,542	1,634,454	1,539,542

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

- 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.
- The interest rates charged on short-term borrowings are at 1% per annum. The interest rates charged on long-term loans are based on approximate the borrowing costs of the lender.

28.2 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	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Associate and a joint venture	296,088	291,924	268,236	135,000
Subsidiaries	-	-	53,782,238	5,266,474
	<u>296,088</u>	<u>291,924</u>	<u>54,050,474</u>	<u>5,401,474</u>

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

28 Related party transactions (Continued)

28.3 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	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Associates and a joint venture	17,810	492,361	-	-
Subsidiaries	-	-	11,233,247	7,414,528
	<u>17,810</u>	<u>492,361</u>	<u>11,233,247</u>	<u>7,414,528</u>

28.4 Loans to/from related parties

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

Company	
2007 Baht	2006 Baht

Short-term loans

Subsidiaries 2,029,843,478 1,846,860,620

Short-term loans to related parties can be called at any time and are unsecured. The loans mainly bear interest rate at 1% per annum (30 September 2006: 1% per annum).

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Long-term loans				
Subsidiaries	-	-	4,094,108,285	4,000,000
Associate	19,323,000	18,000,000	19,323,000	18,000,000
	<u>19,323,000</u>	<u>18,000,000</u>	<u>4,113,431,285</u>	<u>22,000,000</u>
Less: Current portion of long-term loans	(4,000,000)	(6,000,000)	(674,415,079)	(6,000,000)
Long-term portion of loans	<u>15,323,000</u>	<u>12,000,000</u>	<u>3,439,016,206</u>	<u>16,000,000</u>

Notes to Consolidated and Company

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For the years that ended on 30 September 2007 and 2006

28 Related party transactions (Continued)

28.4 Loans to/from related parties (Continued)

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

Movements on short-term loans and long-term loans to related parties during the years that ended on 30 September are as follows:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Short-term loans				
Beginning balance	-	-	1,846,860,620	381,998,411
Reclassified to long-term loans	-	-	(599,134,400)	-
Additions	-	-	3,549,123,123	3,418,250,552
Repayments	-	-	(2,767,005,865)	(1,953,388,343)
Ending balance	-	-	2,029,843,478	1,846,860,620
Long-term loans				
Beginning balance	18,000,000	20,000,000	22,000,000	20,000,000
Reclassified from short-term loans	-	-	599,134,400	-
Additions	7,323,000	-	3,577,259,649	4,000,000
Repayments	(6,000,000)	(2,000,000)	(10,000,000)	(2,000,000)
Unrealised losses on exchange rates	-	-	(74,962,764)	-
Ending balance	19,323,000	18,000,000	4,113,431,285	22,000,000

As at 30 September 2007, the Company has granted unsecured loans in USD and Baht currency to subsidiaries totalling Baht 4,094.11 million (30 September 2006: Baht 4 million), which mainly carries interest at the rates of 5.5% and 6% per annum and are repayable every quarter after a 1-year grace period and will be settled fully in 2009. In addition, the Company has unsecured long-term loans to an associate amounting to Baht 19.32 million (30 September 2006: Baht 18 million) which carries interest at the rate of MOR plus 1% per annum (30 September 2006: MOR plus 1% per annum).

Maturity of long-term loans to related parties is as follows:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Within 1 year	4,000,000	6,000,000	674,415,079	6,000,000
Later than 1 year and not later than 5 years	15,323,000	12,000,000	1,796,114,505	16,000,000
Later than 5 years	-	-	1,642,901,701	-
	19,323,000	18,000,000	4,113,431,285	22,000,000

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

28 Related party transactions (Continued)

28.4 Loans to/from related parties (Continued)

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

Company	
2007	2006
Baht	Baht

Short-term loans

Subsidiaries	3,399,190,511	8,882,822,183
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The short-term loans from related parties can be called at any time and are unsecured. The loans bear interest rate at 1% per annum (30 September 2006: 1% per annum).

Movements on short-term loans from related parties during the years that ended on 30 September are as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Short-term loans				
Beginning balance	-	-	8,882,822,183	6,307,618,594
Addition	-	-	8,972,350,873	10,072,378,621
Repayment	-	-	(14,455,982,545)	(7,497,175,032)
Ending balance	-	-	3,399,190,511	8,882,822,183

29 Promotional privileges

As at 30 September 2007, 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, and drilling services. 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.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

30 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:

Foreign exchange rate risk

Foreign currency forward contracts

The Group entered into forward sale and purchase contracts with local financial institutions in order to hedge the foreign exchange risk relating to trade accounts receivable and trade accounts payable. Outstanding foreign currency forward contracts as at 30 September 2007 and 30 September 2006 are as follows:

Consolidated		Company	
2007	2006	2007	2006
Baht	Baht	Baht	Baht

Foreign currency forward sale contracts

(Maturity until November 2007)

30 September 2007:

USD 9 million at rates

averaging Baht 36.67 : USD 1

337,460,000 1,644,020,000

-

-

(30 September 2006:

USD 42 million at rates

averaging Baht 39.14 : USD 1)

30 September 2007:

USD 6 million at rates

averaging Baht 39.14 : USD 1

-

-

234,860,000

1,644,020,000

(30 September 2006:

USD 42 million at rates

averaging Baht 39.14 : USD 1)

337,460,000

1,644,020,000

234,860,000

1,644,020,000

Foreign currency forward purchase contracts

(Maturity within one year)

30 September 2007:

USD 1.63 million at rates

averaging Baht 34.27 : USD 1

55,920,294

-

-

-

GBP 0.05 million at rates

averaging Baht 68.00 : GBP 1

3,188,656

-

-

-

59,108,950

-

-

-

Notes to Consolidated and Company

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For the years that ended on 30 September 2007 and 2006

30 Financial instruments (Continued)

Foreign exchange rate risk (Continued)

Foreign currency forward contracts (Continued)

Net fair values

The net fair values of the foreign currency forward sale and purchase contracts at the balance sheet date were:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Foreign currency forward sales contracts				
Favourable forward - USD foreign exchange contracts	29,259,393	66,087,210	29,372,940	66,087,210
Foreign currency forward purchase contracts				
Unfavourable forward - USD foreign exchange contracts	(164,254)	-	-	-
Favourable forward - GBP foreign exchange contracts	46,203	-	-	-
Net favourable forwards	29,141,342	66,087,210	29,372,940	66,087,210

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

Foreign currency collar contracts

During 2007, two subsidiaries had entered into currency collar contracts to limit the foreign currency exchange rate fluctuation relating to two ship building contracts in YEN currency totalling YEN 7,353 million. Such contracts specify the range of minimum and maximum exchange rates between YEN 105 to 120 per USD 1. The contracts are effective from 12 December 2006 to 12 September 2011 for the first contract and from 27 December 2006 to 28 December 2009 for the second contract.

The net fair values of the foreign currency collar contract at the balance sheet date were:

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Foreign currency collar contracts				
Unfavorable - Yen	(14,714,354)	-	-	-

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Financial Statements

For the years that ended on 30 September 2007 and 2006

30 Financial instruments (Continued)

Interest rate risk

Long-term loans of the Group are mainly denominated in U.S. 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 to February 2010. These contracts enable the Group to forecast the highest interest expenses in their specified periods. As at 30 September 2007, the outstanding notional amount of the caps is USD 161.89 million.

Credit risk

Most of the Group's income, being freight income, is normally paid by clients in advance, or prior to the 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. The Group has not entered into any derivative contracts relating to credit risk.

Fair value

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, short-term loans, trade accounts payable, loans from related parties, and long-term loans.

The carrying amounts of the financial assets and financial liabilities, approximate their fair value.

31 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 may contribute up to 7 percent of their basic salary (2006: up to 7 percent), with the Group matching the employees' contribution. 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.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

31 Provident fund (Continued)

In 2007 and 2006, the Group's contributions to the provident fund, which were charged to expenses, are as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Contribution to the provident fund by the Group	24,309,911	23,572,449	2,963,311	2,843,392

32 Contingent asset

On 14 June 2007, a subsidiary's tender rig was involved in a fire accident. Loss of fixed assets amounting to USD 3.8 million has been included in the income statement for the year that ended on 30 September 2007. As at 30 September 2007, it is probable that the subsidiary will receive a refund from insurance companies amounting to USD 1.4 million.

33 Commitments and contingent liabilities

33.1 Capital commitments

Capital commitments contracted for at the balance sheet date but not yet incurred are as follows:

Subsidiaries

In November 2005, a subsidiary entered into a shipbuilding contract with a seller in respect of a multi-purpose offshore vessel at a purchase price of Baht 453.2 million. As at 30 September 2007, the subsidiary has a remaining commitment of Baht 45.3 million (30 September 2006: Baht 226.6 million).

In December 2006, two subsidiaries entered into separate ship building contracts for 2 bulk carriers at a purchase price of YEN 4,085 million per vessel. As at 30 September 2007, each subsidiary has a remaining commitment of YEN 3,677 million per vessel. The expected delivery dates of these two vessels are within September 2009 and September 2011, respectively.

In September 2007, a subsidiary entered into separate ship building contracts for 3 bulk carriers at a total delivery cost of USD 123.8 million. As at 30 September 2007, the subsidiary has a remaining commitment of USD 83.16 million. The expected delivery dates of these three vessels are within October 2010, February 2011, and June 2011, respectively.

In September 2007, a subsidiary entered into a vessel equipment contract with a seller in respect of a dynamically positioned (class 2) supply vessel at the purchase price of USD 3.3 million. As at 30 September 2007, the subsidiary has a remaining commitment of USD 2.3 million.

Notes to Consolidated and Company

Financial Statements

For the years that ended on 30 September 2007 and 2006

33 Commitments and contingent liabilities (Continued)

33.2 Operating lease commitments – group company as lessee

The future aggregate minimum lease payments under non-cancellable operating leases of vessels are as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
No later than 1 year	443,841,995	69,726,965	-	-
Later than 1 year and no later than 5 years	355,471,031	-	-	-

33.3 Significant agreements

Vessel and rig charter contracts

As at 30 September 2007, the Group entered into long-term charter-out agreements of 14 ocean vessels and 2 tender rigs with the remaining charter periods between 4-24 months (30 September 2006: 16 ocean vessels and 2 tender rigs entered into long-term charter agreements, with the remaining charter periods between 1-28 months and 20 and 31 months, respectively).

As at 30 September 2007, a subsidiary entered into long-term charter-in agreements for 5 ocean vessels from ship owners with the remaining charter period between 12 - 36 months.

In May 2007, a subsidiary entered into a long-term charter agreement for a dynamically positioned (Class 2) supply vessel for a period of 10 years with an option to purchase the vessel commencing from the third to the tenth years after the vessel is delivered. The expected date of delivery is approximately 15 June 2009.

Long-term loans agreements

On 15 March 2007, Thoresen Shipping Singapore Pte. Ltd., a subsidiary, entered into credit agreements with a foreign financial institution for the construction of 4 new vessels. These facilities have not yet been drawn down as at 30 September 2007.

The facilities comprise:

- (i) A revolving credit facility of up to USD 10 million for general corporate and working capital purposes, which has repayment terms within 12 years.
- (ii) A guarantee facility of up to USD 121.14 million to issue letters of guarantee against the construction price of 4 new vessels.
- (iii) A term loan facility of up to USD 93.52 million to finance the final delivery payments of 4 new vessels, which has repayment terms within 7 - 8 years.

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

33 Commitments and contingent liabilities (Continued)

33.3 Significant agreements (Continued)

Long-term loans agreements (Continued)

The facilities are secured by mortgages of six of the Group's ocean vessels at the total value of USD 224.66 million and a corporate guarantee of the Company. The loans bear interest at the rate of LIBOR plus a certain margin.

On 9 November 2007, Thoresen Shipping Singapore Pte. Ltd., a subsidiary, entered into senior secured credit facilities with foreign syndicated banks to provide part finance for newbuild and second-hand vessels to be acquired by the Company.

The facilities comprise:

- (i) A revolving credit facility of up to USD 36 million for general corporate purposes, which has repayment terms within 6 years;
- (ii) A term loan facility and guarantee facility of up to USD 360 million to issue of letters of guarantee and to part finance the purchase of newbuild and second hand vessels, which have the repayment term of 10 years.

The facilities are secured by mortgages of two of the Group's ocean vessels and subsequently by the newbuild or second-hand vessels that have been acquired, assignment of insurance for the collateral vessels, pledge or charge over bank accounts, and a corporate guarantee by the Company. The loans bear interest at the rate of LIBOR plus a certain margin.

The credit facilities which the subsidiary had entered on 15 March 2007 as described above will be cancelled and replaced by such senior secured credit facilities once the conditions precedent for the new senior secured credit facilities are met.

33.4 Contingent liabilities

Bank guarantees and standby letter of credit

As at 30 September 2007, there are letters of guarantee and standby letters of credit issued by bankers to various third parties on behalf of the Company and its subsidiaries in the normal course of business totalling Baht 118.60 million and USD 0.99 million (30 September 2006: Baht 49.03 million and USD 0.62 million).

Corporate Guarantee by the Company and subsidiaries

The Company

As at 30 September 2007, the Company acts as a guarantor of the loans and bank overdraft facilities of its subsidiaries totalling Baht 430 million and USD 450.97 million (30 September 2006: Baht 322.4 million and USD 225.33 million). In addition, the Company acts as a guarantor of the new ship building contracts of its subsidiaries totalling YEN 2.04 billion.

As at 30 September 2007 and 30 September 2006, the Company has guaranteed the payment of charter hires for 2 handymax bulk carriers of approximately 52,000 DWT each under a non-cancellable lease between a subsidiary and a third party for a remaining period of 2 years and 3 years, respectively, at fixed rates averaging USD 13,150 net per vessel per day.

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Financial Statements

For the years that ended on 30 September 2007 and 2006

33 Commitments and contingent liabilities (Continued)

33.4 Contingent liabilities (Continued)

Corporate Guarantee by the Company and subsidiaries (Continued)

Subsidiaries

As at 30 September 2007, Mermaid Maritime Plc., a subsidiary, acts as a guarantor of the loans, bank overdraft facilities, and other contracts of its subsidiaries totalling Baht 719.27 million and USD 57.99 million (30 September 2006: Baht 560.40 million and USD 59.79 million).

As at 30 September 2007, Thoresen & Company (Bangkok) Limited, a subsidiary, acts as a guarantor of bank overdraft facilities of related parties totalling Baht 7 million (30 September 2006: Baht 12 million).

34 Subsequent events

34.1 Dividend declaration

The Company

At the Board of Directors' Meeting held on 21 December 2007, an annual dividend payment from the net income of Company for the year ended 30 September 2007 was approved at Baht 1.65 per share. As the Board of Directors had declared an interim dividend of Baht 0.75 per share during the year, therefore, the balance of Baht 0.90 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 2008.

34.2 Purchases and disposals of fixed assets

Subsidiaries

On 22 October 2007, Mermaid Kencana Rig 1 Pte. Ltd., a subsidiary, entered into a contract with Kencana HL Sdn. Bhd. for the design, construction, and completion of a Self-Erected Tender Rig and a Derrick Equipment Set at a purchase price of USD 91.0 million and USD 45.0 million, respectively.

A subsidiary, Thor Triumph Shipping Co., Ltd., entered into a conditional contract to sell an ocean vessel with a foreign company at a sales price of USD 12.3 million. On 23 October 2007, this vessel was sold and delivered to the buyer, and a gain on the sale of Baht 196.7 million was recorded. All proceeds were received in October 2007.

On 1 November 2007, a subsidiary, Thor Sailor Shipping Co., Ltd., sold and delivered an ocean vessel to a foreign company at a sales price of USD 7.0 million and had a gain on the sale of Baht 143.4 million. The price will be paid in monthly installments of USD 120,000 for 72 months. The sale of this vessel was done for the purpose of investment in such foreign company by the Company or its subsidiary. After the completion of this investment by the Company (planned for early 2008), such foreign company will fully pay for the outstanding amount of the vessel sales price.

On 2 November 2007, Mermaid Offshore Services Ltd., a subsidiary, entered into a contract with Lexmar Engineering Pte. Ltd. to purchase a saturation diving system at a purchase price of USD 11.75 million.

On 6 December 2007, Mermaid Offshore Services Ltd., a subsidiary, entered into a contract with Jaya Shipbuilding and Engineering Pte. Ltd. for the design, construction and completion of a 63-meter DP2 ROV support vessel at the purchase price of USD 26.39 million.

Notes to Consolidated and Company Financial Statements



For the years that ended on 30 September 2007 and 2006

34 Subsequent events (Continued)

34.3 Investments

Subsidiaries

On 26 June 2007 and 11 July 2007, the Extraordinary Shareholders' Meetings of Mermaid Maritime Public Company Limited ("MMPCL"), the Company's a subsidiary, passed resolutions to approve the change in the par value of its share capital from Baht 10 each to Baht 1 each and an increase in its share capital from Baht 383,205,340 to Baht 674,537,393 by issuing 291,332,053 new ordinary shares at a par value of Baht 1 per share. MMPCL registered the change in par value and the increased share capital with the Ministry of Commerce on 2 August and 9 August 2007, respectively. On 11 October 2007, MMPCL successfully placed and priced its Initial Public Offering ("IPO") of new ordinary shares amounting to 140,000,000 shares at an offering price of Singapore Dollar 1.56 per share, totalling Singapore Dollar 218.4 million on the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 16 October 2007, MMPCL's shares were listed on the SGX-ST. On 24 October 2007, the underwriter exercised the over-allotment options of 18,000,000 shares granted by MMPCL in full at a price of Singapore Dollar 1.56 per share. MMPCL sold totally 158,000,000 shares at a price of Singapore Dollar 1.56 per share, raising a total of Singapore Dollar 246.48 million. MMPCL registered such increased share capital with the Ministry of Commerce of Thailand on 15 October 2007 for 140,000,000 shares and on 26 October 2007 for 18,000,000 shares at the par value of 1 Baht each. There remains another 133,332,053 unissued ordinary shares. Such increase in share capital of MMPCL decreased the Company's shareholding percentage from 78.09% to 55.29% of paid-up shares (direct plus indirect investment).

On 22 October 2007, Mermaid Drilling (Singapore) Pte. Ltd., a subsidiary, entered into a contract with Kencana Petroleum Ventures Sdn. Bhd., incorporated in Malaysia, to establish a new company named Mermaid Kencana Rig 1 Pte. Ltd., with a share capital of USD 100 with 25% held by Kencana Petroleum Ventures Sdn. Bhd. and 75% held by Mermaid Drilling (Singapore) Pte. Ltd. The new company was incorporated under the laws of Singapore on 19 October 2007.

On 10 November 2007 and 1 December 2007, the shareholders at the Extraordinary General Meetings of Mermaid Offshore Services Ltd., a subsidiary, passed resolutions to approve an increase of registered share capital from 55,000,000 ordinary shares with a par value of Baht 10 per share to 200,300,000 ordinary shares with a par value of Baht 10 per share. The subsidiary registered the increased share capital with the Ministry of Commerce on 4 December 2007.

On 6 December 2007, Mermaid Offshore Services Ltd, a subsidiary, entered into an agreement with Worldclass Inspiration Sdn Bhd to subscribe for 8,162,963 ordinary shares with a par value of RM 1 per share, at a subscription price of RM 4.1 per share, totalling RM 33,511,111. The amount of the subscription shares represents 25% of the total share capital of Worldclass Inspiration Sdn Bhd.

On 17 December 2007, Thoresen Shipping Singapore Pte. Ltd., a subsidiary increased its registered share capital from SGD 53.6 million to SGD 58.9 million. The Company owns 100% of this subsidiary.

On 18 December 2007, Thor Friendship Shipping Pte. Ltd., a subsidiary increased its registered share capital from SGD 5 million to SGD 10.3 million. Thoresen Shipping Singapore Pte. Ltd. owns 100% owns of this subsidiary.

Income Structure

(Baht in Millions)

Income	Business Segment	2005		2006		2007	
		Income	Percentage	Income	Percentage	Income	Percentage
1. Freight Charges*	Shipping Operations	14,518.55	96.02	12,820.99	75.17	15,865.29	74.42
2. Service Income	Shipping Services	203.18	1.34	263.75	1.55	259.48	1.22
3. Offshore Service Income	Offshore Services	-	-	2,752.82	16.14	4,025.55	18.88
4. Commission Income	Shipping Services	165.25	1.10	159.65	0.94	205.75	0.97
5. Share of Profit from Associates and Joint Venture		28.94	0.19	-	-	9.39	0.04
6. Others		203.84	1.35	1,059.79	6.20	953.13	4.47
Total		15,119.76	100.00	17,057.00	100.00	21,318.59	100.00

* Names of shipping companies are shown in the section "Company Investments".

Audit Fees

1. Audit fees

The Company and its subsidiaries paid audit fees to audit firms for the latest financial year amounting to Baht 27,077,243 primarily due to the implementation of financial statements based on International Financial Reporting Standards ("IFRS") at Mermaid.

2. Non-audit fees

The Company and its subsidiaries paid non-audit fees to audit firms for the latest financial year amounting to Baht 18,248,242 primarily due to the execution of TTA's convertible bond issue and Mermaid's IPO.



TTA is subject to a number of risks that could materially affect its business, financial condition, and results of operations, and those of the Group.

Risks Relating to the Group's Dry Bulk Shipping Group and Shipping Services Group

The volatility of charter rates could adversely affect the Group's revenues and earnings.

Charter rates paid for dry bulk vessels are primarily a function of the underlying balance between vessel supply and demand and the services provided by the vessels. Additional factors, including but not limited to, the demand for and production of dry bulk commodities, the distance dry bulk is to be moved by sea, changes in seaborne and other transportation patterns, the number of newbuild deliveries, the scrapping of older vessels, global economic conditions, developments in international trade, competition from other means of transport, port and canal congestion, and the number of vessels that are out of service may also significantly influence charter rates. If charter rates decrease, the Group's financial performance, prospects, and future profitability may be materially and adversely affected. Fluctuations in charter rates may result in volatility in the Group's revenues and earnings.

To limit this volatility, the Group's objective is a diversified and balanced fleet employment. The Group employs a certain percentage of the fleet on period time charters. The liner services, where freight rates are less volatile, remain an integral part of the business and are supplemented by contracts of affreightment and tramp services. The Group also diversifies its cargo types and prefers not to specialise in any one cargo type.

The market value of the Group's vessels may fluctuate significantly and thereby adversely affect its financial performance and its ability to obtain additional funding.

The Group operates in a capital intensive industry that requires substantial amounts of capital and other long-term expenditures. The market value of dry bulk vessels fluctuates depending on general economic and market conditions affecting the industry, demand for shipping capacity, the number, types, ages and sizes of vessels in the world's fleet, competition, prevailing charter rates, regulation, technological advances, and the price of newbuilds. Purchasing additional vessels during periods of strong demand when there may be a strong business case for adding to the Group's fleet may in the long term have adverse effects on its financial condition in the event that it is not able to generate sufficiently high earnings (due to lower charter rates) to offset its increased expenses.

Declining vessel values could adversely affect the Group's ability to raise sufficient cash on acceptable terms and could lead to a breach of loan covenants, which could give rise to events of default under the Group's financing agreements. In addition, the market value of the Group's dry bulk shipping fleet may decline below book value as the vessels age, and it will incur losses if it sells vessels below the depreciated book value.

The Group's policy is to retire or sell our vessels once they reach a target age and replace them through a gradual fleet renewal programme over the next three to five years. To execute the fleet renewal programme, the Group raised a significant amount of capital in 2007 through convertible bonds (US\$ 169.8 million) and syndicated loans (US\$ 396 million). The proceeds from the convertible bonds were used to refinance the Dry Bulk Shipping Group's bank loans, and the existing dry bulk shipping fleet is unsecured and not subject to any loan covenants.

Volatility of oil production and fluctuations in oil prices and bunker fuel could adversely affect the Group's financial condition and performance.

One of the major expenses incurred by shipping companies is the cost of bunker fuel, which historically has ranged from 22.48% to 27.73% of total vessel operating costs. In recent years, bunker prices have risen significantly. On 7 August 2007, the highest recorded crude oil price was US\$ 77.05 per barrel, demonstrating that oil prices may continue to remain at high levels. The Group is exposed to fluctuations in oil prices in the liner services segment, where the Group may be required to absorb any increases in its total vessel operating expenses (as a result of any increases in oil prices) before price adjustments may be made in the prices of liner services.

In recent years, bunker fuel prices have risen significantly. Although the Group's time charter terms allow it to pass the cost of bunker fuel through to its shipping clients and some of its contracts of affreightment have adjustment provisions for significant changes in fuel prices, an increase in the cost of bunker fuel could adversely affect its financial condition and results of operations in the event that it is not able to increase charter rates or otherwise recover fuel cost increases from clients.

The Group's policy is to place between 30% to 40% of the fleet on time charters, thereby limiting bunker fuel exposure. The Group also plans to execute bunker fuel hedges from time to time, and as fuel costs are hedged, attempt to pass through these costs to our clients.

The Group's exposure to the spot voyage market may result in fluctuations in profitability.

Spot charter rates in the various shipping markets in which the Group operates vary significantly depending upon factors such as the number of vessels in the world fleet, their deployment, the delivery of new vessels, the scrapping of old vessels, and the demand for the products carried. The location of the Group's vessels also affects the Group's ability to deploy vessels efficiently and effectively to respond to fluctuations in the demand for spot charter hires and contracts of affreightment. For the financial year that ended on 30 September 2007, 72% of gross freight revenues and 67% of net voyage revenues were derived from liner services, charters, and other contracts priced at rates adjusted to the spot market. To the extent that a portion of the Group's dry bulk shipping business is exposed to spot rates, any decline in prevailing rates in a given period generally will result in a decline in the Group's operating results for that period.

The Group's policy is to lock in a substantial portion of its revenues each year through period time charters and contracts of affreightment, thereby lowering the spot market exposure.

The Group's future success depends on its ability to manage growth.

The Group is currently engaged in a fleet expansion and renewal plan. It has already signed contracts for the building of several new vessels and will continue to pursue opportunities to acquire additional newbuilds and/or second-hand vessels. The Group also relies on its officers, crew and on-shore staff, as well as its information technology and systems, to manage its fleet and the fleet expansion and renewal plan, without compromising service to clients. There can be no assurance that the Group's human and technological resources will be successful in managing its fleet expansion and renewal plan.

Apart from the fleet expansion and renewal plan, part of the Group's strategy is to continue to identify expansion opportunities in new geographic areas and services (such as the diversification into providing offshore services) which will enable it to leverage its competitive strengths, or which are a natural extension of its existing businesses. The Group may not be successful in executing any or all parts of its strategy.

The Group's policy is to continually improve its core people and systems foundation. In 2007, the Group began a significant upgrade of its information technology systems, with an objective of completely integrated systems for the Dry Bulk Shipping Group in 2008. For 2008 and beyond, senior Group managers have moved to a "pay for performance" concept, with future bonuses tied to Group and individual performances over a medium-term period

If the Group is unable to compete effectively in the dry bulk shipping industry, its revenues and profitability will decrease.

The dry bulk shipping industry is very competitive and has low (albeit capital-intensive) barriers to entry. The Group competes primarily on the basis of price and also client service provided, its reputation and the quality and flexibility of its fleet. With respect to its international transportation services, several of its competitors have greater financial and other resources, deploy fleets larger than the Group's, have lower operating costs or have better penetration in the dry bulk shipping market. TTA's market share in the international market is insufficient to enforce any degree of pricing discipline, and its rates are dictated by factors over which it has no control.

During an upturn in demand, there are likely to be a number of new market entrants (potentially including current operators of larger dry bulk vessel categories and container vessels), thus increasing the number of players in the industry and exacerbating the competition in the market. As a result, the historical trend has been for strong global growth, or shifts in the balance of trade to lead to strong markets and high rates, and then to be followed by significant additions to capacity, leaving the industry vulnerable to a downturn. During such a downturn, pricing pressure is severe and charter rates could decline materially and adversely impact the Group's revenues.

The Group may have to make unexpected capital expenditures in order to maintain its dry bulk shipping fleet.

If the Group's vessels suffer damage (for example due to weather or accidents), they may need to be repaired at a dry-docking facility. The costs and duration of drydock repairs are unpredictable, can be substantial and may not be covered by insurance. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease the Group's earnings. In addition, space at dry-docking facilities is sometimes limited and not all dry-docking facilities are conveniently located.

In addition, unanticipated changes in governmental regulations and safety or other equipment standards may require unanticipated expenditures for alterations, or the addition of new equipment, to older vessels. As a consequence, the Group may need to take its vessels out of service for longer periods of time or more often than planned in order to perform necessary repairs or modify the vessels in order to meet such regulations. There can be no assurance that the Group's vessels will not require extensive repairs which would result in significant expense.

The Group's existing vessels are taken out of service at regular intervals so that routine inspections and maintenance can be conducted. Should its vessels require more extensive repairs than those which are expected, there could be delays in bringing them back into service. Such delays could have a material adverse effect on the Group's business, results of operations, and financial condition.

The Group's policy is to invest substantial capital to maintain the dry bulk shipping fleet at high standards to limit any downtime. The Group also plans the fleet's dry docking schedule one to two years in advance and negotiates space with dry-docking facilities well ahead of time. In many instances, we negotiate fixed dry-docking tariffs with preferred shipyards and ensure that vessels are near these locations when it is time to dry-dock them.

Any delays in the delivery of new vessels or the repair of existing vessels may have an adverse effect on the Group's revenues.

TTA's gradual fleet renewal plan aims to reduce the dwt-weighted average age of the fleet. The plan assumes that the newbuild vessels which may be acquired in the future, will be delivered on time and will perform in the manner indicated by the design specifications. A significant delay in the delivery of the vessels or a significant performance deficiency could have a material adverse effect on the Group's business, results of operations, and financial condition. Delivery delays can occur as a result of problems with the Group's shipbuilders, insolvency, or force majeure events that are beyond its control or that of its shipbuilders or other reasons. These events and the losses associated therewith, to the extent that they are not adequately covered by contractual remedies or insurance, could adversely affect the Group's financial results.

The Group's policy is to work with quality yards that have sufficient building experience and employ an active newbuild supervision team, who will regularly inspect and monitor the construction work done by the Group's shipbuilders. This process should ensure quality and alert the Group if the risk of delivery delays increases.

Operating costs and capital expenses will increase and fuel efficiency will decrease as the Group's vessels age, which could lead to an adverse effect on its earnings.

As at 30 September 2007, the Group's dry bulk shipping fleet ranged in age up to 25 years with an average size of 28,145 dwt and a dwt-weighted average age of 18.04 years. In general, capital expenditures and other costs of maintaining a vessel in good operating condition increase with the age of the vessel. Older vessels are typically more costly to maintain than more recently constructed vessels due to their higher maintenance requirements and reduced fuel efficiency, which may result in lower operating margins and reduced profitability. In addition, governmental regulations or safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to its vessels and may restrict the type of activities in which the vessels may engage.

The gradual fleet renewal plan aims to lower the dwt-weighted average age of the fleet over the next five years, and the newbuild vessels generally have higher fuel efficiency than older vessels.

The Group may fail to maintain certification by classification societies.

A vessel must undergo scheduled surveys, annual surveys, intermediate surveys, dry-docking surveys, and special surveys, and is sometimes subject to other surveys and inspections that are required pursuant to the regulations and requirements of the vessel's country of registry. Vessels are typically required to undergo dry-docking surveys, which include inspection of underwater parts, twice every five years.

If any vessel does not maintain its class or fails any annual survey, intermediate survey, dry-docking survey, special survey, or other surveys performed by its classification society, that vessel may be unable to trade between ports and will be unemployable. The failure to maintain a vessel's class or the failure of a vessel survey could also cause the vessel to be in violation of its associated insurance policies, and may allow the insurer to decline coverage. Such inability to trade between ports or violations of the Group's insurance policies would negatively impact its revenues.

Risks Relating to the Group's Offshore Services Group

The offshore services industry is largely dependent on the oil and gas industry which is affected by volatile oil and gas prices.

The Group, through Mermaid, provides offshore services to the oil and gas industry, and its offshore business is affected by fluctuations in the global demand for and prices of oil and gas, in particular the level of activity in oil and gas exploration, development, and production in South-East Asia, where Mermaid is active.

Depending on the market price of oil and gas, companies exploring for oil and gas may cancel or reduce their activities, thus reducing the demand for the Group's offshore services. Although the level of offshore drilling and production activity improved in 2005 and 2006, there can be no assurance that activity levels will remain the same or increase. Any prolonged period of low drilling and production activity would likely have an adverse effect on the Group's business and operations.

The Group's focus on niche businesses like sub-sea engineering and tender drilling rigs should lower earnings volatility. The Group's sub-sea engineering business focuses on the downstream sectors, particularly inspection, repair, and maintenance of existing facilities, which must meet safety standards, regardless of the underlying oil and gas prices. Tender drilling rigs are used primarily in production drilling, which is the more stable part of the drilling business.

Demand for the Group's offshore business is subject to fluctuations and the results of its offshore services segment operations may be volatile.

Demand for the Group's offshore services is subject to fluctuations, with periods of high demand, short supply, and high rates often followed by periods of low demand, excess supply, and low rates. The entry into the market of newly constructed, upgraded, or reactivated drilling or sub-sea engineering vessels will increase market supply and may inhibit the increase of rates or reduce them. Periods of low demand intensify the competition in the industry and often result in assets being idle for periods of time. The Group's offshore services assets may be idle, or the Group may have to enter into lower rate contracts in response to market conditions in the future. The Group's ability to renew these contracts, or obtain new contracts, and the terms of any such contracts will depend on market conditions at the time such contracts are being considered.

In addition, as most of the Group's sub-sea engineering services contracts are short-term in nature, changes in market conditions can quickly affect the Group's business. Further, as the Group's offshore services business is project-based, its cash flow may not always be predictable and may be uneven. As a result of fluctuation in demand for the Group's offshore services business, its results of operations may be volatile.

The Group's offshore services business is subject to a number of operating risks.

The Group's offshore services business is subject to various risks inherent in the oil and gas industry, such as fires, natural disasters, explosions, encountering formations with abnormal pressures, blowouts, cratering, pipeline ruptures and spills. A number of these risks could have severe consequences, including loss of human life or serious injury, significant damage to the Group's or its clients' assets and equipment, environmental pollution, personal injury litigation, political consequences and damage to the Group's reputation.

The Group's offshore services business is also subject to equipment failure risks, which may require long periods to repair and result in loss of revenue. The Group may be forced to cease part of its operations if any of its key assets break down until it can replace and/or repair such key assets. A major system failure could result in substantial loss of life and or serious injury, damage to or loss of vessels and equipment and protracted legal or political disputes and damage to the Group's reputation.

Any of these events could have a material adverse effect on the Group's reputation, financial condition and results of operations, and on its ability to continue to operate its offshore services business. The Group's policy is to invest substantial capital to maintain the fleet at high standards to limit any downtime. Furthermore, given the increased emphasis on safety, clients regularly inspect the fleet and provide their input to ongoing repair and maintenance programmes.

There are a limited number of potential clients in the niche markets in which the Group's offshore services business operates and the loss of a significant client could have a material impact on the Group's financial results.

There are a limited number of potential clients, particularly for the drilling business, and a limited number of projects available in the niche markets that the Group's offshore services business operates in. In any given year, a small number of contracts and projects account for a significant portion of revenues of the Offshore Services Group. Further, given that Mermaid has a total of two tender drilling rigs, the drilling business can only have a maximum of two clients at any point in time. The loss of any single existing client for the drilling business could thus have a material adverse impact on the drilling business, if Mermaid is unable to secure new clients to replace such a client. Accordingly, this may have an adverse effect on the Group's revenues and profitability as a whole.

The Offshore Services Group's revenues and profitability, and the Group's financial results, could be materially and adversely affected if any of Mermaid's major clients terminate its contracts or refuse to award new contracts to Mermaid and it is unable to secure new clients to replace these clients.

If the Group's offshore services business fails to effectively manage its growth, its results of operations may be adversely affected.

Since 1 October 2003, the Offshore Services Group has purchased two tender drilling rigs and three vessels. The Offshore Services Group has announced plans to purchase one newbuild tender drilling rig and one newbuild ROV support vessel. There will be a time lag between the time the Offshore Services Group purchases a newbuild tender drilling rig or vessel and the time such tender drilling rig or vessel becomes operational. In that time, the conditions affecting the industry may change such that the Offshore Services Group may be unable to achieve its projected returns. If the Offshore Services Group fails to effectively manage its current and future acquisitions and newbuilds, its results of operations could be adversely affected.

The Offshore Services Group's expansion plans will require substantial management attention and significant company resources, both financial and human. The Offshore Services Group's growth has placed, and is expected to continue to place, significant demands on its personnel, management and other resources. If Mermaid does not continue or is unable to recruit the necessary skilled personnel, improve the Group's offshore services operations and its financial, management and legal/compliance information systems to keep pace with the growth of the Group's offshore business, the results of operations of both Mermaid and the Group, may be adversely affected.

The Group's policy is to continually improve its core people and systems foundation. Senior Mermaid managers follow a "pay for performance" concept linked to short and medium-term goals.

The Group's offshore services business industry is highly competitive with intense price competition.

The market segments and region in which the Offshore Services Group operates are highly competitive. Pricing is often the primary factor in determining which contractor is awarded a contract. Some of its competitors are larger than the Group, have more diverse fleets or fleets with generally higher specifications, have greater resources than the Group, and have greater brand recognition and greater geographic reach and/or lower capital costs than

the Group has. This allows them to withstand industry downturns better, compete on the basis of price, and relocate, build, and/or acquire additional assets, all of which may affect the Group's sales or profitability.

The Group's policy is to expand Mermaid and achieve good economies of scale in the offshore services business.

Increases in the costs of the Group's offshore services business could adversely impact the profitability of its long-term contracts.

All of the contracts of the Offshore Services Group with its clients for its drilling services and some of its contracts for its sub-sea engineering services are on a long-term fixed rate basis. Long-term fixed rate contracts limit the Group's ability to adjust rates in response to any increase in its costs, such as salary costs and costs for spare parts and consumables, which are unpredictable and fluctuate based on events beyond its control. Any substantial increase in such costs would adversely impact the Group's profitability.

Maintenance and repair for the tender drilling rigs and vessels of the Group's offshore services business will require substantial expenditures.

The operations of the Group's offshore services business rely on assets such as tender drilling rigs and vessels. The Group is required to maintain its tender drilling rigs and vessels to certain standards and to maintain the certification of such tender drilling rigs and vessels. For example, its tender drilling rigs and vessels are required to be dry-docked every five years. Such dry-docking requires major capital expenditures and there can be no assurance that there will not be any cost overruns. The Group may have to repair or refurbish its tender drilling rigs or vessels or incur substantial expenditures for the acquisition of additional spare parts and assets. Further, as many of the Group's tender drilling rigs and vessels are not new, the cost of maintenance and repair may be higher than for newbuilds.

There can be no assurance that cash from operations or debt or equity financing on terms acceptable to the Group will be available or sufficient to meet these requirements. Any inability to access sufficient capital for its operations could have a material adverse effect on the performance of the Group's offshore services business.

Mermaid has completed its SG\$ 246 million initial public offering and with its strong balance sheet should be able to access the debt markets efficiently to meet its capital investment obligations.

General Risks Relating to the Group

The Group's dry bulk shipping and offshore services businesses are subject to extensive maritime regulations and potentially substantial liability that could require significant expenditures and adversely affect the Group's results of operations and financial condition.

The Group's dry bulk shipping and offshore services operations are subject to extensive laws, treaties, and international agreements governing, inter alia, the management, transportation, storage, and discharge of petroleum and hazardous materials, all of which are designed to protect the environment from pollution and to preserve life at sea, as well as other national, state, and local laws and regulations in force in the jurisdictions in which its vessels operate or are registered. The Group's dry bulk shipping operations are required to satisfy, among other things, insurance and financial responsibility requirements and may be subject to change at any time. In particular, its vessels must meet stringent operational, maintenance, inspection, training, and structural requirements and follow approved safety management and emergency preparedness procedures. These regulations include the Annex VI to the International Convention for the Prevention of Pollution from Vessels, the Management Code for the Safe Operation of Ships and Pollution Prevention, the International Convention for Safety of Life at Sea, and the International Security Code for Ports and Ships.

The Group's offshore services business is required to have certain permits and approvals to conduct its operations. In the future, the Group's offshore services business may be required to renew such permits or to obtain new permits and approvals. There is no assurance that it will be able to renew or obtain such permits or approvals in the time frame anticipated by the Group or at all. Any failure to renew, maintain or obtain the required permits or approvals may result in the interruption or delay to the Group's offshore services operations and may have an adverse effect on the Group's offshore services, and the Group's business.

The Group's business is subject to various inherent risks of loss and liability, and to the extent it does not have sufficient insurance coverage in the event of actual loss or liability, its financial condition and results of operations may be materially and adversely affected.

Maritime property and casualty losses may arise from a variety of causes, including severe weather, collision, stranding, fire, mechanical failure, human error, the possibility of being grounded or even a vessel sinking and spills or leaks resulting in pollution, and may result in third party claims. In addition, the cargoes carried by its vessels may be flammable, explosive, and toxic and may be harmful to vessels, people, and the environment. While the Group places safety as a high priority in the design and operation of its fleet, the Group has experienced accidents and other incidents involving its vessels. There can be no assurance that similar events will not occur in the future.

Although the Group may be able to recover most of its damages from its insurers, claims may be subject to deductibles, exclusions, caps, and other limitations and there can be no assurance that the Group's insurance will always cover the costs of incidents or that it will fulfil the conditions under the terms of the relevant insurance for recovery from its insurers. The occurrence of similar events in the future could result in direct losses or liabilities, loss of profits or increased costs, which could have a material adverse effect on the Group's business, financial condition, and results of operations.

The Group does not maintain insurance with respect to loss of profits, loss of hire, delays, consequential loss, or loss of income resulting from a vessel being removed from operation, except to a limited extent in the case of claims against third parties. In addition, certain risks, such as those related to biochemical damage, are not insurable. As there has been an increase in insurance claims made throughout the shipping industry, a general increase in insurance premiums could be imposed by insurers and P&I clubs. The Group's inability to secure insurance on terms favourable to it, or at all, or any substantial liabilities suffered by it which are not fully covered by insurance, could have a material adverse effect on its business, prospects, financial condition, and results of operations.

The P&I clubs to which the Group belongs may call for additional funding from their members, which could materially and adversely affect the Group's financial condition and results of operations.

The Group is indemnified for certain liabilities incurred while operating its vessels through membership of protection and indemnity, or P&I, clubs. P&I clubs are mutual insurance associations whose members must contribute to cover losses sustained by other club members. The objective of a P&I club is to provide mutual insurance based on the aggregate tonnage of a member's vessels entered into the club. Claims are paid through the aggregate premiums of all club members, although members remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims submitted to the association. Claims submitted to the association may include those incurred by club members, as well as claims submitted to the association from other P&I clubs with which the club has entered into inter-club agreements. The P&I clubs to which the Group belongs may call for additional funding from their members, and such additional funding calls may be substantial, which could materially and adversely affect its financial condition and results of operations.

The Group's failure to attract and retain skilled personnel for its businesses, could adversely affect its operations or business.

An important factor to the success of the Group's business is its ability to recruit, train, and retain qualified and experienced officers to crew its vessels and shore-based staff. The Group's offshore services business also requires highly skilled personnel to operate its tender drilling rigs and vessels. The market for qualified and experienced officers is extremely competitive and has grown more so in recent periods as a result of the growth in world economies and other employment opportunities and rising salaries. There can be no assurance that the Group will be successful in its efforts to recruit and retain properly skilled personnel at reasonable costs. Any failure to do so could adversely affect its reputation and ability to operate safely and cost-effectively. In addition, the Group expects salary rates for the Group's predominantly Thai sea staff to rise by approximately 7% following Thailand's prospective adoption of the labour standards of the International Maritime Labour Convention in 2009.

The Group's performance is exposed to the creditworthiness of its clients.

The Group is subject to risks of loss resulting from non-payment or non-performance by its clients. Any material non-payment or non-performance by any of the Group's key clients, especially during periods of downturn, could adversely affect the Group's financial condition or results of operations. If any of the Group's key clients defaults on its obligations to the Group, the Group's financial results could be adversely affected. The potential impact of any client defaults would be greater in the Group's offshore services business where the duration of contracts are long, the value of the contracts are greater, and there are fewer contracts.

The Group's policy is to work primarily with high-quality clients, who are screened internally, or, where possible, request advance payments before beginning an assignment.

Shareholdings by Directors/Executives

Table 37 : Shareholdings by Directors as of 30 September 2007

No.	Name	As of 30 Sept. 06	Changes During Year	As of 30 Sept. 07
1.	M.R. Chandram S. Chandratat Spouse	725,030 494,000	(200,000) (227,000)	525,030 267,000
2.	M.L. Chandchutha Chandratat Spouse	157,580 0	15,500 0	173,080 0
3.	Mr. Stephen Fordham* Spouse	0 0	0 0	0 0
4.	Dr. Pichit Nithivasin Spouse	0 0	0 0	0 0
5.	Mr. Bjorn Ostrom	0	0	0
6.	Mr. Sak Euarchukiati** Spouse	0 0	0 0	0 0
7.	Dr. Siri Ganjarerndee* Spouse	20,500 0	(20,500) 0	0 0
8.	Mrs. Pratana Manomaiphiboon* Spouse	20,000 0	0 0	20,000 0
9.	Mr. Lance Karl Depew Spouse	1,157,000 0	0 0	1,157,000 0
10.	Mr. Andrew John Airey Spouse	0 0	0 0	0 0
11.	Mr. Anders Soedergren	45,000	0	45,000
Total		2,619,110	(432,000)	2,187,110

Note : * Mr. Fordham, Dr. Ganjarerndee, Mrs. Manomaiphiboon became directors of TTA on 26 January 2007.

** Mr. Euarchukiati became director of TTA on 15 May 2007.

Table 38 : Shareholdings by Executives as of 30 September 2007

No.	Name	As of 30 Sept. 06	Changes During Year	As of 30 Sept. 07
1.	M.L. Chandchutha Chandratat Spouse	157,580 0	15,500 0	173,080 0
2.	Mr. Andrew John Airey Spouse	0 0	0 0	0 0
3.	Mr. Ivar Harald Saus Spouse	0 0	0 0	0 0
4.	Mr. Anders Soedergren	45,000	0	45,000
5.	Ms. Nuch Kalyawongsa	6,750	5,000	11,750
6.	Mr. Pongsak Kanchanakpan Spouse	2,000 0	0 0	2,000 0
Total		211,330	20,500	231,830

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

Shareholders/Dividend Policy

Table 39 : Major Shareholders as of 28 September 2007 (The latest share register book's closing date)

No.	Name	No. of Shares	Percentage
1.	Thai NVDR Co., Ltd.	178,612,132	27.75
2.	Goldman Sachs International	39,675,000	6.16
3.	The Bank of New York (Nominee) Limited	26,300,449	4.09
4.	State Street Bank and Trust Company	18,958,689	2.95
5.	State Street Bank and Trust Company, For London	15,603,300	2.42
6.	State Street Bank and Trust Company, For Australia	15,226,500	2.37
7.	HSBC (Singapore) Nominees Pte Ltd	14,814,380	2.30
8.	UOB Kay Hian Private Limited	10,692,000	1.66
9.	Somers (U.K.) Limited	10,652,600	1.65
10.	Mellon Bank, N.A.	10,407,262	1.62
Total		340,942,312	52.97

Policy On Dividend Payments

The timing and amount of dividends, if any, will depend on our results of operations, financial condition, cash requirements and availability, restrictions in financing agreements, and other factors deemed relevant by our Board. Because we are a holding company with no material assets other than the shares of our subsidiaries and affiliates, our ability to pay dividends on the common shares depends on the earnings and cash flows of our subsidiaries and affiliates.

TTA has established a policy to pay dividends to our shareholders at not less than 25% of its net after tax profits. The 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 the Board (for final dividends) or at the discretion of the 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.

Our subsidiaries have adhered to a policy to pay dividends to TTA at not less than 70% of their net profit, except for Mermaid. As a listed company on the SGX, its Board of Directors must apply the same level of care and judgement when recommending dividends as the TTA Board. Mermaid's possible dividend payments will depend on various factors, including return on equity and retained earnings, expected financial performances, projected level of capital expenditure and other investment plans, and restrictions on payment of dividends that may be imposed by its financing arrangements.

INTRODUCTION

The principles of good corporate governance are increasingly emphasised in the conduct of TTA's business. The company believes that good corporate governance allows the successful pursuit of our mission. Corporate governance defines the structure and process of relationships among the company's shareholders, Board of Directors, and management, with the aim of enhancing 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 the Board-approved corporate governance policies.

TTA's corporate governance policy (the "CG Policy") follows the SET Principles of Good Corporate Governance. We keep track of regulatory developments and adapt 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 the company.

1. THE CORPORATE GOVERNANCE POLICY

The Board is accountable to all shareholders and is committed to understanding shareholders' needs and to evaluating systematically economic, social, environmental, and ethical matters that may affect their interests. Each Director exhibits high standards of integrity, commitment, and independence of thought and judgement. The Board also takes into account the interests of other stakeholders.

TTA's CG Policy recognises 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 2007, the Board conducted further reviews and adopted a number of changes in TTA's CG Policy in line with global practices. Specific policies and directions were set to reinforce internal controls and auditing systems, which continue to ensure that management performs effectively under the policy and that TTA's business is transparent, ethical, and complies with all applicable laws.

The Audit Committee is responsible for drawing up an implementation and monitoring plan to ensure compliance with all policies. Results are monitored and reviewed and the CG Policy is updated regularly so that it is appropriate for the current situation. Under the Audit Committee's direction, the Internal Audit Department has taken some initiatives to implement the CG Policy. The responsibility for overseeing the overall implementation of the CG Policy is placed on the Chairman of the Board

The CG Policy requires that the Chairman plays an active role in the company's daily 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 is accountable to its shareholders in terms of information disclosure, accounting methods, use of insider information, and conflict of interest. Management must be ethical, and any decision must be based on honesty and fairness and for the collective benefit of shareholders as a whole.

We recognise our duty to ensure fair treatment to all shareholders. We have 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. We also have a duty to disseminate transparent information and ensure management accountability through shareholders' meeting arrangements. It has been our tradition to fully accommodate all shareholders in each shareholders' meeting.

Under TTA's policy, each shareholder shall receive, prior to any shareholders' meeting, complete and sufficient information concerning the proposed agenda attached to the meeting notification, which is sent to shareholders at least fourteen (14) 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. We encourage 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.

All shareholders are given proxy forms, allowing them to appoint their authorised representative or select an independent director to attend and vote at the meetings on their behalf.

To increase communication channels and shareholder interaction, the Board has implemented the policy to give shareholders an opportunity to propose agenda items for future shareholders' meetings. From 26 January 2007, shareholders are able to send their questions to us and propose agenda items to the Board for consideration via our web site prior to any shareholders' meetings. We try to respond to all questions posed by our shareholders. Guidelines that allow shareholders to nominate directors are being formulated and should be posted on our web site in the next few months.

(B) SHAREHOLDERS' MEETINGS

TTA's policy is to conduct shareholders' meetings in accordance with the law and to allow shareholders to exercise their rights fully and in an informed manner. Within four months after our financial year-end, we organise an Annual General Meeting ("AGM"). The meeting is conducted in accordance with applicable laws and SET requirements, from the calling of the meeting, the notification of the meeting agendas, the dispatch of meeting materials, the conduct of the meeting, and the distribution of minutes.

In addition, we publish the notice of each 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. We also publish

the meeting notice on our web site. TTA seeks to promote the use of electronic communications within its reporting methods, so all documents are available on our web site at <http://www.thoresen.com>. However, the notice is published for less than 30 days.

Detailed procedures for each shareholders' meeting are as follows:

(i) Procedures prior to the meetings

The 2007 AGM was held on 26 January 2007. The notice to the 2007 AGM was sent to shareholders and the SET on 11 January 2007, which complies with TTA's policy that notice to any meeting must be sent at least fourteen days prior to the meeting. An Extraordinary General Meeting ("EGM") was held on 6 August 2007. The notice to the EGM was sent to shareholders and the SET on 16 July 2007.

Prior to any AGM or EGM, details such as time and place of the meeting, the meeting agendas, the annual report, proxy forms, and a list of documents required for attending the meeting 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. TTA uses the bar code system for registering meeting attendees. Although the bar code system is not used in the counting of votes, separate voting slips are used in each agenda item.

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 meeting

The Chairman of the Board presided over the 2007 AGM. 8 out of 11 directors, including the chairmen of the Board committees, attended the meeting. The Chairman presided over the 2007 EGM, and 9 out of 11 directors were present. The Chairman and the Managing Director were responsible for answering 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 conducts the meeting in accordance with the 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 on any matter relating to TTA's operations and financial statements without prejudicing the rights of any shareholder. The Chairman or Managing Director provides clarifications during the meeting and meets informally with shareholders afterwards. All votes cast at a shareholders' meeting, whether in person or by proxy, are counted. In 2007, we are pleased to announce that more than 97% of votes were cast in line with the Board's recommendations at the EGM. Due to the presence of Thai NVDR Co., Ltd. (which can not vote for any item), a smaller percentage of votes (68%) were cast in line with the Board's recommendations at the AGM.

(iii) Procedures following the meeting

TTA prepares and promptly submits the minutes of each shareholders' meeting to the SET within the required time frame of fourteen days after the meeting. The minutes of the 2007 AGM were recorded and submitted to the SET on 8 February 2007, which was thirteen days after the meeting. The minutes of the 2007 EGM were recorded and submitted to the SET on 20 August 2007, which was fourteen days after the meeting. The minutes were also posted on our web site (<http://www.thoresen.com>) under "Investor Relations."

3. POLICY ON RIGHTS OF STAKEHOLDERS

TTA acknowledges the importance of all stakeholder groups. Recognising their contribution to our competitiveness and profitability, we take into consideration the interests of both internal stakeholders, namely shareholders, employees, and management and external stakeholders such as creditors, suppliers, clients, communities, government agencies, and other related organisations. To safeguard their rights, we comply with all applicable laws and regulations and have established adequate internal controls and auditing systems to monitor compliance.

In addition, to ensure fair treatment of stakeholders and allow their involvement in improving the company's performance, we disclose all relevant information to the relevant parties fairly, transparently, and in a timely manner. From 2006 onwards, the policy to review concerns from stakeholders has been implemented, and all stakeholders can now communicate their concerns to the Audit Committee via our web site. 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. We have finished preparing a Code of Business Conduct and will distribute it to employees in early 2008. The Code will also be posted on our web site in due course.

(A) SHAREHOLDERS

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

(B) EMPLOYEES

Employees are regarded as valuable assets of the company. We continually seek to recruit and retain capable and experienced employees in accordance with 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. We provide welfare and security to all our employees, with benefits including life, health, and dental care insurance and provident funds. We encourage our employees to acquire new knowledge and skills through third-party training programmes and offer them scholarships to pursue university education.

(C) MANAGEMENT

TTA recognises that management is one of the key success factors for its operations. 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. Our policy is to avoid any dishonest actions or any actions that may infringe upon the rights of our counterparties as established by law or through mutual agreements.

(E) CLIENTS

We recognise that clients are crucial to the success of our operations. Accordingly, we ensure our clients' satisfaction by offering high-quality services that meet their needs and expectations in a fair and professional manner. Recognising their importance, we give our clients the professional experience and the attention they deserve, protect their confidentiality and foster their trust. Client's confidential information is strictly protected and will only be revealed if required by law 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. We adhere to the highest safety and pollution control standards in our business operations. We sensitively deal with issues related to the public interest and participate in activities that are beneficial to communities and the environment. We also contribute to various charitable activities and promote 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 aim is to ensure that an investment in the company's shares and securities is based on an informed decision.

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 2007).
2. Quarterly meetings with analysts to discuss our most recent financial performance.
3. Investor conferences (4 conferences in 2007).
4. Road shows (5 road shows in 2007).

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

In conjunction with our investor relations activities, we regularly hold 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. There are currently eleven (11) directors in the Board, the majority of which (6 out of 11) are independent directors. Less than one-third of the Board are part of the senior management team.

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 regularly attend every Board meeting, including committee meetings, 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 have the ability and display the 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 the 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. However, the difficulties of finding appropriate replacements, the benefits of the working relationship built up over the years within the Board, and their understanding of the business are 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, unless there are justifiable reasons for their continuity, taking into consideration the responsibility of such persons, and their past, current, and anticipated contributions to TTA.

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.

One of the company's directors, Dr. Siri Ganjarende, holds board positions in more than five registered companies. However, the company considered that Dr. Siri's valuable experience in finance and management would bring considerable benefits to the company. Therefore, the company proposed him as a director.

(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 not hold 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), two non-executive directors (approximately 18% of the total number of Directors), and six independent directors (approximately 55% of the total number of Directors). The Board as of 30 September 2007 consisted of the following persons:

Table 40 : Members of 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. Stephen Fordham	Independent Director
4. Dr. Pichit Nithivasin	Independent Director
5. Mr. Bjorn Ostrom	Independent Director
6. Mr. Sak Euarchukiati	Independent Director
7. Dr. Siri Ganjarende	Independent Director
8. Mrs. Pratana Manomaiphiboon	Independent Director
9. Mr. Lance Karl Depew	Non-Executive 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. However, the current Chairman is the Managing Director's father. Therefore, he cannot be said to be truly independent, although he is a non-executive director.

The Chairman oversees the implementation of policies and guidelines pursuant to the strategies established by the Board and management and ensures that Board meetings are successfully conducted. During each meeting, all Directors are encouraged 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 such 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 conducting itself in accordance with the highest standards of 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 and CG Policy.

(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 three committees, namely the Audit Committee, the Nomination Committee, and the Remuneration Committee. Details of the composition, functions, and responsibilities of these three committees are noted below and available on TTA's web site (<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 web site (<http://www.thoresen.com>) under "Corporate Governance".

(ii) Audit Committee

The Audit Committee ("AC") comprised the following directors: Mr. Bjorn Ostrom (Chairman), Dr. Siri Ganjarerndee, and Mrs. Pratana Manomaiphiboon. All AC members are independent directors. The AC met ten times during 2007. There was a full attendance record.

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 2007 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 ICT Department, the Accounting Department, Maritime Operations Division, and Mermaid Maritime Public Company Limited.
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 2007 AGM, the shareholders approved the following items:

1. The appointment of Ms. Nangnoi Charoenthaveesub, License No. 3044, or Mrs. Nattaporn Phan-Udom, License No. 3430, or Ms. Suwannee Bhuripanyo, License No. 3371, of PricewaterhouseCoopers as auditors for the 2007 financial year.
2. The audit fee in the amount of Baht 3.186 million to review and audit TTA's financial statements and consolidated financial statements.

After reviewing 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 31 January 2008.

(iv) Remuneration Committee

The Remuneration Committee ("RC") comprises the following directors: Dr. Pichit Nithivasin (Chairman), Dr. Siri Ganjarerndee, and Mr. Sak Euarchukiati. All members of the RC are independent directors. The RC met nine times in 2007 and is independently advised. There was a full attendance record.

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 2007, Hewitt Associates was engaged to formulate a new remuneration policy for senior executives. The scope of work included benchmarking the company's current pay structures, developing performance measurement tools, and recommending competitive short-term and medium-term incentive plans.

A number of key principles were advocated and are now applied.

1. The remuneration structure will reflect a fair system of rewards.
2. A significant component of remuneration will be linked to the achievement of demanding performance targets, which include total shareholders returns to align executive and shareholder interests.
3. Assessment of performance will be both quantitative and qualitative, using defined competencies and key performance indicators.
4. Remuneration policy and practices will be as transparent as possible, both for participants and shareholders.

The new remuneration policy is effective from the 2008 financial year onwards.

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 achievements and competitor results.

Executive compensation consists 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. In line with the Thai Institute of Directors Association guidelines regarding Director Compensation Best Practices (dated September 2006), the RC has proposed a new compensation scheme for non-executive directors that comprise monthly fees, attendance fees, and a bonus if TTA exceeds Baht 2,000 million in net profits. This proposal has been forwarded to shareholders for their approval.

(v) Nomination Committee

The Nomination Committee ("NC") comprises the following directors: Mr. Stephen Fordham (Chairman), Dr. Pichit Nithivasin, Dr. Siri Ganjarndeek, and Mr. Sak Euarchukiati. All members of the NC are independent directors.

The NC met two times in 2007. There was a full attendance record.

The NC's main tasks include:

1. To review the current structure of the Board of Directors and determine whether they fit with the TTA's business strategies and composition.
2. To provide improvement recommendations, including director nominations.
3. To conduct a search for candidates for director positions.
4. To interview the selected candidates as ultimately determined by the Board and propose director recommendations for shareholders' approval at the next AGM.

The Board is actively engaged in orderly succession planning to enable its composition to be renewed without compromising its continued effectiveness. Mr. Sak Euarchukiati joined the Board in May 2007, and another independent director has been recommended to succeed Mr. Lance Karl Depew at the next AGM.

(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 Insider Trading

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 prohibition 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 prohibiting all Directors and senior executives 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 MEETING

The Board is generally required to meet at least five times a year. Special meetings are convened as necessary to address specific needs. In 2007, there were thirteen 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 41 : Details of Directors' Attendance Record in 2007

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	8/8	13/13	-	-	-	-
2. M.L. Chandchutha Chandratat	5/5	8/8	13/13	-	-	-	-
3. Mr. Stephen Fordham	3/3	2/5	5/8	-	-	-	-
4. Dr. Pichit Nithivasin	4/5	6/8	10/13	-	-	-	9/9
5. Mr. Bjorn Ostrom	5/5	7/8	12/13	5/5	5/5	10/10	-
6. Mr. Sak Euarchukiati	2/2	2/3	4/5	-	-	-	5/5
7. Dr. Siri Ganjarerndee	2/3	5/5	7/8	3/3	3/3	6/6	7/7
8. Mrs. Pratana Manomaiphiboon	3/3	4/5	7/8	3/3	3/3	6/6	-
9. Mr. Lance Karl Depew	5/5	8/8	13/13	-	-	-	-
10. Mr. Andrew John Airey	5/5	8/8	13/13	-	-	-	-
11. Mr. Anders Soedergren	5/5	8/8	13/13	-	-	-	-

(G) BOARD ASSESSMENT AND ROTATION

(i) Board Assessment and Rotation

The Board is composed of six independent directors, two non-executive directors, and three executive directors. 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 2007 AGM, Dr. Siri Ganjarerndee, Mr. Stephen Fordham, and Mrs. Pratana Manomaiphiboon were elected to succeed Mr. Somphong Thanasophon, Vice Admiral Kittichai Senanarong, and Mr. Pichai Chirungsappasuk.

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.

The company has finished preparing the Board assessment form in line with SET guidelines. However, the performance of the Board has not been assessed. The reason for this is that three new directors were appointed last year. Therefore, it was considered too soon to assess the Board's performance.

(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 2007 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 2007

(a) Remuneration in Cash

- a.1. The Board, totalling eleven persons, received aggregate allowances of Baht 5.62 million.
- a.2. Remuneration of the Managing Director and his direct reports, totalling twelve persons, equalled Baht 86.69 million.
- a.3. The AC received an additional Baht 0.98 million in position allowances. Full remuneration details are noted in the table below.

Table 42 : Remuneration for the Board and Board Committees

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. Stephen Fordham*	280,000		-
4. Dr. Pichit Nithivasin	420,000		-
5. Mr. Bjorn Ostrom	420,000	420,000	-
6. Mr. Sak Euarchukiati*	157,500	-	-
7. Dr. Siri Ganjarerndee*	280,000	280,000	-
8. Mrs. Pratana Manomaiphiboon*	280,000	280,000	-
9. Mr. Lance Karl Depew	420,000	-	-
10. Mr. Andrew John Airey	-	-	-
11. Mr. Anders Soedergren	-	-	-
Total	5,617,500	980,000	-

Note: * They became Directors and AC members during the 2007 financial year.

(b) Other Remuneration

TTA's provident fund contributions to the Managing Director and his direct reports, totalling twelve persons, equalled Baht 5.15 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. Seven directors have participated in the Thai Institute of Directors Association's ("IOD") director training programmes, including the Director Certification Program ("DCP") and the Director Accreditation Program ("DAP").

TTA encourages directors who have not participated in the above training programmes to participate at the company's expense.

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 Code of Business Conduct is being finalised 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.



TTA focuses its utmost attention to internal control systems to ensure efficiency in all management and operation levels. We have stated and separated the duties, responsibilities, and authorities of management in writing. The Internal Audit Department ("IAD") is an independent department that reports directly to the Audit Committee. The IAD assists the Audit Committee and Board by performing regular evaluations on TTA's internal controls, financial and accounting matters, compliance, business and financial risk management policies and procedures, and ensuring that internal controls are adequate to meet TTA's requirements.

With respect to internal control, 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.

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 is 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 SET Notification 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 meetings have been delivered ahead of the meetings and contain sufficient information for the shareholders or the Board to make decisions.

5. Monitoring

Because the existing systems provide prompt and reliable information on a regular basis, management and the Board 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 IAD throughout the year.

The internal audit system has been regularly reviewed by the IAD, according to an annual audit plan and the results of the performed audits are 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 IAD 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 TTA 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 Guideline on Insider Trading, which require directors and executives refraining 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 2007, the Company and its subsidiaries had no related party transactions with major shareholders, directors, and related persons.

Company Investments

Investments in other companies exceeding 10% of the other companies' shares as of 30 September 2007 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	Hermes Shipping Co., Ltd.	Ordinary	270,000	269,994	99.9	100
3	Herakles Shipping Co., Ltd.	Ordinary	250,000	249,993	99.9	100
4	Heron Shipping Co., Ltd.	Ordinary	250,000	249,993	99.9	100
5	Hermelin Shipping Co., Ltd.	Ordinary	1,000,000	999,993	99.9	100
6	Thor Star Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
7	Thor Skipper Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
8	Thor Sailor Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
9	Thor Sun Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
10	Thor Spirit Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
11	Thor Sky Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
12	Thor Sea Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
13	Thor Master Shipping Co., Ltd.	Ordinary	1,880,000	1,879,993	99.9	100
14	Thor Merchant Shipping Co., Ltd.	Ordinary	200,000	199,994	99.9	100
15	Thor Mariner Shipping Co., Ltd.	Ordinary	350,000	349,994	99.9	100
16	Thor Mercury Shipping Co., Ltd.	Ordinary	600,000	599,994	99.9	100
17	Thor Captain Shipping Co., Ltd.	Ordinary	1,530,000	1,529,994	99.9	100
18	Thor Pilot Shipping Co., Ltd.	Ordinary	800,000	799,993	99.9	100
19	Thor Jasmine Shipping Co., Ltd.	Ordinary	700,000	699,993	99.9	100
20	Thor Champion Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
21	Thor Orchid Shipping Co., Ltd.	Ordinary	472,500	472,493	99.9	100
22	Thor Navigator Shipping Co., Ltd.	Ordinary	990,000	989,993	99.9	100
23	Thor Commander Shipping Co., Ltd.	Ordinary	1,150,000	1,149,993	99.9	100
24	Thor Transporter Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
25	Thor Lotus Shipping Co., Ltd.	Ordinary	630,000	629,993	99.9	100
26	Thor Trader Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
27	Thor Traveller Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
28	Thor Venture Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
29	Thor Nautica Shipping Co., Ltd.	Ordinary	753,000	752,993	99.9	100

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
30	Thor Confidence Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
31	Thor Guardian Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
32	Thor Triumph Shipping Co., Ltd.	Ordinary	600,000	599,993	99.9	100
33	Thor Nexus Shipping Co., Ltd.	Ordinary	1,857,000	1,856,993	99.9	100
34	Thor Neptune Shipping Co., Ltd.	Ordinary	1,380,000	1,379,993	99.9	100
35	Thor Tribute Shipping Co., Ltd.	Ordinary	1,170,000	1,169,993	99.9	100
36	Thor Jupiter Shipping Co., Ltd.	Ordinary	974,000	973,993	99.9	100
37	Thor Alliance Shipping Co., Ltd.	Ordinary	1,060,000	1,059,993	99.9	100
38	Thor Nautilus Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
39	Thor Wind Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
40	Thor Wave Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
41	Thor Dynamic Shipping Co., Ltd.	Ordinary	3,600,000	3,599,993	99.9	100
42	Thor Enterprise Shipping Co., Ltd.	Ordinary	6,300,000	6,299,993	99.9	100
43	Thor Harmony Shipping Co., Ltd.	Ordinary	3,500,000	3,499,993	99.9	100
44	Thor Integrity Shipping Co., Ltd.	Ordinary	3,850,000	3,849,993	99.9	100
45	Thor Nectar Shipping Co., Ltd.	Ordinary	2,541,000	2,540,993	99.9	100
46	Thor Nereus Shipping Co., Ltd.	Ordinary	2,128,000	2,127,993	99.9	100
47	Thor Transit Shipping Co., Ltd.	Ordinary	1,000,000	999,993	99.9	100
48	Thor Endeavour Shipping Co., Ltd.	Ordinary	11,000,000	10,999,993	99.9	100
49	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. 2-49 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

50	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
51	Thoresen Shipping Singapore Pte. Ltd. 29 International Business Park #05-05 Acer Building, Singapore 609923 Tel. : +65 6319 0630 Fax : +65 6319 0639	Ordinary	53,600,000	53,600,000	100.0	S\$ 1
52	Thoresen Shipping Germany GmbH Stavendamm 4a, 28195 Bremen, Germany Tel. : 421 336 52 22	Ordinary	25,000	25,000	100.0	1 Euro

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
Type of Business : Ship Supplies, Logistics, Ship Stevedoring and Transportation						
53	Chidlom Transport & Services Co., Ltd. 26/22-23 Orakarn Building, 7th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569 Fax : +66 (0) 2655-7746	Ordinary	5,000	4,994	99.99	1,000
54	Chidlom Marine Services & Supplies Ltd. 26/22-23 Orakarn Building, 7th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569 Fax : +66 (0) 2655-7746	Ordinary	700,000	699,993	99.9	100
55	GAC Thoresen Logistics Ltd. 26/30-31 Orakarn Building, 9th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 3818-5090-2 Fax : +66 (0) 3818-5093	Ordinary	750,000	382,496	51.0	100
Type of Business : Ship Agency						
56	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
57	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	99.99	1,000
58	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
59	Thoresen (Indochina) S.A. 12A Floor, Bitexco Building 19-25 Nguyen Hue Boulevard District 1 Ho Chi Min City, Vietnam Tel. : +84 8 821 5423 Fax : +84 8 821 5424	Ordinary	2,500	1,250	50.0	100 US Dollar

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
Type of Business : Ship Brokerage						
60	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
61	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 Services						
62	Mermaid Maritime Public Company Limited 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	383,205,340	191,602,670 (direct holding) 107,648,600 (indirect holding)	50.0 28.09	1
Type of Business : Ship Maintenance & Repairs						
63	T.S.C. Maritime Ltd. 26/22-23 Orakarn Building, 7th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569 Fax : +66 (0) 2655-7746	Ordinary	600,000	599,993	99.9	100
Type of Business : Industrial Coating Services						
64	Asia Coating Services Ltd. 26/22-23 Orakarn Building, 7th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569 Fax : +66 (0) 2655-7746	Ordinary	800,000	799,993	99.9	100
Type of Business : P&I Club Representation						
65	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						
66	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 Dirhams

Glossary of Maritime 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.

AS OF 30 SEPTEMBER 2007

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 868,684,422
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, Laksi Bangkok 10210, Thailand Telephone : +66 (0) 2596-9000
Auditor	Ms. Nangnoi Charoenthaveesub Certified Public Accountant (Thailand) No. 3044 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) 2219-2031-2 Allen & Overy (Thailand) Co., Ltd. 22 nd Floor, Sindhorn Tower III 130-132 Wireless Road, Lumpinee, Pathumwan Bangkok 10330, Thailand Telephone: +66 (0) 2263-7600



Thoresen Thai Agencies Public Company Limited

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