

Annual Report 2008



TTA

Thoresen Thai Agencies Plc.



Thoresen Thai Agencies Public Company Limited

Business Ethics

- Fairness
- Professionalism
- Proactiveness
- Discipline and Compliance

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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.

Important Changes and Developments



- 1926** Thoresen & Co., Ltd., Hong Kong established a branch office in Thailand to provide ship agency and brokerage services.
- 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.
- 1993** In order to become a public limited company, 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. 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.
- 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 to 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 are expected to be delivered in 2009. Mermaid acquired a 22.5% stake in Allied Marine & Equipment Sdn. Bhd. and formed a drilling partnership with Kencana Petroleum Berhad.
- 2008** TTA expanded its business in Indonesia with the 49% acquisition of PT Perusahaan Pelayaran Equinox ("Equinox"). At present, Equinox owns and operates one dry bulk vessel.
- TTA announced the repurchase and cancellation of US\$ 39 million of its outstanding convertible bonds, equivalent to 22.97% of the total issue.
- TTA won Thailand's Best-Managed Medium-Cap Corporation Award from Asiamoney Magazine.
- The total owned fleet as of 30 September 2008 consisted of forty-four general cargo and dry bulk vessels, seven offshore support vessels, and two tender drilling rigs. Additionally, approximately twenty dry bulk vessels and two offshore support vessels are chartered in to meet client demand.



Year Ended 30 September

2008	2007	2006
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(Baht in millions, except share, per share data, and ratios)

Income Statement Data :

Voyage revenues	28,453.61	15,865.29	12,820.99
Voyage expenses	(15,076.15)	(6,760.65)	(5,344.15)
Vessel operating expenses - owner expenses	(2,798.01)	(2,519.71)	(2,823.09)
Offshore services revenues	5,258.48	4,025.55	2,752.82
Offshore services expenses	(3,562.39)	(2,713.75)	(1,566.28)
Revenues from service companies and other sources	1,155.14	623.10	666.59
Depreciation and amortisation	(2,050.62)	(1,850.02)	(1,631.96)
General and administrative expenses	(1,893.52)	(1,605.94)	(1,098.63)
Interest expenses	(535.68)	(665.47)	(701.08)
Interest income	204.71	71.90	74.50
Equity income (loss) from associates and joint venture	74.21	9.39	(3.16)
Foreign exchange gains (losses)	236.32	723.36	742.09
Net income	8,776.44	4,961.95	3,502.44

Per Share Data :

Net income - basic	13.63	7.71	5.44
Cash dividends declared	2.25	1.65	1.35
Net book value	45.39	24.88	18.68

Balance Sheet Data (at end of year) :

Cash and marketable securities	11,990.56	4,045.76	1,618.20
Vessels and equipment - net of depreciation	13,631.94	14,933.13	15,426.04
Total assets	42,143.11	28,143.96	23,140.39
Total debt (including capital lease obligations)	12,928.02	12,126.89	11,117.33
Issued share capital	643,684,422	643,684,422	643,684,422
Total shareholders' equity	29,215.10	16,017.08	12,023.06

Other Financial Data :

Net cash flows provided by (used in) operating activities	11,340.02	6,861.40	4,206.52
Net cash flows provided by (used in) investing activities	(6,281.04)	(4,366.27)	(1,869.91)
Net cash flows provided by (used in) financing activities	2,612.65	(99.07)	(2,860.64)
Capital expenditures :			
Vessel and equipment purchases, gross	3,756.58	3,807.81	935.79

Financial Ratios :

Return on shareholders' equity (%)	38.81	35.39	33.09
Return on total assets (%)	24.97	19.35	16.44
Net profit margin (%)	24.97	24.09	21.47
Total debt to total capitalisation	0.22	0.36	0.43
Net debt to total net capitalisation	(0.16)	0.24	0.38





2008 – A Year Of Highly Focused Business Execution

Thoresen Thai Agencies Public Company Limited (“TTA”) continues to evolve as an investment holding company with interests in transport, energy, and infrastructure businesses. To increase growth and profitability, we use our commercial, technical, and financial expertise to develop a steady flow of new investments or projects, which will generate significant long-term shareholder value. TTA will primarily act as a project developer and asset manager.

In support of this overall strategy, various parts of our business are divided into discreet subsidiary or associate companies. Once our subsidiary or associate companies reach a certain scale, they become responsible for their own people, investment, and financing decisions. We will also seek attractively priced capital to fund their ongoing growth plans.

Following this strategy, TTA is now an increasingly important player in dry bulk shipping, offshore services, and shipping services in Asia and the Middle East. We own and operate a fleet of forty-four (44) dry bulk vessels, seven (7) sub-sea engineering support vessels, and two tender drilling rigs and serve more than seven hundred (700) clients. We also charter in approximately twenty (20) dry bulk vessels and two (2) offshore support vessels to meet client demand.

We are pleased to report that TTA achieved our highest-ever financial results in 2008 with limited investments. We achieved revenues and net profits of Baht 35,382 million and Baht 8,776.4 million, respectively, and earnings per share of Baht 13.6. Our total assets exceeded Baht 42.1 billion, reflecting a compound annual growth rate in our asset base of 29.3 percent since 2005.

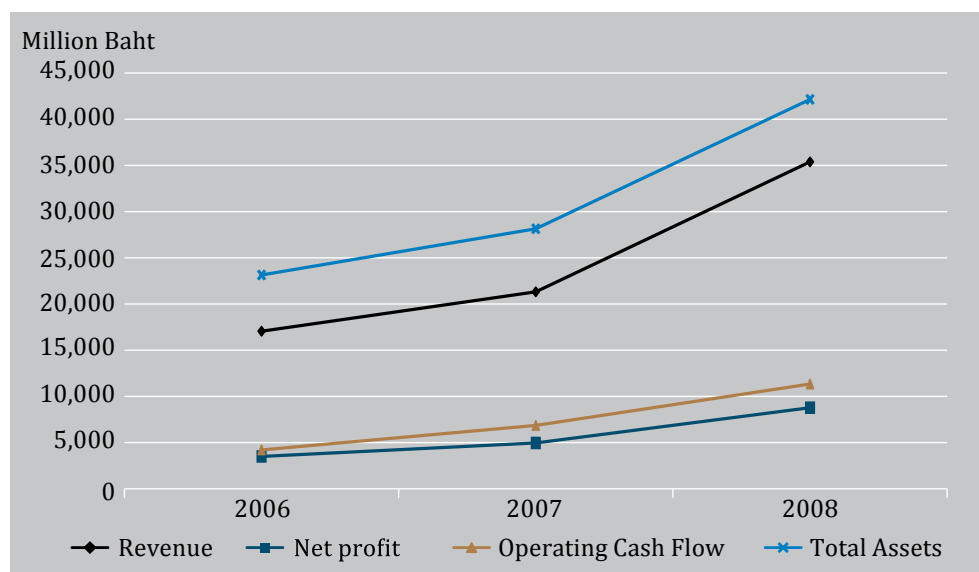


Chandram S. Chandratat

M.R. Chandram S. Chandratat

TTA achieved our highest-ever financial results with net profits of Baht 8,776.4 Million.

Chart 1 : Revenues, Profits, Operating Cash Flows, and Assets of TTA (2006-2008)



Source: TTA

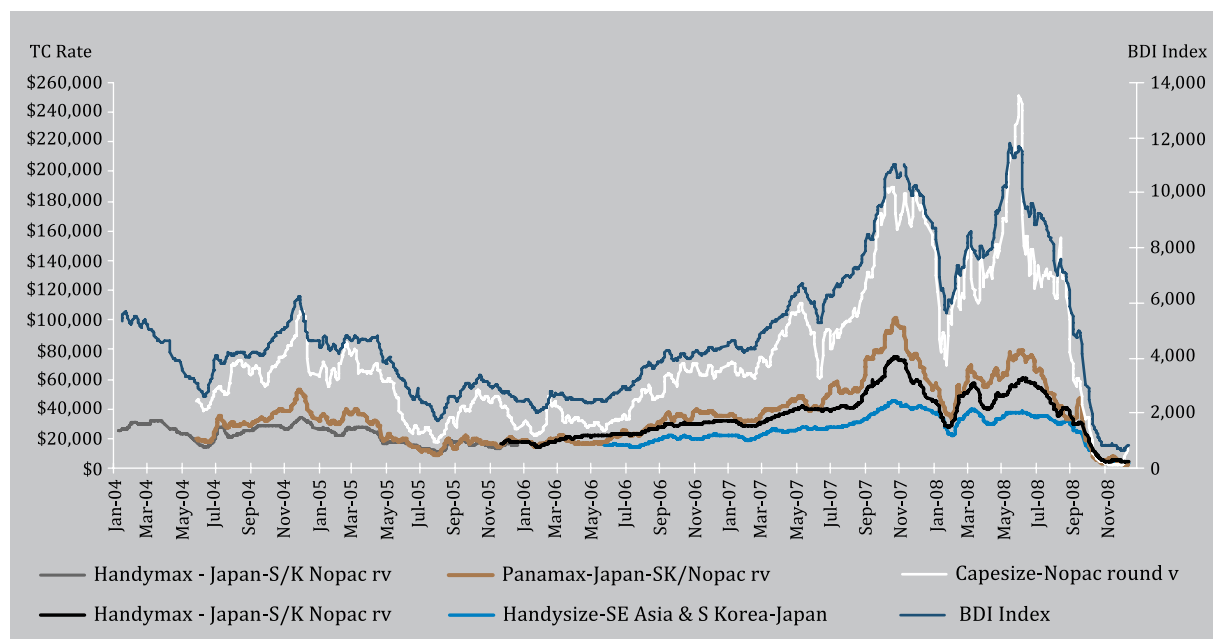
Sensing that business conditions would become more volatile after the defaults of sub-prime securities appeared in 2007, we focused heavily on operational quality, made some smaller strategic acquisitions, and won new projects in each of our core businesses. The listing of Mermaid Maritime Public Company Limited (“Mermaid”) on the Singapore Exchange Securities Trading Limited (“SGX-ST”) in October 2007 will allow us to grow our offshore businesses more effectively.

Our fleet increased through organic growth and acquisitions. Mermaid indirectly acquired a 22.5% stake in Allied Marine and Equipment Sdn. Bhd. (“AME”), which owned two subsea support vessels. AME sold one (1) older vessel and purchased one (1) newbuild DP2 ROV support/multipurpose diving vessel, M.V. Allied Conquests, that was delivered in July 2008. Mermaid also took delivery of one (1) newbuild anchor handling tug supply vessel, M.V. Mermaid Sovereign, in June 2008. Our five (5) dry bulk shipping, one (1) tender drilling rig, one (1) ROV support vessel, and one (1) diving support vessel newbuild projects are moving ahead, with deliveries expected from 2009 to 2011. Each of these investments improves our ability to serve our clients’ diverse and growing needs.

Dry Bulk Shipping – All Time Highs

Our Dry Bulk Shipping Group was a beneficiary of dry bulk freight markets climbing towards unprecedented levels. The Baltic Dry Index averages in January, June, and September 2008 were 7,170, 10,245, and 4,975, respectively. We expected the dry bulk freight markets to be finely balanced in 2008, but issues, like stronger than expected demand, port congestion, and newbuild delivery delays, resulted in a supply-side imbalance.

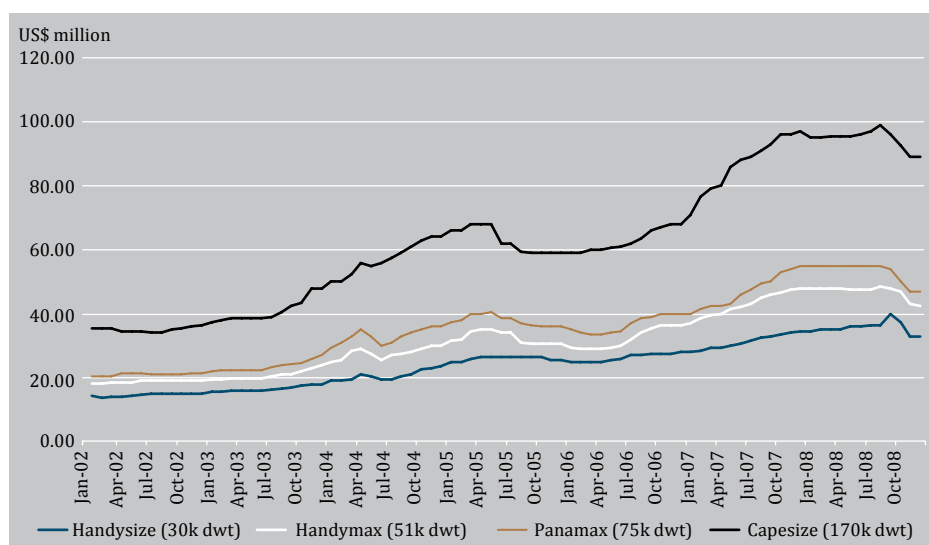
Chart 2: Baltic Dry Index (2004-2008)



Source : Baltic Exchange Limited

We sold one (1) vessel, M.V. Thor Triumph, and have an order book of five (5) newbuild vessels. As vessel prices reached all-time highs in 2008, we did not purchase or commit to any new vessels, since they would not likely achieve our investment hurdle rates.

Chart 3: Dry Bulk Carrier Newbuilding Prices



Source: *Shipping Review & Outlook (Autumn – 2008, Page 121)* & *Shipping Intelligence Weekly (Dec, 2008)*

The Dry Bulk Shipping Group focused on day to day operational efficiency in response to higher cost trends and completed the first phase of our hardware and software system upgrades, including the installation of servers on all owned vessels. In 2009, we plan to introduce a new management control system with specific performance targets, and our new hardware and software systems will support the achievement of these targets.

Unfortunately, with the weak global economic conditions, the outlook for the dry bulk freight markets is weak. In 2008, we signed new contracts of affreightment (“COA”) to transport pipes from India to the United States, and to transport coal from Indonesia to Thailand and secured 3,240 vessel days on COA’s in 2009. Cargo volumes are expected to increase slowly due to demand from developing countries, in particular China and India. But, there are a substantial number of new vessels scheduled to be delivered and as a result, dry bulk vessel supply is expected to exceed demand growth in 2009 and beyond. Fearnleys Research forecasts that a net 59,886 million deadweight tons (“dwt”) of dry bulk vessels will be delivered in 2009, equivalent to a 14.42% increase in the global fleet. This growth is expected to be partially offset by increased scrapping of older vessels.

Offshore Services – Strong Market Fundamentals

Strong GDP growth in developing countries has resulted in strong oil and gas demand growth. The search for energy grows in importance annually. Mermaid continues to benefit from this growth. Mermaid reported net profit growth of 79.6 percent, based on strong performances in our sub-sea engineering group, driven by higher day rates and asset utilisation, which was offset by lower than expected contributions from our drilling group as a result of tender rig downtime. The increasing offshore service revenues are partly being offset by higher crew and subcontractor and dry docking costs, all of which grew significantly in 2008. These costs are expected to increase further in 2009, given the limited resources.

We were pleased that two of our most significant assets secured medium-term contracts. Our newbuild tender drilling rig, KM-1, which is scheduled for delivery in late 2009, has secured a five-year contract from Petronas Carigali Sdn. Bhd. with a total value of US\$ 233 million. Our DP2 diving support vessel, M.V. Mermaid Commander, secured a contract from CUEL Limited, to provide saturation and air diving services supported by remotely operated vehicle (“ROV”) intervention. Mermaid also acquired a hydrographic survey company, Seascope Surveys Pte. Ltd., to complement our existing businesses.

As new technologies enhance the recovery of existing offshore oil and gas reservoirs and exploration continues to discover new reservoirs of deepwater oil and gas, the demand for offshore services continues to grow, reinforcing the value of our strategic entry into the business. Mermaid contributed 6.3 percent of TTA's consolidated net profits in 2008.

The outlook for offshore services remains strong in 2009, even as oil prices have fallen dramatically in recent weeks. As oil and gas exploration and production projects are longer term in nature, various commitments are made well into the future. The committed projects are expected to continue, while new projects might be delayed until a clearer and more stable trend emerges on oil and gas prices.

Shipping Services – Steady Growth

The Shipping Services Group enjoyed good profit growth in 2008 due to the strong freight markets. The Shipping Services Group contributed 2.8 percent of TTA's consolidated net profits. 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.

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 greater focus on the offshore oil and gas industry. As part of our ongoing rationalisation programme, we sold the assets of T.S.C. Maritime Ltd., our ship repair and maintenance business, in April 2008 to Unithai Shipyard and Engineering Co., Ltd.

Investments and Capital Management

We remain focused on being good guardians of the capital our shareholders have entrusted to us. We continuously weigh the use of our capital between building our business through investment in new projects, increasing our financial flexibility through repayment of debt, or returning capital to shareholders. As in the past, we expect to pursue a combination of all these uses of capital.

We continue to invest in a large asset base. At the end of 2008, we had more than US\$ 370 million of newbuild assets on order. We also follow a strategy to lower invested capital for every dollar of cash flows. In 2008, the Dry Bulk Shipping Group chartered-in 7,274 days, equivalent to 19.87 full-time equivalent vessels. Mermaid chartered-in two vessels on periods up to 36 months. Along with our own vessels and equipment, these transactions should allow us to achieve a higher return on invested capital.

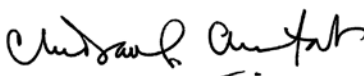
Due to the volatile market conditions, we have been able to repurchase US\$ 39 million of our convertible bonds at a significant discount. These transactions decreased our leverage and lowered the potential dilution impact to our current shareholders.

In closing, we thank our clients for the opportunity to expand our relationships and to meet their increasing business needs. Our long-term success depends foremost on our ability to provide safe, reliable, and responsive marine transportation and offshore services to our clients, and so this will continue to be our primary focus.

We wish to thank our colleagues for their commitment and hard work during a busy year. Finally, we extend our appreciation to you, our fellow shareholders, for your continued support.

Even though 2009 appears to be a difficult year, we are excited by the opportunities to develop our business platform further. With our disciplined and conservative business approach, we have the financial reserves to invest for our long-term future, and 2009 could be a year in which we build significantly on our already strong foundation.

Yours sincerely,



M.R. Chandram S. Chandratat



The Audit Committee is composed entirely of directors who satisfy applicable SEC and SET audit committee independence standards. The Audit Committee includes Mr. Bjorn Ostrom (Chairman), Dr. Siri Ganjarerndee, and Mrs. Pratana Mongkolkul.

The Audit Committee assists the Board of Directors 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 2008, the Audit Committee convened twelve (12) meetings with a full attendance record 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 of 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 the Company 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 ended on 30 September 2009, the Audit Committee has recommended to the Board that PricewaterhouseCoopers 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 the Shareholders to be held in January 2009.

(Mr. Bjorn Ostrom)
Chairman of the Audit Committee

Board of Directors



*1. M.R. Chandram S. Chandratat
8. Mrs. Joey Horn*

*2. M.L. Chandchutha Chandratat
9. Mrs. Pratana Mongkolkul*

3. Mr. Stephen Fordham



BOARD OF DIRECTORS



4. Dr. Pichit Nithivasin

5. Mr. Bjorn Ostrom

6. Mr. Sak Euarchukiati

7. Dr. Siri Ganjarerndee

10. Mr. Andrew John Airey

11. Mr. Anders Soedergren



M.R. Chandram S. Chandratat
age 78
Chairman
Percentage of Shareholding: 0.18

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 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.



Mr. Stephen Fordham
age 57
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.



M.L. Chandchutha Chandratat
age 42
Managing Director
Percentage of Shareholding: 0.03

M.L. Chandchutha Chandratat joined TTA in February 2005 as the Managing Director. His professional experience began with Bank of America, where he served in San Francisco (U.S.A.), Hong Kong, and Bangkok from May 1989 to May 1994. He then joined Bangkok Bank Plc. from June 1994 to January 2000, where he was Senior Vice President, Project Department and was 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. He was appointed a director of all TTA subsidiaries since March 2005 and the Chairman of Mermaid Maritime Plc. since January 2007. In May 2008, he was appointed a director of JSSI Holdings, LLC. 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. In 2006, he completed the Directors Certification Program (DCP 70/2006) by the Thai Institute of Directors Association.



Dr. Pichit Nithivasin
age 62
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 of B.I.G Marketing Co., Ltd. (since 1989) and Bangkok Cogeneration Co., Ltd. (since 1996). He has held directorships at Huakee Paper Co., Ltd. (since 1984), Polymers Marketing Co., Ltd (since 1988), Rayong Olefins Co., Ltd. (since 1995), Thai MMA Co. Ltd (since 1997), Basell Advance Polyolefins (Thailand) Co., Ltd. (since 1997), Map Ta Phut Tank Terminal Co., Ltd. (since 1998), and PTT Chemical Plc (since 2005). He has been the President of Bangkok Industrial Gas Co., Ltd. (since 1987), the President of Bangkok Synthetics Co., Ltd. (since 1991), the Chairman of Foamtec International Co., Ltd. (since 1997), the President of BST Elastomers Co., Ltd. (since 1999), and a director of HMC Polymers Co., Ltd. (since 1983). Dr. Nithivasin holds a Ph.D in Operations Research, a Masters of Science in Electrical Engineering and Computers, a Masters of Science in Industrial Engineering, and a Bachelor of Science in Industrial Engineering, all from the University of California at Berkeley, USA. In 2003, he completed the Finance for Non-Finance Director Program (FN) by the Thai Institute of Directors Association.



Mr. Bjorn Ostrom
age 62

Independent Director, Audit Committee
Chairman
Percentage of Shareholding: 0.00

Mr. Bjorn Ostrom was appointed a Director of TTA in October 2000 and has been 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 Pais from 1979 to 1984. He was a Director of Asia Shipping Group, PK Christiania, Hong Kong from 1985 to 1986 and an Executive Vice President of Christiania Bank, Singapore 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. He completed the Directors Certification Program (DCP 64/2005) by the Thai Institute of Directors Association in 2005.



Mr. Sak Euarchukiati
age 59

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

Mr. Sak Euarchukiati was appointed as Director of TTA in 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. 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 60

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

Dr. Siri Ganjarerndee was appointed a Director of TTA in January 2007. 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 2005, and Prasit Patana Plc since 2005. He also serves as Chairman of the Audit Committee and Director of The Post Publishing Plc since 1999 and the Vice Chairman and Member of the Audit Committee of Thai Vegetable Oil Plc since 2000. In 2008, he was appointed a member of the Financial Institutions Supervision Policy Board of the Bank of Thailand. 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 Bachelors in Economics (Honours) from the University of Sydney, Australia. Dr. Ganjarerndee completed the Directors Accreditation Program (DAP 4/2003) in 2003 and the Directors Certification Program (DCP 60/2005) by the Thai Institute of Directors Association in 2005.



Mrs. Joey Horn
age 42

Independent Director
Percentage of Shareholding: 0.00

Mrs. Joey Horn was appointed a Director of TTA in January 2008. Her independent director board positions include Norse Energy Corp. ASA (2005-2008), an oil and gas exploration and production company listed on the Oslo Stock Exchange, and Petrojarl ASA (2006), an FPSO company listed on the Oslo Stock Exchange until acquired by Teekay Shipping Corporation. Mrs. Horn was also on the Audit Committees of the two previous companies. In addition, she is a self-employed consultant working on a variety of financial advisory projects. Her previous experience includes Partner, Equity Research, HQ Norden Securities, Oslo, Norway and Vice President, Mergers and Acquisitions, Credit Suisse First Boston, New York, USA. She has an M.B.A. from Yale University (1991) and a B.A. from Williams College (1987). Mrs. Horn is a US citizen and currently resides in Singapore.



Mrs. Pratana Mongkolkul
age 44
Independent Director, Member of
Audit Committee
Percentage of Shareholding: 0.003

Mrs. Pratana Mongkolkul was appointed a Director of TTA in January 2007. She has been the Chief Financial Officer and Director of Minor International Plc and Minor Corporation since 1998 and 1999, respectively. Before joining the Minor Group, she was a Vice President and Senior Vice President of Central Pattana Plc's Finance and Accounting Department during 1992-1998. She graduated with a Bachelors Degree in Accounting and a Masters Degree in Business Administration from Thammasart University. With over 20 years of working experience in finance and accounting, she is an auditor by training. She is also accredited with diplomas from the Thai Institute of Directors Association, the Institute of Certified Accounting and Auditors of Thailand, and the Capital Market Academy.



Mr. Anders Soedergren
age 41
Director
Percentage of Shareholding: 0.01

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 Fearnleys (Thailand) Ltd., and in 1996, he was promoted to Chartering Manager of Thoresen & Company (Bangkok) Limited. He has also been a director of Thoresen Chartering (Pte) Ltd. and Thoresen Chartering (HK) Limited since 2003. He was appointed a director of TCB and Fearnleys Thailand in March 2005, a director of Thoresen Shipping Singapore Pte. Ltd. ("TSS") in June 2006, and Managing Director of Thoresen Shipping Germany GmbH ("TSG") in March 2007. He trained at Nykoebing F. Commercial College, Denmark. In 2006, he completed the Directors Certification Program (DCP 78/2006) by the Thai Institute of Directors Association.



Mr. Andrew John Airey
age 54
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. In 2006, he completed the Directors Certification Program (DCP 78/2006) by the Thai Institute of Directors Association.



1. M.L. Chandchutha Chandratat (42)

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 (55)

joined TTA in 1987 as Chief Accountant of TCB. She was promoted to General Manager, Finance/Accounting of TTA in 1990 and later was promoted to Director, Group Finance/Accounting in 2006. 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. Prithayuth Nivasabutr (50)

joined TTA in 2008 as the Director, Group Operations. He is also a Director of ISS Thoresen Agencies Ltd. and Thai P&I Services International Ltd. Prior to joining TTA, he was the Managing Director of Pacific Internet (Thailand) Limited from 2000 to 2007. He was also the Country Director in Thailand for MasterCard International. He received a M.B.A. from the University of Maryland, U.S.A. in 1987 and a Bachelor Degree from George Mason University, U.S.A. in 1981. In 2004, he completed the Directors Certification Program (DCP 40/2004) by the Thai Institute of Directors Association.

4. Mr. Andrew John Airey (54)

has been the Fleet Director since 2004. His biography appears in the section “Board of Directors”.



5. Capt. Yodchai Ratanachiwakorn (48)

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 Operations 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 (60)

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 director of Thoresen Shipping FZE and Sharjah Ports Services LLC and Managing Director of TSG. In 2008, he was appointed as President Commissioner of PT Perusahaan Pelayaran Equinox.

7. Mr. Anders Soedergren (41)

has been the Commercial Director since 2005. His biography appears in the section "Board of Directors".

8. Mr. Helge Bruns (42)

joined Fearnleys (Thailand) Ltd. in 1996. He became General Manager in 1999 and Managing Director in 2005. During his 19 years in dry cargo chartering, he has worked in Bremen, Germany; Stamford, U.S.A.; and Hong Kong.

9. Capt. Chamnan Chomsoonthorn (44)

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.



10. Capt. Wirot Kulwirottama (49)

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 Asia Coating Services Ltd. Capt. Wirot received a M.B.A. 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 Simpson (48)

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 (49)

joined TTA in 1998 as Operations Manager for the Tramp Division and Contract Manager for TCB. In 2000, he became an Executive Director of Thai P&I Services International Ltd. In 2006, he became responsible for the operations of both TCB's Tramp and Liner Departments. In 2008, he was appointed a director of PT Perusahaan Pelayaran Equinox.

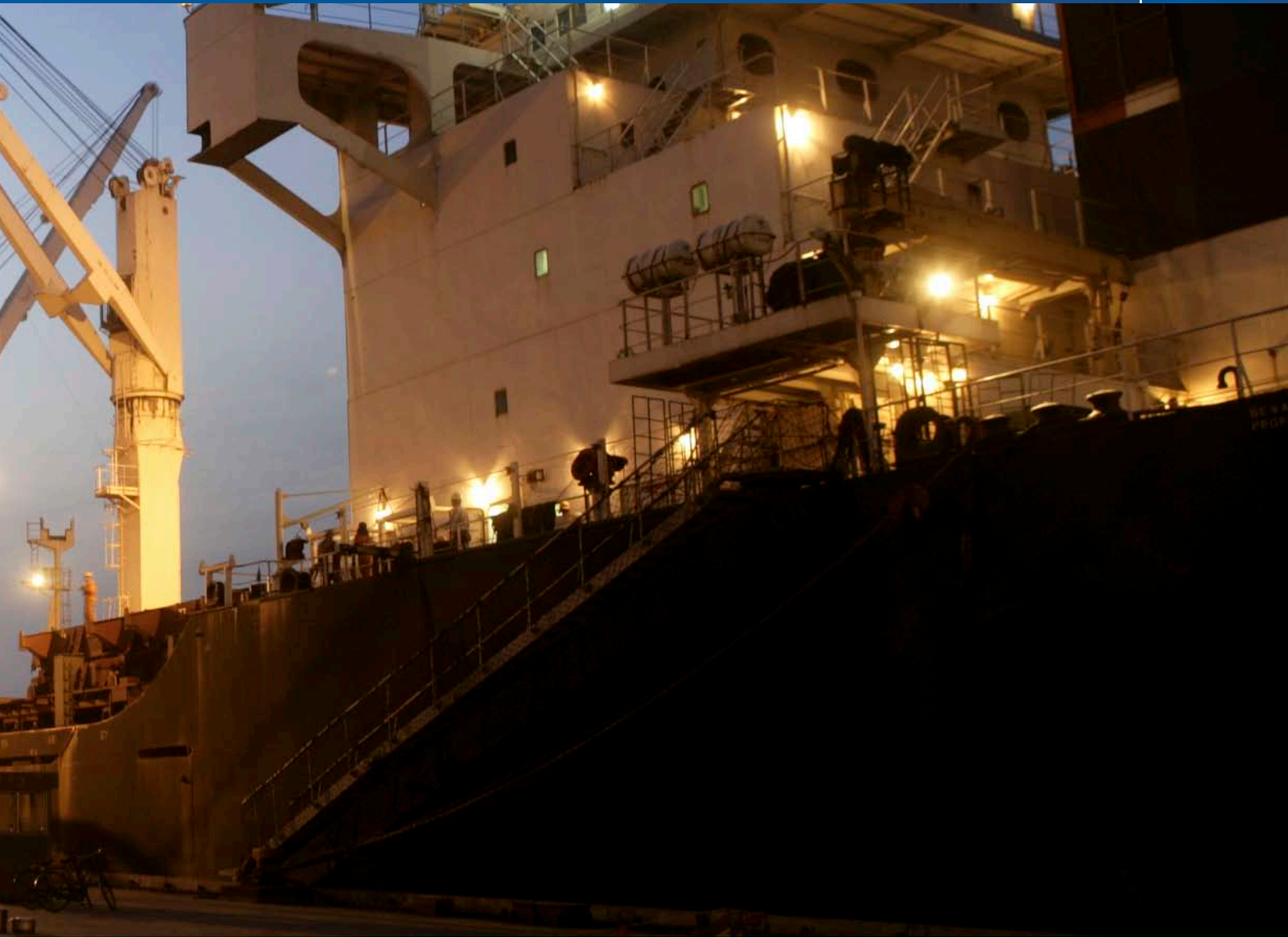
13. Mr. William Arthur Wilcox (57)

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.



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.



The Thoresen Group

Thoresen Thai Agencies Public Company Limited (“TTA” or the “Company”) is one of the leading 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 2008, TTA owned a fleet of forty-four (44) 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 operated a fleet of seven (7) offshore support vessels and two (2) tender drilling rigs, with plans to expand the fleet during the next two to three years.

Table 1: TTA Business Groups

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

The Group is led by an international management team with expertise and experience. As of 30 September 2008, TTA acted as the holding company for sixty-seven (67) consolidated subsidiaries and four (4) 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.

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 2008, TTA's fleet of forty-four (44) general cargo and dry bulk vessels comprised twenty-nine (29) Handysize and fifteen (15) Handymax vessels, with an additional seven (7) Handymax vessels chartered-in through 2011. 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 ("COA"), short-term fixed contracts, and spot rate contracts.

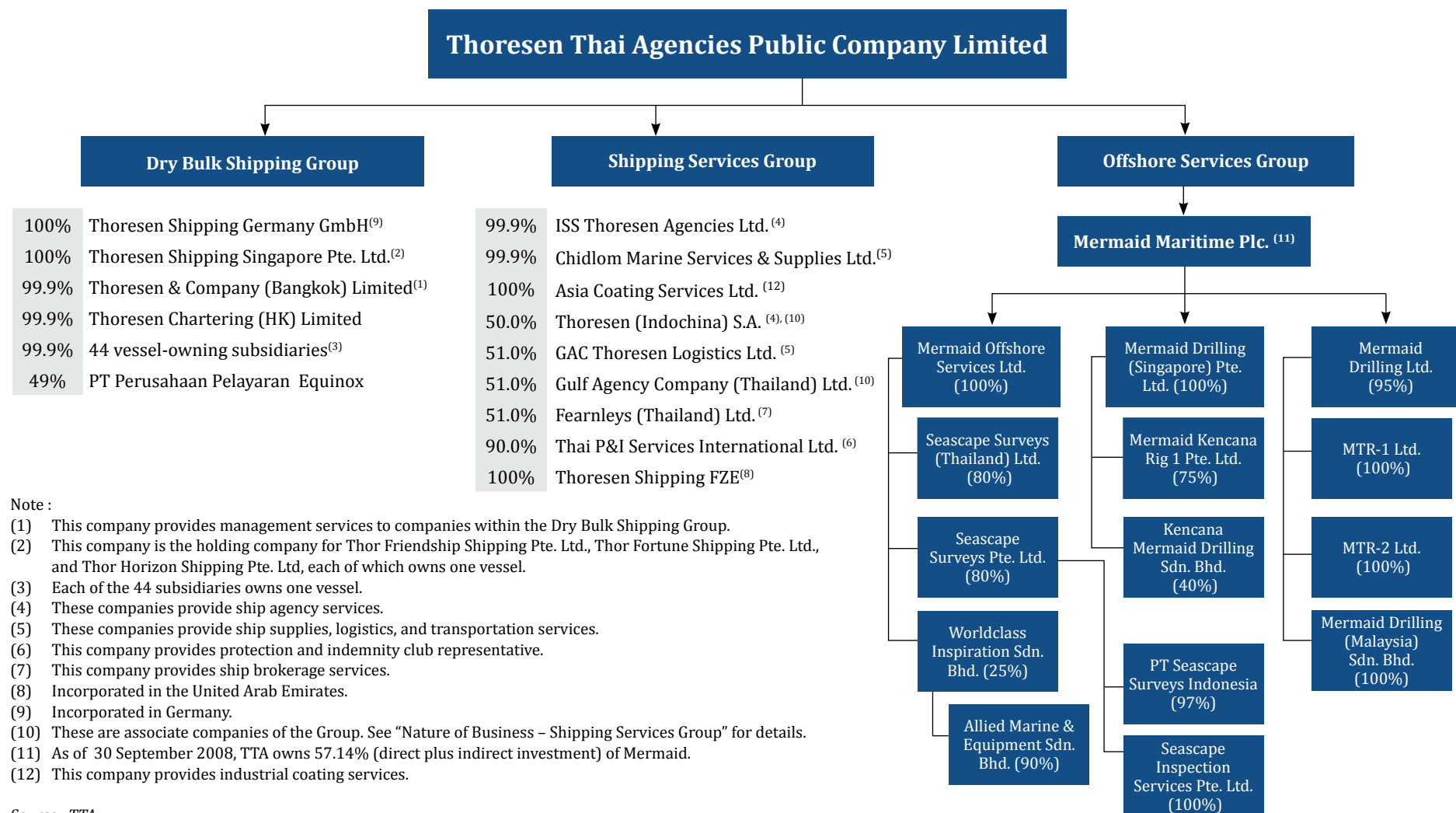
The Offshore Services Group provides offshore oil and gas related services, particularly sub-sea engineering and contract drilling, through its owned fleet of five (5) offshore support vessels and two (2) tender drilling rigs. The Offshore Services Group also chartered-in two (2) offshore support vessels 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 2008, TTA owned 57.14% 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 2008.



Chart 4 : TTA Corporate Structure



Source : TTA

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:

- ***Increasingly Diversified Business Portfolio*** : The Group is a leading provider of international 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-four (44) general cargo and dry bulk vessels, seven (7) offshore support vessels, and (2) tender drilling rigs. The diversification of activities allows the Group to reduce the cyclicity and uncertainty of its cash flows. The Group's strategy is to increase the diversification of activities in the future. 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 30% of the Group's net voyage revenues in 2008 and accounted for approximately 34.65% 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 twenty-nine (29) Handysize and fifteen (15) Handymax carriers. Eighteen (18) of these vessels are tween deckers and twenty-six (26) 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 seven (7) 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 most of 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 has committed to purchase five (5) newbuild vessels, and the Offshore Services Group has committed to purchase one (1) newbuild tender drilling rig and two (2) newbuild support vessels over the next few years.

• **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, Indonesia, Vietnam, Singapore, and United Arab Emirates. 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 Group serves a diversified portfolio of more than seven hundred (700) 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 30.46% of total voyage revenues as of 30 September 2008, 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 into areas that complement or are natural extensions to our existing businesses.

• **Strong Financial Performance** : The Group's strong financial performance is evidenced by the increase in its total operating revenues from Baht 15,103.6 million for the financial year that ended on 30 September 2005 to Baht 35,146.2 million for the financial year that ended on 30 September 2008 and EBITDA from Baht 7,656.5 million to Baht 11,786.8 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 1.1 in 2005 to 0.7 at the end of 2008, 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 the declining business conditions by making acquisitions at favourable prices.

Strategy of the Group

From 2004 to 2008, TTA achieved high revenue and net profit growth primarily based on the dry bulk shipping boom. TTA achieved some limited diversification through its investments in Mermaid. The Group intends to pursue dynamic business growth by adopting the approach of an investment holding company. The Group anticipates further investments in the transport, energy, and infrastructure areas to achieve greater diversification and balance across the three business areas. The key components of the Group's growth strategy will be to (a) continuously upgrade, renew, and expand the vessel and rig fleet through the newbuild and second-hand markets; (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; and (c) to secure a high quality mix of "base line" cash flows that allows the Group to readily meet its operating expenses, debt repayments, new investments, and dividends to shareholders.

TTA's core business strategies are set forth below:

• ***Rationalisation and expansion of integrated business platform*** : The Group plans to strengthen its position in the transport, energy, and infrastructure areas. The Group's strategy to build its business platform to provide reliable earnings visibility and cash flow streams in the coming years. It will make additional investments to strengthen existing business lines and expand into new market niches. The Group may seek to divest existing companies that do not have sound revenue or profit growth prospects. By focusing on businesses that meet its growth requirements and hurdle rates, the Group will focus its resources on areas which should increase long-term shareholder value. The Group has embarked on a gradual dry bulk fleet renewal plan and has ordered a number of new assets, one newbuild tender drilling rig and two 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*** : For the year that ended on 30 September 2008, the Dry Bulk Shipping Group and Mermaid contributed 81.55% and 15.86% of TTA's consolidated revenues, respectively. Over the next five years, the Group intends to achieve greater balance and diversification across the transport, energy, and infrastructure areas. Balance and diversification is also stressed in each business unit. 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 17.196 million tonnes of mixed cargo carried by its vessels for the financial year that ended on 30 September 2008, comprising mineral concentrates (approximately 32%), steel products (approximately 19%), fertiliser (approximately 16%), paper and wooden products (approximately 16%), agricultural products (approximately 13%) and general cargoes (4%). 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 investment and fleet acquisition and renewal plans***: 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. 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. Besides the tender drilling rig and two offshore support vessels noted above, Mermaid acquired interests in Allied Marine and Equipment Sdn. Bhd. ("AME") and Seascope Surveys Pte. Ltd. to complement its sub-sea engineering business.

• ***Maximising the useful life of the fleet*** : In addition to its fleet acquisition and renewal programme, the 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 a lower charter rate market environment, since most of its costs have been depreciated. 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 spent US\$ 22.4 million in 2008, when twenty-four (24) vessels underwent dry-docking and special surveys. By 2011, eighteen (18) of the Dry Bulk Shipping Group's existing forty-four (44) vessels will reach the age of twenty-five (25) years.

- ***Taking advantage of new technologies and introducing new working practices*** : In 2008, the Group completed the first phase of upgrading its information technology systems. The second phase will occur in 2009 and focus on business process improvements to increase productivity and efficiency and integrate these changes to the information technology systems. These upgrades aim to streamline internal operating processes, eliminate redundant and manual work, and are expected, inter alia, to allow the Group to grow its business without major increases in headcount. Furthermore, the systems improvements should enhance the speed of data analysis systems, which should result in better decision making.

TTA's Business Areas

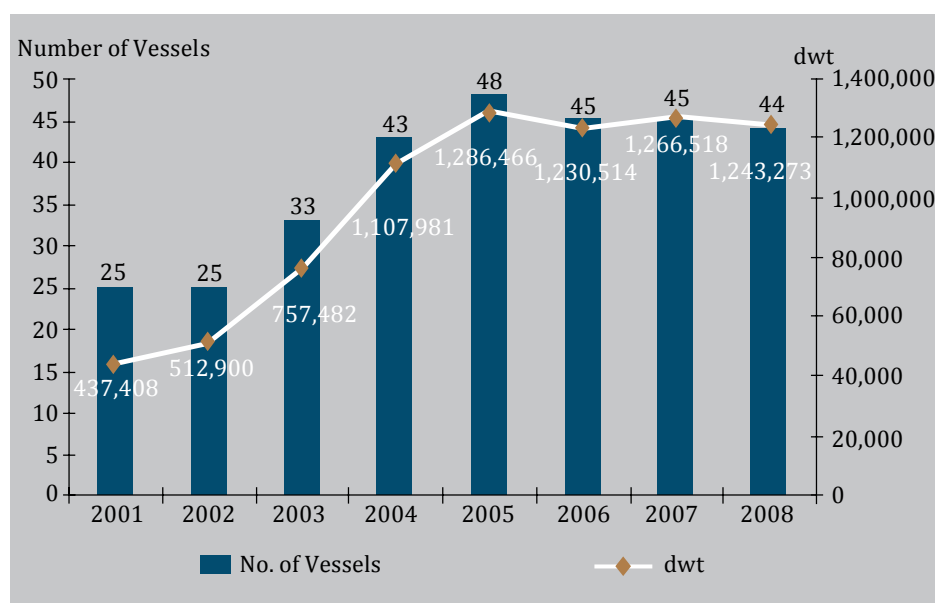
The Group's business is organised according to three business areas: the Dry Bulk Shipping Group, the Offshore Services Group, and the Shipping Services Group.

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 2008, the Group sold one second-hand vessel. The Group has ordered five newbuild vessels, each with an average capacity of 53,000 dwt, for delivery between 2009 to 2011. As of 30 September 2008, the Group's fleet, which is owned by subsidiaries within the Dry Bulk Shipping Group, had a total cargo carrying capacity of 1,243,273 dwt, an average size of 28,256 dwt, and a dwt-weighted average age of 19 years. The size of the fleet grew from twenty-five (25) vessels in 2002 to forty-four (44) vessels as of 30 September 2008, and from a cargo-carrying capacity of 512,900 dwt to 1,243,273 dwt over the same period. The following chart summarises our fleet development from 2001 to 2008.

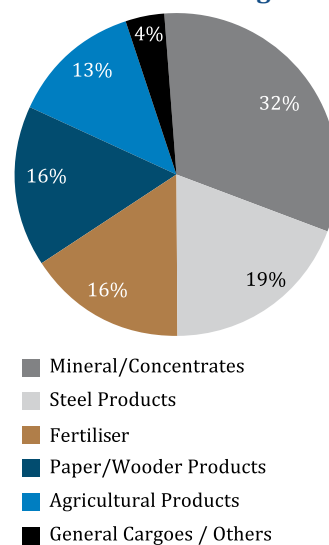
Chart 5 : Dry Bulk Fleet Development



Source : TTA



Chart 6 : FY 2008 Cargoes



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. Thoresen & Company (Bangkok) Limited ("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 2008.

Table 3 : Fleet Structure

Number of Vessels				
	Owned Vessels	Period Chartered-in Vessels	Newbuild Vessels on Order	Total
Handysize	29	-	-	29
Handymax	15	7	5	27
TOTAL	44	7	5	56

Dwt-Weighted Average Age of Vessels				
	Owned Vessels	Period Chartered-in Vessels	Newbuild Vessels on Order	Total
Handysize	22.76	-	-	22.76
Handymax	15.34	6.22	-	12.07
TOTAL	19.00	6.22	-	16.18

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	22.55	TD-15A	ABS
2. Thor Sea	28/04/1986	16,248	22.44		LR
3. Thor Skipper	04/11/1986	16,211	21.92		LR
4. Thor Sky	18/12/1986	16,225	21.80		LR
5. Thor Spirit	11/06/1986	16,248	22.32		LR
6. Thor Star	22/11/1985	16,248	22.87		BV
7. Thor Sun	04/07/1986	16,223	22.26		LR
8. Thor Mariner	18/01/1983	17,298	25.72	Multi-Purpose	LR
9. Thor Master	02/08/1982	17,298	26.18		LR
10. Thor Merchant	01/11/1982	17,326	25.93		BV
11. Thor Mercury	03/07/1984	17,322	24.26		BV
12. Thor Navigator	29/03/1987	20,358	21.52	Passat	LR
13. Thor Nautica	09/12/1988	20,542	19.82		BV
14. Thor Neptune	01/03/1989	20,377	19.60		GL
15. Thor Nexus	01/01/1989	20,377	19.76		GL
16. Thor Nautilus	06/05/1988	20,457	20.42		BV
17. Thor Nectar	01/01/1990	20,433	18.76		GL
18. Thor Nereus	01/01/1988	20,380	20.76		GL

BULK CARRIERS						
Vessel Name	Original Delivery Date	DWT	Age	Design		Classification
19. Thor Pilot	22/05/1986	33,400	22.38	Standard	Bulk < 40,000 dwt	LR
20. Thor Orchid	27/09/1985	34,800	23.02			LR
21. Thor Lotus	18/02/1985	35,458	23.63			BV
22. Thor Alliance	27/06/1984	40,940	24.28	Standard	Bulk > 40,000 dwt	LR
23. Thor Venture	14/06/1986	41,824	22.31			DNV
24. Thor Dynamic	30/04/1991	43,497	17.43			BV
25. Thor Integrity	02/04/2001	52,375	7.50			BV
26. Thor Jasmine	22/08/1985	36,633	23.12	Box Shape	Bulk (Box)	DNV
27. Thor Jupiter	18/08/1986	36,992	22.13			ABS
28. Thor Wave	30/07/1998	39,042	10.18	Open Hatch / Box Shape	< 40,000 dwt	ABS
29. Thor Wind	18/11/1998	39,087	9.87			ABS
30. Thor Guardian	29/05/1985	41,876	23.36	Box Shape	Bulk (Box) > 40,000 dwt	LR
31. Thor Energy	16/11/1994	42,529	13.88	Open Hatch / Box Shape		NKK
32. Thor Endeavour	11/04/1995	42,529	13.48			NKK
33. Thor Enterprise	28/07/1995	42,529	13.19			LR
34. Thor Harmony	21/03/2002	47,111	6.53			DNV
35. Thor Horizon	01/10/2002	47,111	6.00			LR
36. Thor Champion	01/12/1982	25,150	25.85	Open Hatch / Box Shape	Con-Bulkers (Box)	GL
37. Thor Captain	01/05/1983	25,085	25.44			GL
38. Thor Confidence	24/06/1983	24,900	25.29			GL
39. Thor Commander	01/05/1984	26,140	24.43			GL
40. Thor Tribute	03/01/1985	23,224	23.76	Open Hatch / Box Shape	Wismar (Box)	BV
41. Thor Trader	20/11/1985	24,126	22.88			LR
42. Thor Traveller	30/11/1985	24,126	22.85			LR
43. Thor Transporter	08/08/1986	23,930	22.16			BV
44. Thor Transit	01/12/1986	23,042	21.85			ABS
TOTAL THORESEN FLEET		1,243,273 DWT				

ABS : Amercian Bureau of Shipping

BV : Bureau Veritas

DNV : Det Norske Veritas

GL : Germanischer Lloyd

LR : Lloyd's Register

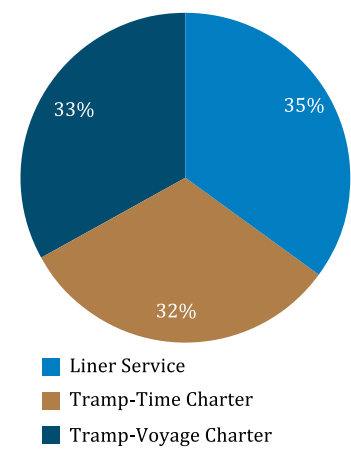
NKK : Nippon Kaiji Kyokai

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 7 : 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 two (2) to three (3) 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
	2007	2008	2007	2008		
China-Middle East	32	28	1,221,950	1,100,617	(9.93)%	Wood & Steel Products
Southeast Asia-Middle East	116	133	2,151,941	2,550,740	18.53%	Wood & Steel Products
Others						Wood Products
Total	148	161	3,373,891	3,651,357	8.22%	

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 COA's 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 the Asia-Pacific region 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 35% for the financial year that ended on 30 September 2008.

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
- COA's 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 COA's 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.

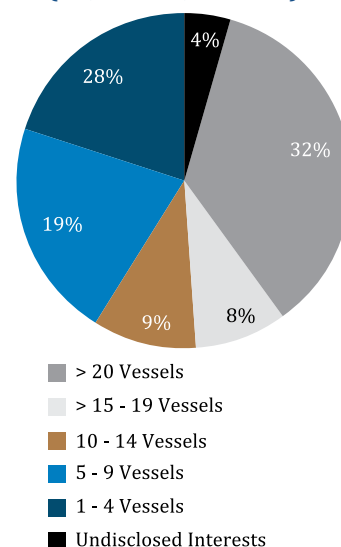
During 2008, approximately 23% of TTA's available capacity was employed on period time charters, and approximately 8% of its available capacity for 2009 has been booked on period time charters. The alternative to chartering vessels is to operate them against forward cargo bookings and cargo contracts. 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 1,162 independent owners with 5,533 vessels.



**Chart 8 : Vessel Owners
(15,000-50,000 dwt)**



Source : Fairplay World Shipping Encyclopedia

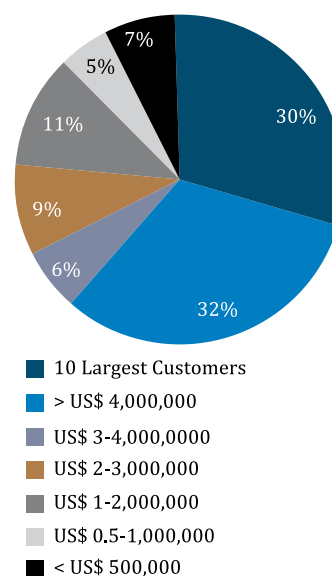
Clients

As the Group manages a mix of liner and tramp services, including period time charters and COA's 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 2008, the ten (10) largest Dry Bulk Shipping Group clients accounted for 30% of its total charter revenues.



**Chart 9 : Freight Revenues
(By Client Size)**



Source : TTA

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.

Table 7: Key Liner Competitors

- Hyundai Merchant Marine Co., Ltd.: 16 Handysize vessels (411,937 dwt) and 5 Handymax vessels (210,765 dwt)
- STX Pan Ocean Co., Ltd.: 34 Handysize vessels (980,560 dwt) and 17 Handymax vessels (718,496 dwt)
- China Ocean Shipping (Group) Company: 167 Handysize vessels (3.8 million dwt) and 114 Handymax vessels (4.9 million dwt)

Source : Fairplay World Shipping Encyclopedia

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 2008, owned 57.14% of Mermaid, comprising 35.40% held by TTA directly and 21.74% held by TTA through its wholly-owned subsidiaries, Thoresen Chartering (HK) Limited and Thoresen Shipping Singapore Pte. Ltd. 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 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.

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

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 meters for MTR-1 and 5,943 meters for MTR-2.

Sub-sea engineering services are provided through Mermaid Offshore Services Ltd. ("MOS"), a wholly-owned subsidiary of Mermaid, which owns and operates five offshore support vessels and two further vessels on long term charter. Services principally comprise diving and remote intervention by unmanned submersibles (ROVs). MOS's fleet includes dynamically positioned vessels with a 300-metre diving

capability using saturation diving techniques. MOS's ROV fleet offers a wide range of capabilities with some systems able to operate to a depth of 2,000 metres. MOS provides varied sub-sea engineering services, including inspection, repair and maintenance, construction and installation support, and commissioning projects.

MOS began building its fleet in 2003 with the purchase of the Mermaid Supporter. The fifth and most recent vessel to be added to the fleet was the Mermaid Sovereign in 2008, with two further vessels due for delivery during 2009. 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. In early 2008 MOS also acquired an 80% stake in the Seascope Survey group of companies, a South East Asian based provider of hydrographic and positioning services, complimenting the 'one stop shop' philosophy for MOS's services.

MOS is certified and approved by underwater inspection programmes by all major classification societies and is an active member of IMCA, the world-wide trade association for offshore service companies.

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

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	5,943	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 5,943 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 2008, Mermaid held drilling contracts with Hess (Indonesia-Pangkajene) 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 Market

Owner Name	Owned	Under Construction	Total
SeaDrill Ltd.	14	3	17
KCA Deutag	4	0	4
Mermaid Drilling Ltd.	2	1	3
Global Geo Services ASA	3	0	3
PDVSA	2	0	2
Others	3	2	5

Source: Fearnleys

For the financial year that ended on 30 September 2008, MDL contributed 23.63% of Mermaid’s consolidated revenues, excluding exchange losses.

Sub-Sea Engineering Segment

As of 30 September 2008, MOS’s fleet consists of five offshore support vessels, one portable and one fixed saturation diving system, and seven ROV’s. These vessels are owned directly by MOS. MOS has also chartered-in one construction support vessel and one ROV/air dive support vessel. Dive support vessels act as an operational base for divers, ROV’s, and specialised equipment. MOS sub-contracts up to 400 specialist and marine personnel to work on its sub-sea engineering projects in addition to a permanent workforce.

Sub-sea engineering services include inspection, repair, and maintenance projects 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.

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 planned 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	Panama	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
Mermaid Sovereign	Multi Purpose Offshore Vessel	2008	Thailand	61	38

Note: (1) On charter to MOS

Source : TTA

Given the large number of projects MOS has undertaken, it 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.

The primary competitors for MOS are regional sub-sea engineering services companies, such as Global GEO Services 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., 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 2008, MOS contributed 74.30% of Mermaid's consolidated revenues, excluding exchange gains.



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 2008, TTA had a total of 747 shore-based personnel and 1,424 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 training and fleet renewal programmes and are committed to eliminating incidents that threaten the safety and integrity of its fleet and personnel. We operate our vessels and rigs in a manner intended to protect the safety and health of our employees, the general public, and the environment.

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.

We establish key performance indicators to facilitate regular monitoring of our operational performance. We set targets on an annual basis to drive continuous improvement, and review key performance indicators regularly to determine if remedial action is necessary to reach our targets.

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 Organisation (“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 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\$ 7.5 million to US\$ 72.0 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.

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, industrial coating services, 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 2008, 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, Choburi, 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 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.

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 2008, the three ports together handled in excess of 5 million tonnes per year, with record level of growth during the year 2008.

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 150 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 3,000 cargo delivery jobs to customers in the UAE, Oman, and other nearby destinations.





Proactiveness

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



The Dry Bulk Shipping Industry

Industry Overview

Seaborne transportation represents an essential part of international trade, as the most efficient and often the only means of transporting large volumes of basic commodities and finished products. Seaborne cargo can be classified into dry cargo and liquid cargo. Dry cargo includes dry bulk cargo, container cargo, and non-container cargo. Dry bulk cargo is shipped in dry bulk carriers and can be subdivided into five major dry bulks and minor dry bulks. The five major dry bulks comprise iron ore, coal, grain, phosphates, and bauxite. Minor dry bulks comprise many other commodities that travel in shiploads, the most important being cement, gypsum, non-ferrous metal ores, sugar, salt sulphur, forest products, wood, and chemicals. Liquid cargo is transported in tank ships, with the main cargoes being crude oil, oil products, liquids, and chemicals.

Table 12 : World Seaborne Trade : 2000 to 2007

(Million Tonnes)

Years	Iron Ore	Coal	Grain	Bauxite and Alumina	Phosphate	Crude Oil	Oil Products	Other Cargoes Estimate	Total Trade Estimate
2000	454	523	230	53	28	1,608	419	2,280	5,595
2001	452	565	234	51	29	1,592	425	2,305	5,653
2002	484	570	245	54	30	1,588	414	2,435	5,820
2003	524	619	240	63	29	1,673	440	2,545	6,133
2004	589	664	236	68	31	1,754	461	2,690	6,493
2005	652	710	307	73	30	1,784	495	2,617	6,668
2006	734	754	325	78	30	1,851	517	2,853	7,142
2007	799	798	332	80	31	1,888	535	3,052	7,515

Source : Fearnleys

In 2007, approximately 7.5 billion tonnes of cargo were seaborne, compared with 5.6 billion tonnes in 2000. We have seen very high trade growth over the period as a result of strong global economic growth, especially in Asian economies such as China and India, illustrated in the table below. Fearnleys expect 2008 in total to be a very strong year, with an expected seaborne trade growth of about five percent, despite the economic downturn we have seen lately.

Table 13 : Real GDP Growth : 2002 to 2007

(Percent Change Previous Period)

Years	2002	2003	2004	2005	2006	2007
Global Economy	3.0	4.1	5.3	4.7	5.2	5.0
USA	1.6	2.5	3.6	3.1	2.9	2.2
Europe	0.9	0.8	1.8	1.7	2.9	2.6
Japan	0.3	1.4	2.7	1.9	2.4	2.1
China	8.3	10.0	10.1	10.4	10.6	11.9
India	4.7	7.4	7.0	9.2	9.7	8.7

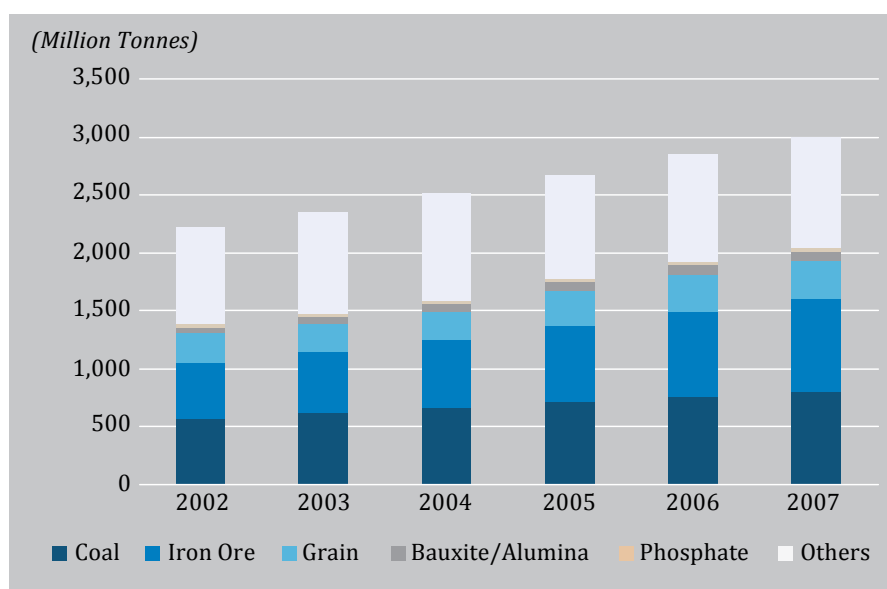
Source: Fearnleys

Dry Bulk Seaborne Trade

For dry bulk cargos, we have seen seaborne trade growth increase between 5 and 8 percent the last five years, generating significant additional demand for dry bulk shipping.

The following chart and table illustrate total seaborne trade in the major and minor dry bulk segments for the period from 2002 to 2007. The major bulk cargos are separated into iron ore, coal, grain (including wheat, coarse grains, and soybeans), phosphates, and bauxite/alumina while the minor bulks are included in the others category.

Chart 10 : Dry Bulk Trade Development



Source: Fearnleys

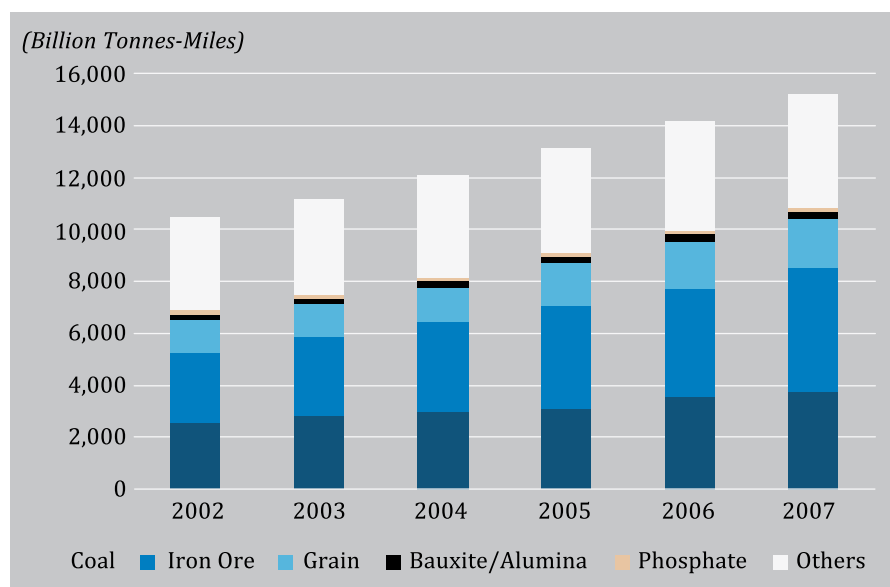
Table 14 : Dry Bulk Seaborne Trade: 2002 to 2007

(Million Tonnes)

	2002	2003	2004	2005	2006	2007
Coal	570	619	664	710	754	798
Iron Ore	484	524	589	652	734	799
Grain	245	240	236	307	325	332
Bauxite/Alumina	54	63	68	73	78	80
Phosphate	30	29	31	30	30	31
Others	835	865	926	896	927	960
Total	2,218	2,340	2,514	2,668	2,848	3,000
YOY Change	3.60%	5.5%	7.4%	6.1%	6.7%	5.3%

Source : Fearnleys

Total seaborne trade in dry bulk commodities increased 35.3 percent in the period between 2002 and 2007. The major bulks accounted for an estimated 68.0 percent of total dry bulk seaborne trade in 2007. Of the major bulks, iron ore grew the fastest, with an increase of 65 percent over the period 2002 to 2007. The development in tonne-mile demand has grown at an even faster rate over the last years due to structural changes in the pattern of trade, indicated in the following chart:

Chart 11 : Dry Bulk Carrier Demand

Source: Fearnleys

Table 15 : Dry Bulk Carrier Demand: 2002 to 2007

(Billion Tonne-Miles)

	2002	2003	2004	2005	2006	2007
Coal	2,549	2,810	2,960	3,113	3,540	3,750
Iron Ore	2,731	3,035	3,444	3,918	4,192	4,790
Grain	1,241	1,273	1,350	1,686	1,822	1,857
Bauxite/Alumina	206	198	231	248	267	275
Phosphate	152	148	154	154	155	155
Others	3,570	3,680	3,940	4,021	4,180	4,340
Total	10,449	11,144	12,079	13,140	14,156	15,167
YOY Change	1.80%	6.7%	8.4%	8.8%	7.7 %	7.1%

Source: Fearnleys

China and to a lesser extent India have been the main drivers behind the recent increase in seaborne dry bulk trade. Chinese production and consumption of steel have created an enormous demand for seaborne trade of iron ore. Scarcity of domestic supply has generated increased imports from Australia and Brazil, creating longer distances.

Table 16 : World Crude Steel Production

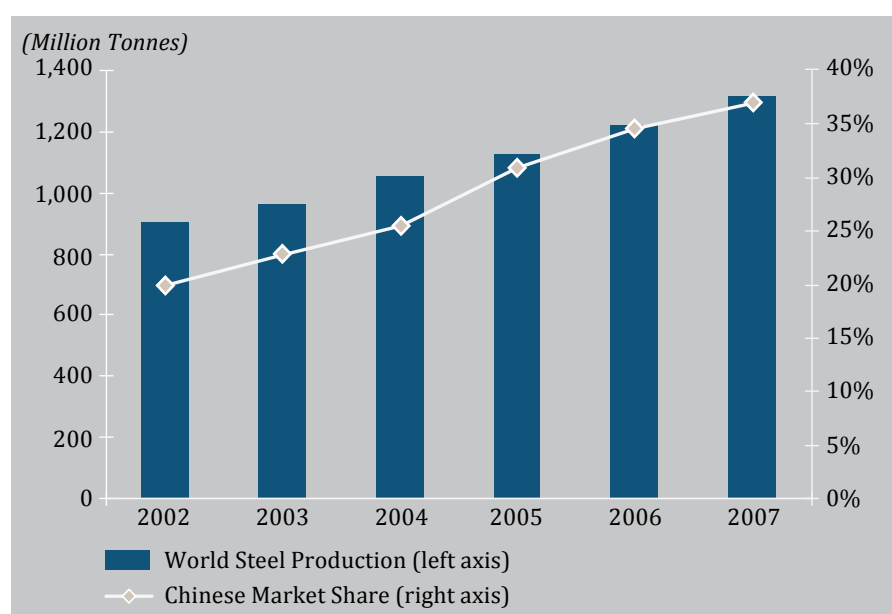
(Million Tonnes)

	EU 15	USA	Japan	China	South Korea	Taiwan	India	Others	Total
2002	158.1	91.6	107.7	179.7	45.4	18.3	28.8	272.3	901.9
2003	159.5	90.9	110.5	219.3	46.3	19.1	31.8	285.9	963.3
2004	169.7	98.6	112.7	269.3	47.5	19.5	32.6	304.2	1,054.1
2005	164.2	93.8	112.5	349.3	47.7	18.5	38.1	305.1	1,129.2
2006	173.5	98.5	116.2	421.5	48.4	20.2	42.8	297.9	1,219.0
2007	175.5	97.2	120.2	487.3	51.2	20.6	49.5	315.5	1,317.0
% Change from 2002 to 2007	11.0	6.1	11.6	171.2	12.8	12.6	71.9	15.9	46.0

Source: Fearnleys

From approximately 219 million tonnes of crude steel output in 2003, Chinese production surged to approximately 269 million tonnes in 2004 (up 23 percent year-on-year) and to approximately 349 million tonnes in 2005 (up 30 percent year-on-year). In 2006, production increased by a further 21 percent, taking total output to approximately 422 million tonnes. Production increased by 16 percent in 2007 year-on-year to 487 million tonnes. This factor has been almost single-handedly responsible for fuelling the dry bulk market boom up until now.

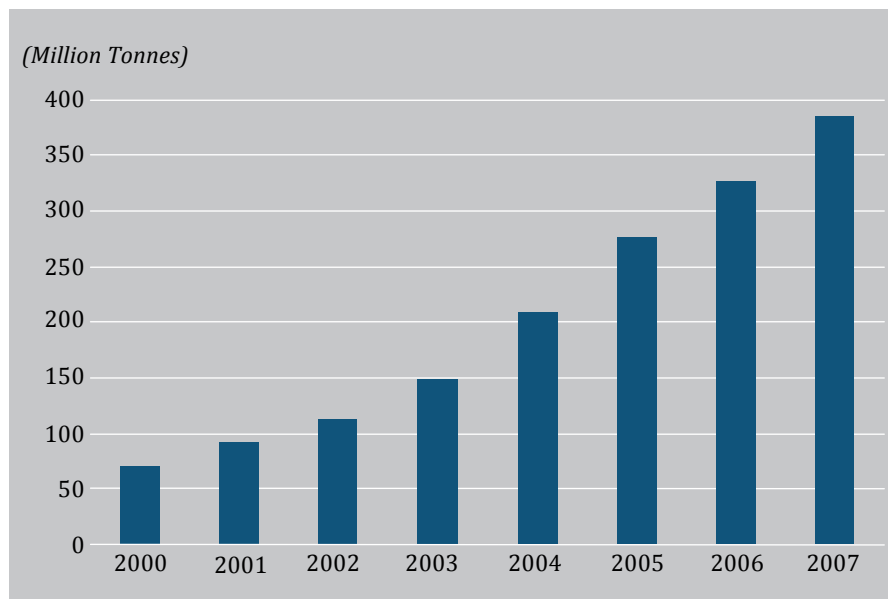
Chart 12 : World Steel Production and Chinese Market Share



Source: Fearnleys

Over the last five years, steel production in China has grown at an average annual rate of 22 percent, compared with global production increasing by an average of 8 percent per annum. As a result of this growth in steel production, Chinese imports of iron ore have also increased substantially.

Chart 13 : Chinese Iron Ore Imports



Source: Fearnleys

Chinese iron ore imports for 2007 increased 17.6 percent over 2006 imports to 383.7 million tonnes. Imports have increased about 450 percent from 2000 to 2007 and the main suppliers are Australia, Brazil, India, and South Africa. Imports from Brazil have increased over the last years and increased tonne miles and demand for the larger ships in the bulk fleet.

Major Dry Bulk Seaborne Trade Routes

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.

While there are some major dry bulk trade routes, seaborne trade evolves over time. For example, until quite recently, China was a major exporter of coal, but this has been changing, and Chinese imports of coal have been 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 tightness in the market, especially among the larger vessels.

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:

- **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. Coal and iron ore constitute more than 95% of all commodities carried by Capesize bulkers. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size.

- **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. When the availability of Capesize vessels has decreased, Panamax vessels are also used to haul iron ore cargoes. Coal, iron ore, and grains constitute about 75% of all commodities carried by Panamax bulkers.

- **Handymax/Supramax** : Handymax vessels have a carrying capacity of between 40,000 and 60,000 dwt. These vessels operate on a large number of geographically dispersed global trade routes, carrying primarily grains, steel, logs, lumber, scrap, and other 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.

- **Handysize** : Handysize vessels have a carrying capacity of between 10,000 and 40,000 dwt. These vessels almost exclusively carry minor bulk cargo like steel, logs, lumber, and scrap. 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.

At the end of October 2008, the world fleet of dry bulk carriers consisted of 6,938 vessels, totalling 415.2 million dwt in capacity. The following table presents the world dry bulk carrier fleet by size category at the end of October 2008. The average age of dry bulk carriers in service in October 2008 was 11.9 years.

Table 17 : Dry Bulk Carrier Fleet: October 2008

Size Category	Deadweight Tonnes	Number of Vessels	Total Capacity (million dwt)	% of Total Fleet (dwt)
Capesize	100,000+	823	142.8	34.4
Panamax	60,000 – 100,000	1,572	115.1	27.7
Supramax	50,000 – 60,000	687	36.7	8.8
Handymax	40,000 – 50,000	979	43.9	10.6
Handysize	10,000 – 40,000	2,877	76.7	18.5
Total		6,938	415.2	100.0

Source: Fearnleys

Although the global dry bulk carrier fleet has developed in size to meet the increases in seaborne trade and vessel demand, supply was lagging behind and created the boom we have seen the last years. Supply during the period from 2002 to 2007, expressed in terms of dwt, increased by 32 percent. This compares with an increase in tonne mile employment of 45 percent over the same period and explains why the freight market has tightened and freight rates have risen in the dry bulk sector.

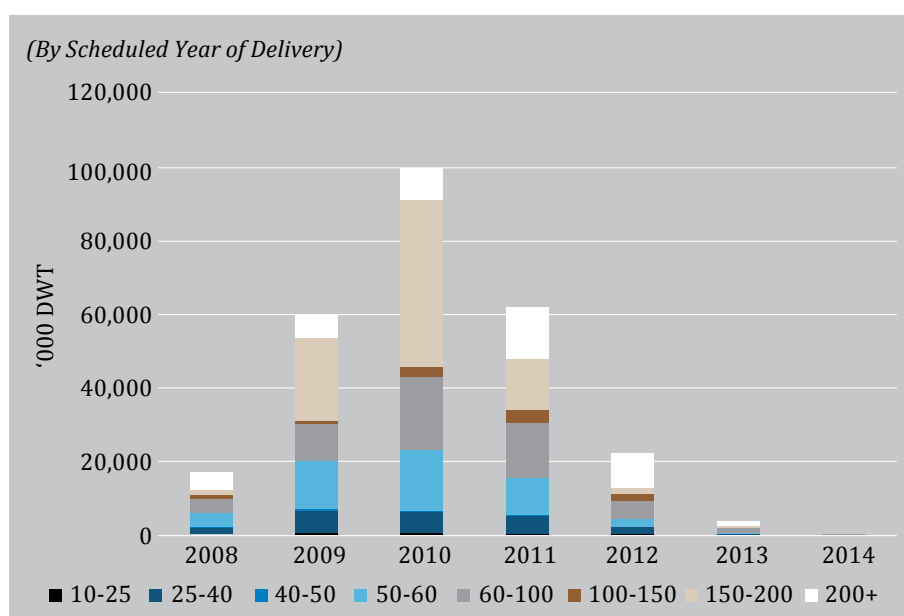
Orders for new vessels have been placed on an almost continuous basis, and the relationship between the total orderbook and the existing fleet is a guide to future levels of supply. At the end of October 2008, the global dry bulk orderbook amounted to 265.1 million dwt, or 63.8 percent of the existing dry bulk fleet. Deliveries from this orderbook extend in some cases to 2014.

Table 18 : Dry Bulk Carrier Orderbook: October 2008

Size Category	Deadweight Tonnes	Number of Vessels	Total Capacity (million dwt)	% of Existing Fleet (dwt)
Capesize	100,000+	739	141.0	98.8
Panamax	60,000 – 100,000	673	54.9	47.7
Supramax	50,000 – 60,000	814	45.9	125.1
Handymax	40,000 – 50,000	29	1.4	3.2
Handysize	10,000 – 40,000	687	21.9	28.6
Total		2,942	265.1	63.8

Source: Fearnleys

Chart 14 : Dry Bulk Carrier Orderbook: October 2008

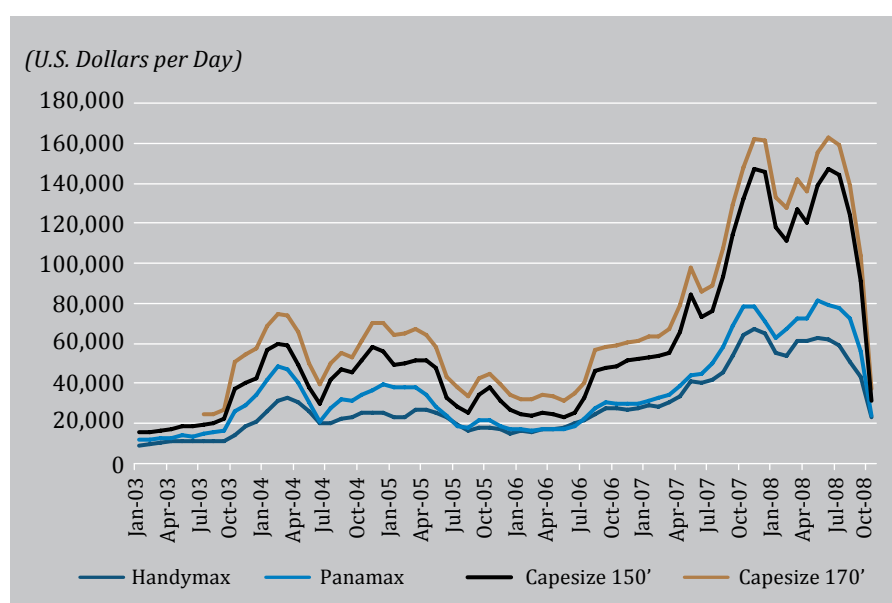


Freight Market and Rates

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.

Freight 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, freight 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 15 : One Year Time Charter Rates



Source: Fearnleys

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. We see the collapse in freight rates since mid 2008 as an effect of the global financial crisis coinciding with an oversupply of vessels and a weakening demand situation.



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

Year	Handymax	Panamax	Capesize
2000	9,498	11,131	16,984
2001	8,379	9,210	13,077
2002	7,491	8,802	12,594
2003	12,579	17,794	23,834
2004	25,926	35,889	61,044
2005	21,032	26,329	49,635
2006	21,753	22,706	44,606
2007	45,080	52,650	104,454
2008*	53,211	66,563	129,505

* Average of year to date (end October)

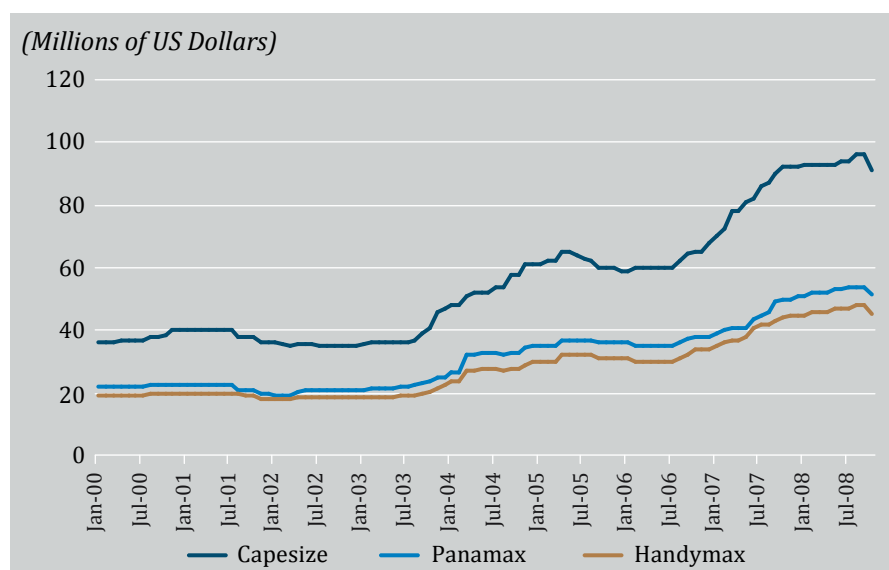
Source : Fearnleys

The table above highlights the substantial increase in one year charter rates of vessels from the Handymax to Capesize bulk carriers we have seen up until the third quarter of 2008, reflecting the tight supply and demand situation.

Vessel Prices

Newbuilding Prices

Dry bulk carrier newbuilding prices have increased significantly since 2003, due to tightness in shipyard capacity, high levels of new ordering, and stronger freight rates. In approximate terms, newbuilding prices for bulk carriers have more than doubled between the beginning of 2002 and the end of 2008.

Chart 16 : Dry Bulk Carrier Newbuilding Prices: 2000 to 2008

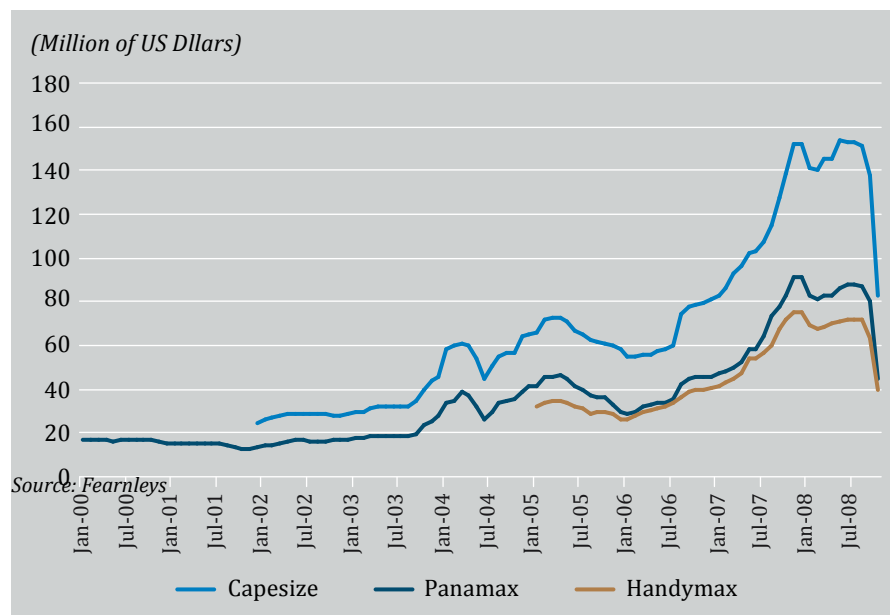
Source: Fearnleys

Second-Hand Values

In the second-hand market, the steep increase in newbuilding prices and the strength of the freight market have also affected values, to the extent that prices rose sharply in 2004, before stagnating in the early part of 2006, only to rise once more as the year came to a close. In 2007, prices have been increasing every month in line with a very strong freight market. Second-hand values fell in the beginning of 2008, highly correlated with the one-year time charter market, only to rise again and remained stable up until August, before they dropped to about half the value of their all-time high this summer.

Chart 17 : Dry Bulk Carrier Secondhand Prices : 2000 to 2008

5 Year Old Ships (Period Averages)



OFFSHORE SERVICES INDUSTRY

Overview

Investments and level of activity in exploration, development and production of crude oil and natural gas are the main demand drivers for the offshore services industry. The investment level depends on oil companies' cash flow, revenues and financing, areas available for exploration and development, and oil and gas prices.

Oil and gas companies have aggressively increased exploration and production spending after a period of little investment to increase oil and gas production when prices have been increasing. A number of field development projects have been started during the last few years, resulting in very high drilling activity and demand for offshore services. Exploration and production budgets have seen double-digit growth from 2003 to 2008, which has led to exceptionally high levels of activity in the drilling and sub-sea engineering services markets. We now expect slower growth as energy prices are retreating due to softening demand, combined with more expensive financing.

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

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

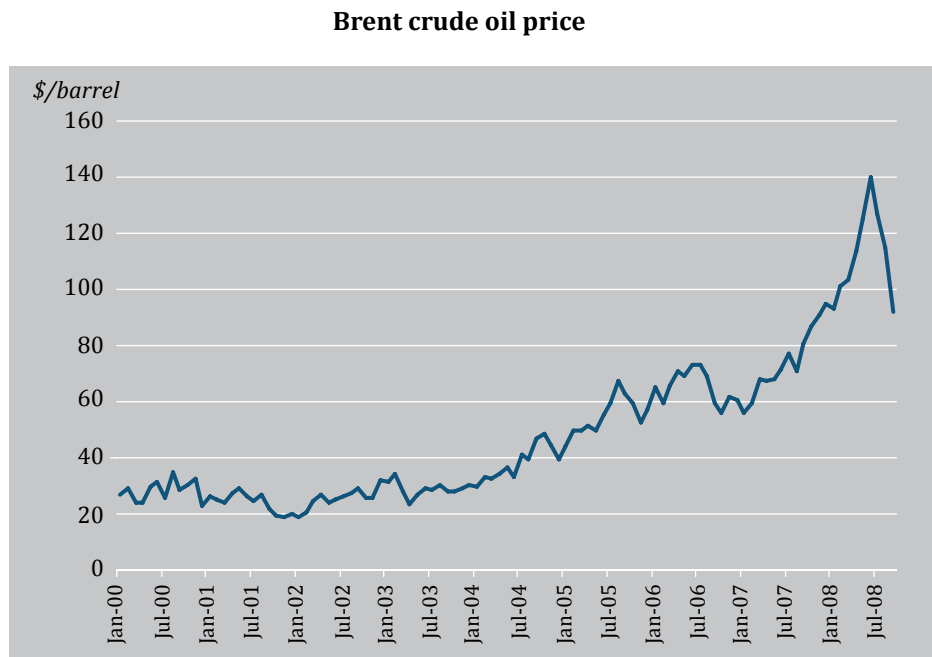
Oil and gas prices have up until late 2008 been at the top end of their historical range and well above the hurdle rates that oil and gas companies have established for both their committed and uncommitted development projects to be economically viable. However, lately prices for both oil and gas have decreased to a level where planned projects might no longer be lucrative.

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. But due to the current global economic slowdown, demand for oil and gas has fallen and consequently prices.

In 2007, the annual average price measured in nominal terms for a barrel of Brent crude oil exceeded US\$ 70 per barrel for the first time, representing an increase of close to 15 per cent over the 2006 figure. Further, in 2008, the price of a barrel of Brent crude oil touched a high of above US\$ 140 per barrel. Since that peak, the oil price has declined substantially.

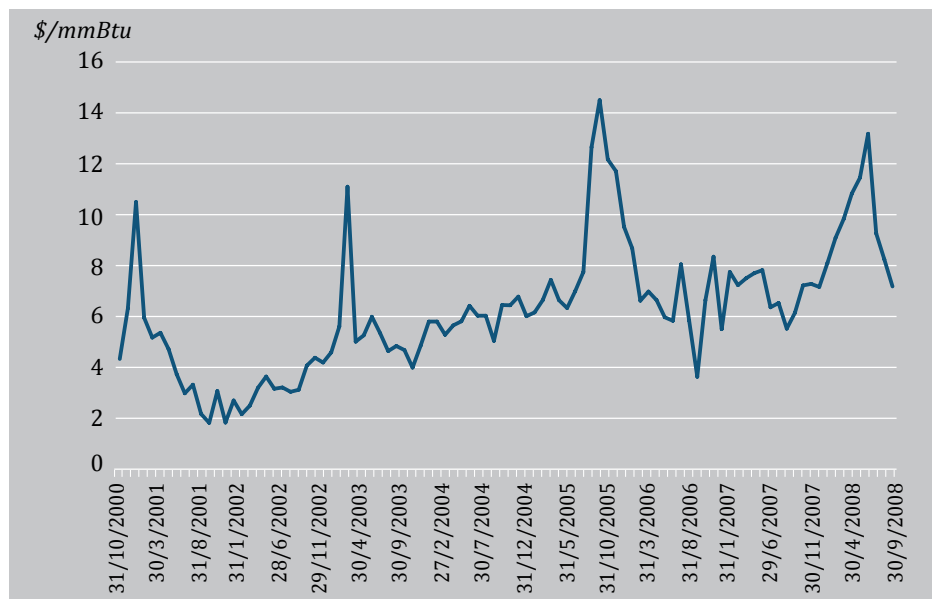
The next charts illustrate historical oil and gas prices.

Chart 18 : Historical Oil Price



Source: Fearnleys

Chart 19 : Historical Hub Natural Gas Price



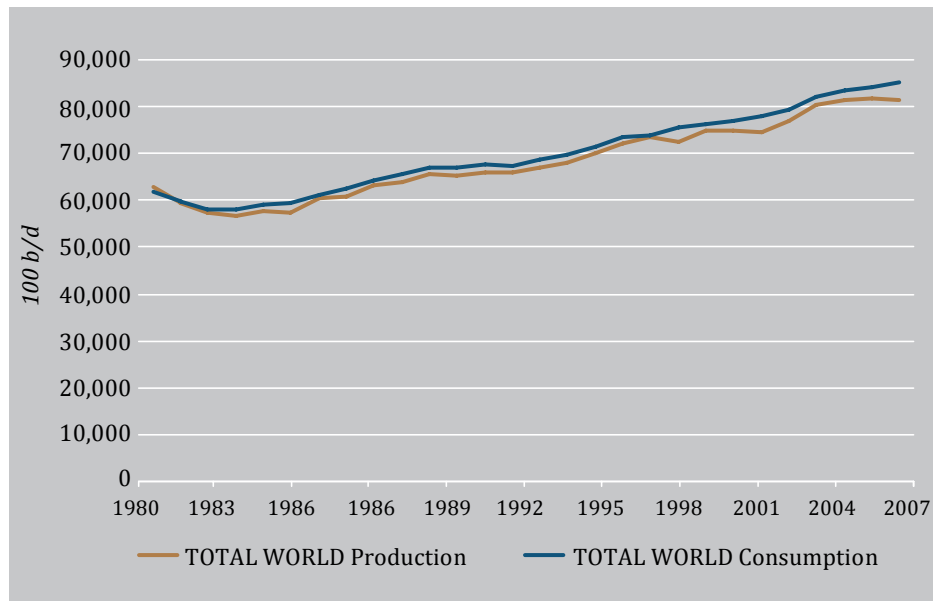
Source: Fearnleys

Oil and Gas Production and Consumption

From 1995 to 2007, consumption of oil increased from 69,841 to 85,220 million barrels per day, while production of oil increased from 68,132 to 81,533 million barrels per day. Similarly, from 1995 to 2007, consumption of gas increased from 2,145 to 2,922 billion cubic metres, while production of gas increased from 2,135 to 2,940 billion cubic metres.

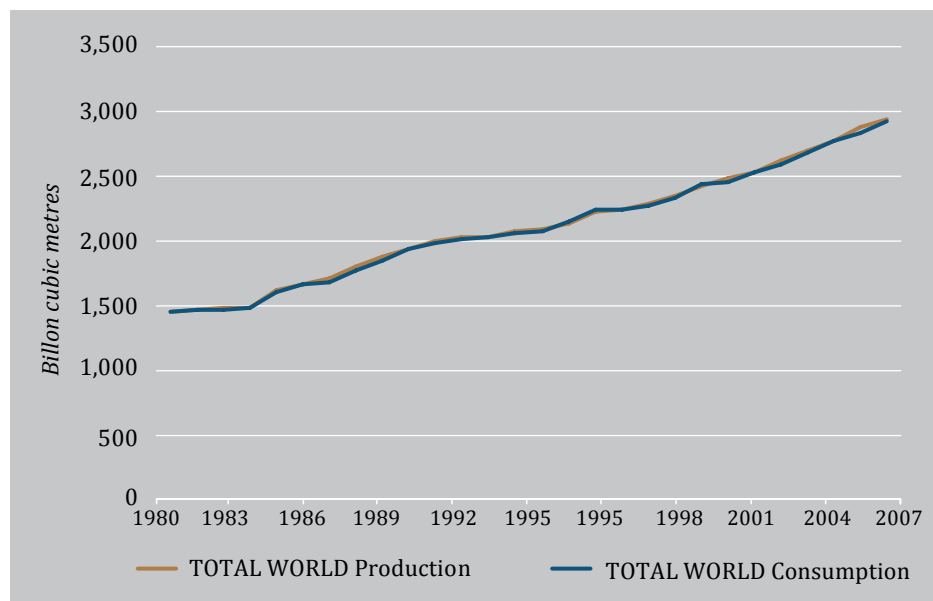
The next charts illustrate global oil and gas production and consumption for the periods indicated.

Chart 20 : Global Oil Production And Consumption (1980-2007)



Source: BP Statistical Review of World Energy June 2008

Chart 21 : World Gas Production And Consumption (1980-2007)



Source: BP Statistical Review of World Energy June 2008

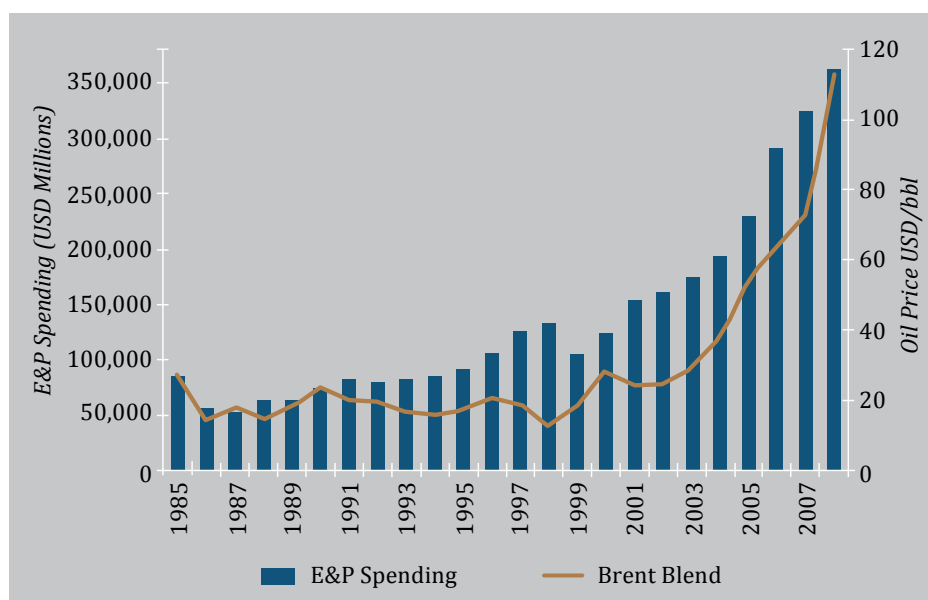
During the last four years, there has been a greater focus on offshore exploration and production to meet the rising global oil demand and to compensate against depleting onshore reserves. Offshore oil production has been dominated by shallow water drilling and resources. Deepwater areas represent the 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 due to both technological developments that have made exploration more feasible and cost effective, and the increasing oil and gas prices.

Exploration and Production Spending

Exploration and production spending is mainly driven by oil and gas prices. In turn, exploration and production spending is a driver of drilling and sub-sea engineering services. However as large investment decisions are difficult to reverse, declines in the oil prices can take one or more years before impacting E&P spending. Between 2003 and 2008, we have seen double-digit growth in E&P spending with an increasing oil price. We are expecting to see a reduction in how much oil companies will spend on exploration and development in 2009, as weaker GDP growth assumptions trigger lower oil demand growth and accordingly lower oil and gas prices. In addition, the credit crunch will make it tougher for many oil companies to finance further expansion. The chart below illustrates global exploration and production spending and oil price.

Chart 22 : Exploration And Production Spending And Oil Price

Nominal terms



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.

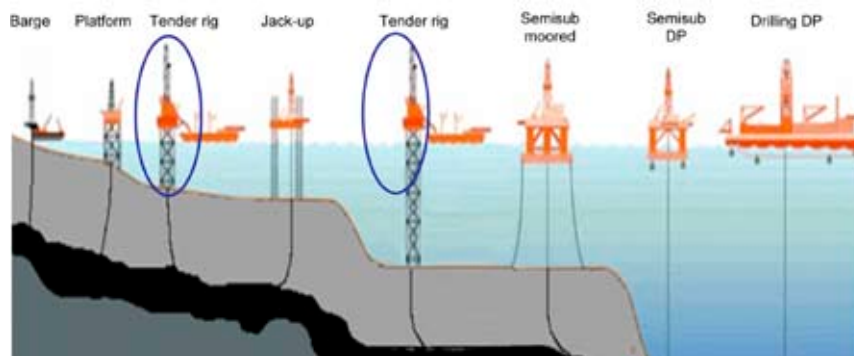
Jack-up rigs

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 still at historical high levels, but we might see a decrease in future employment as investment in exploration and development might go down as oil companies are taking a wait-and-see approach to the credit markets and the oil price. Day-rates for MODUs have continued to increase for the better part of 2008, but lately we have been seeing a bit of a slowdown. As a result of limited rig availability, oil and gas companies have been entering into contracts for rig capacity well ahead of contract commencement. Industry consensus suggests that utilisation level of MODUs should still remain relatively high supported by the fact that oil and gas companies have secured MODUs for long-term periods of up to three to five years.

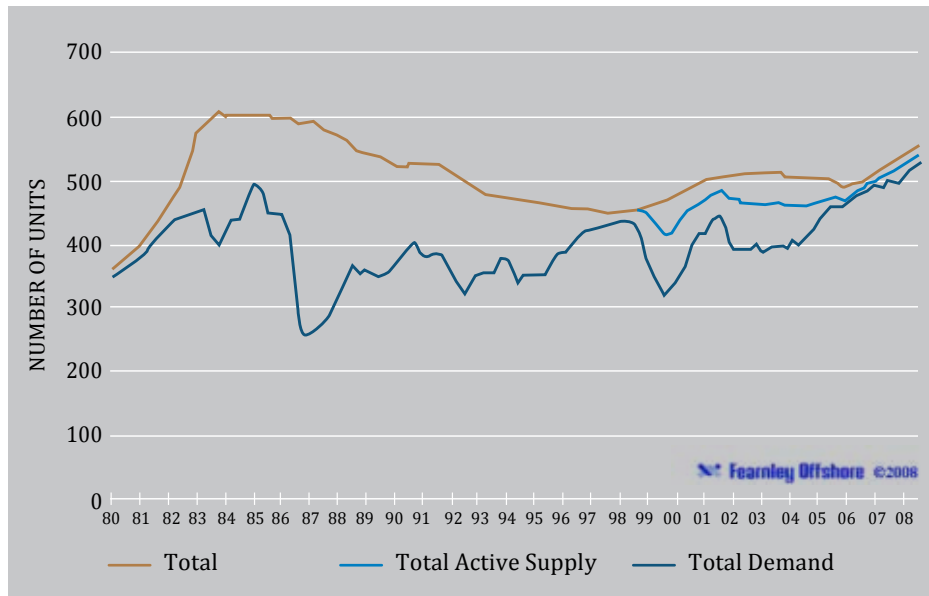
Table 20 : Global MODU Fleet As Of October 2008

Areas:	Jackups	Semisubmersibles	Drillships	Tenders
Africa - Other		3		
Africa - West	27	23	9	6
Asia - Caspian	9	7		
Asia - Far East	28	25	39	
Asia - South	35	2	8	
Asia - SouthEast	78	32	4	25
Australia	6	10	1	
Black Sea	5			
Europe - East	7	2		
Europe - North Sea	33	41	2	
Mediterranean	13	6	2	
MidEast - Persian Gulf	105	5		2
MidEast - Red Sea	16			
N. America - Canadian Atlantic		2		
N. America - Mexico	32	5		
N. America - US GOM	92	29	6	
S. America - Brazil	8	31	9	
S. America - Other & Carib.	5	1		
S. America - Venezuela	4		1	2
Worldwide (No Region)		3		
Total	503	227	81	35

Source: Fearnleys

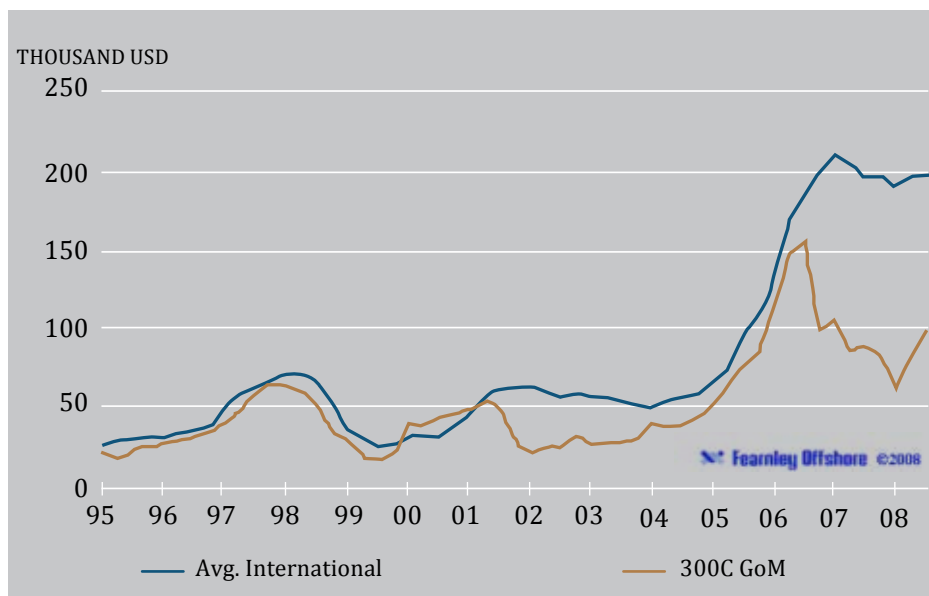
The charts below illustrate supply and demand for MODUs.

**Chart 23 : Supply And Demand Worldwide
Semisubmersibles, Jackups And Drillships**



Source: Fearnleys

Chart 24 : Historical Jack-Ups Day Rates



International : SEA, ME, NS-standard, FE & WA

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 34 units, including new builds under construction, as of October 2008. The majority of these rigs operate 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 tends 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.

Table 21 : World Fleet Of Tender Drilling Rigs

Rig Name	Manager	Current Region	Current Status
Seahawk	Atwood Oceanics	Africa - West	Drilling
BassDrill Tender TBN 1	BassDrill Ltd.	MidEast - Persian Gulf	Under Construction
BassDrill Tender TBN 2	BassDrill Ltd.	MidEast - Persian Gulf	Under Construction
Al Baraka	KCA Deutag	Asia - SouthEast	Drilling
Alligator	KCA Deutag	Africa - West	Drilling
Barracuda	KCA Deutag	Asia - SouthEast	Drilling
Charley Graves	KCA Deutag	Asia - SouthEast	Drilling
Searex 10	KCA Deutag	Africa - West	Drilling
Searex 9	KCA Deutag	Asia - SouthEast	Drilling
W D Kent	KCA Deutag	Asia - SouthEast	Drilling
KM-1	Kencana Mermaid Drilling	Asia - SouthEast	Under Construction
MTR-1	Mermaid Drilling	Asia - SouthEast	Drilling
MTR-2	Mermaid Drilling	Asia - SouthEast	Drilling
GP-14	PDVSA (NOC)	S. America - Venezuela	Ready Stacked
GP-18	PDVSA (NOC)	S. America - Venezuela	Ready Stacked
Baruna I	PT Patra	Asia - SouthEast	Ready Stacked
TAD-1	Saipem	Africa - West	Drilling
T-10	SeaDrill Ltd.	Asia - SouthEast	Drilling
T-11	SeaDrill Ltd.	Asia - SouthEast	Drilling
T-12	SeaDrill Ltd.	Asia - SouthEast	Under Construction
T-3	SeaDrill Ltd.	Asia - SouthEast	Drilling
T-4	SeaDrill Ltd.	Asia - SouthEast	Drilling
T-6	SeaDrill Ltd.	Asia - SouthEast	Drilling

Rig Name	Manager	Current Region	Current Status
T-7	SeaDrill Ltd.	Asia - SouthEast	Drilling
T-8	SeaDrill Ltd.	Africa - West	Drilling
T-9	SeaDrill Ltd.	Asia - SouthEast	Drilling
Teknik Berkat	SeaDrill Ltd.	Asia - SouthEast	Drilling
West Alliance	SeaDrill Ltd.	Asia - SouthEast	Drilling
West Berani I	SeaDrill Ltd.	Asia - SouthEast	Drilling
West Berani II	SeaDrill Ltd.	Asia - SouthEast	Under Construction
West Berani III	SeaDrill Ltd.	Asia - SouthEast	Under Construction
West Menang	SeaDrill Ltd.	Africa - West	Drilling
West Pelaut	SeaDrill Ltd.	Asia - SouthEast	Drilling
West Setia	SeaDrill Ltd.	Asia - SouthEast	Drilling

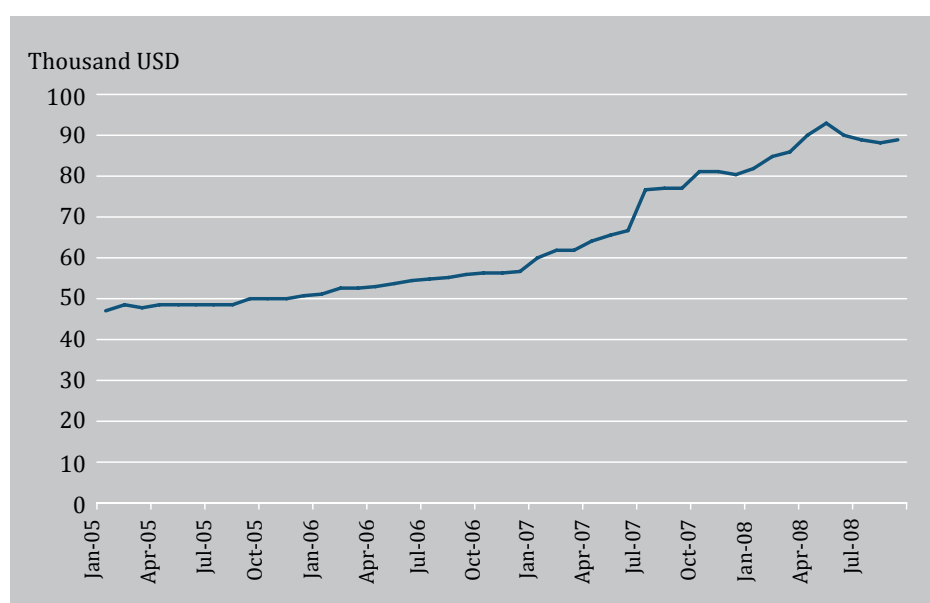
Source: Fearnleys

The tender rigs in the market were operating at near full utilisation as of October 2008, with indications suggesting that utilisation is expected to continue at fairly 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\$70,000-140,000/day, depending on the location and rig specifications.

Chart 25 : 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 programmes, 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 programmes. 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:

- inspection and non-destructive testing of submerged parts of offshore structures and vessels;
- inspection of oil and gas pipeline systems on the seabed;
- repair of any underwater sub-sea pipe system and structure;
- offshore tie-ins;
- salvage and underwater repairs; and
- 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 dependent on 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 strong for 2008. The long lead-time on these projects means that it may take 1–2 years before a slowdown in new projects is evident in earnings. Based on this, demand for sub-sea engineering services is expected to remain quite strong.

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 252.7 million for the financial year that ended on 30 September 2008, as compared to Baht 141.4 million for the financial year that ended on 30 September 2007. 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 2007		For the financial year that ended on 30 September 2008	
	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	16.5	11.7	35.4	14.0
Ship Brokerage	35.6	25.2	52.7	20.8
Stevedoring	1.3	0.9	(0.2)	(0.1)
P&I Club Representative	3.0	2.2	2.7	1.1
Ship Supplies & Logistics Provider	6.0	4.3	12.4	4.9
Other Middle East Operations	95.5	67.6	155.4	61.5
Ship Maintenance	(16.6)	(11.8)	(5.7)	(2.3)
Total for the Shipping Services Group	141.4	100.0	252.7	100.0

TSF contributed significantly to the net contributions for the Shipping Services Group for the financial year that ended on 30 September 2008. 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 2008 increased 62.7% to Baht 155.4 million.

For the financial year that ended on 30 September 2008, FTL contributed Baht 48.0 million to the Group, compared to Baht 27.5 million for the financial year ended on 30 September 2007. The net contributions increased as a result of the high freight rate environment in 2008, which resulted in higher commission income for FTL.

CMSS completed construction of one new warehouse in 2007 and all warehouses are fully rented to clients, such as SCG Logistics Management Co., Ltd. (Siam Cement Group), Sankyu Laem Chabang (Thailand) Ltd. and Excel Logistics (Far East). GTL also completed construction of one distribution centre for use by Bristol-Myers Squibb Thai Ltd. that became fully operational in 2008.

Overall, we expect gradual increases in contributions from the Shipping Services Group in 2009.





Discipline and Compliance

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

Corporate Social Responsibility Policy

TTA seeks to be a good corporate citizen in all aspects of its operations and activities. We operate our business with ethics and good corporate governance in accordance with the interests of society and environment for sustainable development.

We pay attention to all stakeholders, quality, safety, human rights, community involvement/society development, and environmental protection.

Corporate Governance

TTA has set up a corporate governance policy, under which we have clearly stated policies on rights of stakeholders and our business ethics and code of conduct.

TTA is committed to its core business values of integrity, excellence, team spirit, and commitment. These values form the basis of optimum corporate governance. We are committed to comply with good corporate governance policies and to listen to and act in accordance with the wishes of our shareholders. For further information, please review the Corporate Governance Report in this annual report.

Human Rights

A. Fair Employment Practices

TTA recognises the value of its employees and has identified and assessed their long-term retention as key to the short-term and long-term viability of the Group. To this end, the Group aims to attract and retain skilled employees and enhance the life/work balance of each individual. The Group offers its full-time staff a range of benefits, including a provident fund scheme, life insurance, private health care, maternity leave and a generous holiday allotment.

Also available to employees are personal development and training programmes designed to enhance an employee's skill base. All such programmes shall relate directly to the specific role of the individual within the Group and are linked closely with his/her annual performance review.

The Group has also established a Welfare Committee to provide advice and recommendations regarding the welfare of employees. The Welfare Committee has the duties and responsibilities to discuss with management on proper welfare for staff, to provide advice and recommendations to management regarding welfare benefits for staff, to check and oversee welfare benefits provided to staff, and to make comments and propose guidelines on welfare arrangements to the Welfare Committee.





B. Workplace Health & Safety

The Group aims to provide each employee with a safe place to work. TTA has established a safety policy as well as set up an Occupational Health and Safe Working Environment Committee to monitor the Company's occupational health and safe working environment. All employees are informed of their duties and responsibilities for reporting any identified unsafe working environment and deficiencies to their supervisors or authorised persons, respecting and complying with the Group's occupational health and safe working environmental policy and submitting any suggestions (if any) to their supervisors or authorised persons.

Community Involvement/Society Development

TTA's Community Involvement/Society Development has two main components, charitable donations and support for a wide variety of local and national organisations. The Group is an active sponsor of several business groups and chambers of commerce, including the Thai Shipowners Association, on whose Board a senior Group executive always sits. The Group also has a policy encouraging staff to donate their time to local causes and will accommodate reasonable requests for time away from the office to engage in community activities.

A. Charitable Donations

TTA has continuously sponsored scholarships to a number of students of the Merchant Marine Training Center and children of our crew families. We also provide educational materials and equipment as well as sport equipment for educational purposes to rural schools and colleges, such as Nakhon Si Thammarat Seaboard Industrial College, Thailand.



B. Activities in the Community

TTA is a member of the Thai Shipowners Association, Bangkok Shipowners and Agents Association, and we have links to various universities, including Burapha University and Kasetsart University.

We encourage employees to be active in the community in their own right, and to this end operate a flexible working policy which permits staff to use a certain amount of working time each year to devote to charitable activities, such as being guest speakers of maritime courses of various universities and colleges.

In March 2008, we signed Memorandums of Understanding with Kasetsart University and Burapha University with the aim of developing quality personnel in the international maritime business and alerting Thai students to understand the importance of the maritime business. We have also sponsored scholarships for students of these two universities.

Environmental Protection

The Group understands that its activities affect the environment and the communities in which we operate. We believe that we have a responsibility to identify and manage these impacts as effectively as possible. We are committed to continually improving our environmental performance and moving towards best practices in corporate sustainability.

A. Environmental Policy

The Group aims to:

- minimise the environmental impacts of our existing operations and ensure that the environmental impacts of new operations are fully assessed and minimised prior to their introduction;
- reduce consumption of materials in all operations, where practicable, to re-use rather than dispose of materials where possible, and promote recycling and use of recycled materials;
- seek to improve the energy efficiency of buildings and to manage energy wisely in all operations;
- reduce, wherever practicable, the level of harmful emissions from our office premises;
- introduce programmes that aim to minimise waste;
- dispose of waste and effluents in a responsible manner;
- work with our suppliers to minimise the impact of their operations on the environment through a quality purchasing policy;

B. Environmental Risks Arrangement

As a company working in the transportation sector, there are major environmental risks associated with the Group. Important issues for the Group are the constant demand for energy and CO2 emissions resulting from the Group's operations. Furthermore, substantial quantities of paper are used in reports to corporate and individual clients, the preparation of research materials, and in the recordkeeping process. Energy used for heating, lighting and cooling of offices and for office equipment is another critical element of the process. The Group looks into the following areas to ensure that systems are in place to lower any environmental impact.



1) **Lighting**

TTA encourages the use of low energy lighting and where practicable, the use of segmented areas which will allow lights to be switched off when not required.

2) **Air conditioning**

Air conditioning units are available in most of our office locations. To make more efficient use of cooling systems, we will ensure that the temperature is set for a comfortable working environment and not more than 25°C.

3) **Paper**

We seek to reduce the amount of paper used and to increase the amount of paper that is recycled. TTA strives to reduce the amount of paper purchased and will encourage employees to re-use or recycle paper. In addition, employees are encouraged to make use of electronic communications in the form of email and the scanning of documents into electronic records for storage.

4) **Waste**

General office waste is collected and removed each day by cleaners and taken to a compactor for removal by a waste contractor, or is collected weekly by the local authorities.

5) **Our fleet**

TTA is committed to being an active, forward thinking contributor to the worldwide reduction of Greenhouse Gas Emissions (GHG).

This effort triggered by the Kyoto Protocol 1997, leading to the UK Stern Review 2006 and the Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4) 2007, has resulted in the target being set, for Annex I (developed) countries, to reduce GHG emissions by 20% of 1990 levels, by 2010.

For the international transportation industry (aviation and shipping), the IMO has been charged with developing emission caps, indexing systems and reduction strategies for all GHGs, including, CO₂, NO_x, SO_x and particulate matter.

TTA's contribution to this industry and world wide efforts are:

- 1) Fleetwide emissions awareness building, measurement and verification of each vessel's emissions footprint.
- 2) Developing a sustainable emissions reduction strategy for the existing fleet, which includes:
 - Use of low sulphur fuels
 - Fuel additives trial to prove cleaner burn and lower consumption of fuel oil
 - Alpha lubricator retro fit to reduce wasted lube oil adding to the exhaust emission
 - Increased hull and propeller cleaning
 - Full blasting and high slip paint system trial
 - Sky sail feasibility study

To provide some perspective, the IMO study on 'Greenhouse Gas Emissions from Ships', June 2008, found that shipping's share of all Global GHG emissions is 2.7%.

However, TTA is committed to continue the effort to reduce those emissions still further.

In addition, the expectation of future emissions taxation for shipping has lead us to investigate investments in Clean Development Mechanism projects that not only provide offsetting possibilities but also support the whole emission reduction strategy to minimize climate change.



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 calendar days that our vessels and drilling rigs were in our possession during the financial year.
- **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.
- **Revenues.** Revenues are generated from our dry bulk shipping business (liner services, voyage charters, time charters, and COA's), from our offshore services business (drilling service and sub-sea engineering service), and from our shipping services businesses (sales, service income, and commissions). Hire rates and the number of operating days for our vessels and rigs affect our revenues. The mix between the different services (liner services, time charters, voyage charters, COA's, drilling, and sub-sea engineering) also affects revenues. Hire rates for spot charters are more volatile, since they are typically tied to prevailing market rates at the time of a voyage or project.
- **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 and rigs every two and a half to five years, depending on the type of vessel or rig and its age. A shipping society classification intermediate survey is performed on our dry bulk vessels and offshore support vessels between the second and third year of the five-year dry-docking period. 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

	2008			
	Shipping Group	MOS	MDL	Total
Voyage revenues	28,453.61	-	-	28,453.61
Offshore service revenues	-	3,927.19	1,249.04	5,176.23
Vessel operating expenses	10,081.98	-	-	10,081.98
Offshore service expenses	-	2,152.66	940.59	3,093.25
Time charter hire expenses	7,792.18	456.70	-	8,248.88
Net operating/offshore revenues	10,579.45	1,317.83	308.45	12,205.73
Depreciation and amortisation charge	1,289.47	203.22	249.90	1,742.59
General and administrative expense	774.91	180.34	102.17	1,057.42
Writedown/(gain) on sale of vessels and equipment	(204.37)	3.62	3.53	(197.22)
Operating results	8,719.44	930.65	(47.15)	9,602.94

Dry Bulk Shipping Group

As of 30 September 2008, our dry bulk fleet consisted of forty-four (44) owned vessels and seven (7) medium-term chartered-in vessels with a remaining period of one month to three years. Our owned fleet has a total cargo carrying capacity of 1,243,273 dwt, while the seven (7) chartered-in vessels have a total cargo carrying capacity of 351,894 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 2007		FY 2008	
	No. of days	% Change	No. of days	% Change
Owned Vessels	16,402	(3.69)%	15,713	(4.20)%
Chartered-In Vessels	3,199	39.14%	7,274	127.38%
Total	19,601	1.40%	22,987	17.27%

The average size of our dry bulk fleet increased 17.27%, primarily the result of a 127.38% increase in the number of chartered-in vessel days, which was partially offset by the sale of one 1987-built dry bulk vessel, M.V. Thor Triumph, in October 2007. We operated a full-year equivalent fleet of 62.98 vessels in 2008 as compared to 53.70 vessels in 2007.

Net Voyage Revenues: Net voyage revenues increased 46.93% to Baht 13,377.45 million in 2008 from Baht 9,104.64 million in 2007. This increase was primarily due to employing a greater percentage of the fleet on the short-term markets. Fleet utilisation also increased 1.57% in 2008. In 2008, 23.17% of the fleet's available capacity was placed on period time charters at an average TC rate of US\$ 15,086, with the difference placed on more short-term fixtures. Spot-based net voyage revenues rose 50.50%, as more than 60.48% of the fleet's available capacity was employed on liner services and short-term voyage charters.

Cargo volumes increased 29.11% to 17.197 million revenue tons. Voyage expenses increased 123.00% to Baht 15,076.16 million in 2008, primarily as a result of an increase in charter hire expenses, bunker fuel prices, and port expenses. Due to the strong freight markets, we were able to pass through most of the voyage expense increases. The margin between gross freight revenues and voyage expenses equalled 47.01% in 2008 and 57.39% in 2007. The decrease in gross margins was due to the higher amount of chartered-in vessel days, which generate lower margins than outright vessel ownership.

The next table shows significantly higher TC rates in all services as most of these charters were fixed between 2007 and early 2008. In 2008, the fleet average TC rate rose 64.20% to US\$ 25,303 per day, compared to our average TC rate in 2007 of US\$ 15,410 per day.

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

Unit : US\$/Per Day

TC Rates	FY 2007	FY 2008	%
Liner Service	15,473	20,230	30.74%
Tramp – COA	12,692	17,150	35.12%
Tramp - Voyage Charter	12,224	29,503	141.35%
Tramp - Spot Time Charter	16,801	37,647	124.08%
Tramp - Period Time Charter	16,082	21,460	33.44%

Table 26 : Fleet Utilisation

Item	FY 2007		FY 2008	
	No. of days	% Change	No. of days	% Change
Calendar-Ship-Days	16,402	(3.70)%	15,713	(4.20)%
Planned Off-Hire Days	548	(0.72)%	642	17.15%
Available Days	15,854	(3.79)%	15,071	(4.94)%
Unplanned Off-Hire Days	493	22.64%	239	(51.52)%
Operating Days	15,361	(4.45)%	14,832	(3.44)%
Fleet Utilisation	96.89%	(0.69)%	98.41%	1.57%

Table 27 : Cargo Volumes By Type Of Service

Unit : Tonnes

Type of Service	FY 2007		FY 2008	
	Quantity	% Change	Quantity	% Change
Liner Service	3,373,891	18.59%	3,651,357	8.22%
Tramp – COA	1,596,298	100.66%	3,033,503	90.03%
Tramp - Voyage Charter	1,646,659	(12.28)%	2,909,534	76.69%
Tramp - Tramp Charter	6,702,923	(21.66)%	7,602,384	13.42%
Total	13,319,771	(5.36)%	17,196,778	29.11%

Vessel Operating Expenses (Owner Expenses): Vessel operating expenses increased 11.04% to Baht 2,798.01 million in 2008 from Baht 2,519.71 million in 2007. The increase was primarily due to higher crew and repair and maintenance expenses (+12.00%), higher insurance premiums (+3.68%) and additional amortisation of dry-docking costs (+13.06%). In 2008, twenty-four (24) vessels underwent dry-docking and special surveys, which was higher than in 2007. Our repair and maintenance costs equalled 58.66% of vessel operating expenses (owner expenses). Each major component of vessel operating expenses (owner 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 6.0% relative to the U.S. dollar in 2008, causing vessel operating expenses to rise from US\$ 4,433 per calendar-ship-day in 2007 to US\$ 5,297 per calendar-ship-day in 2008.

Time Charter Hire Expense: Time charter hire expenses increased 187.71% to Baht 7,792.18 million in 2008, from Baht 2,708.34 million in 2007, primarily due to an increase in chartered-in vessels. In 2008, we chartered-in 19.87 full-time equivalent vessels with one hundred forty six (146) voyages on either a voyage or short-term basis to employ on our liner and COA services. In 2007, we chartered in 8.76 full-time equivalent vessels with forty-six (46) voyages for similar purposes. Furthermore, our average charter hire rate increased 50.97% to US\$ 34,579 per day in 2008 from US\$ 22,904 per day in 2007.

Depreciation and Amortisation: Depreciation and amortisation expenses decreased 3.65% to Baht 1,289.47 million in 2008 from Baht 1,338.32 million in 2007. Depreciation and amortisation expenses decreased due to the sale of one vessel and six fully depreciated vessels during 2008.

Gain on Sale of Vessels: Due to the sale of one vessel, we recorded a gain of Baht 204.37 million in 2008. The gain on sale of vessels in 2007 was Baht 16.45 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 2007		FY 2008	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	1,460	11.20%	1,583	8.42%
Chartered-In Vessels	365	14.06%	732	100.55%
Total	1,825	11.76%	2,315	26.85%

The average size of our offshore service vessel fleet increased 26.85% in 2008, as a result of the delivery of one newbuild vessel, M.V. Mermaid Sovereign, in June 2008 into our fleet. The chartered-in vessel days also increased as we chartered one additional vessel, M.V. Binh Minh, from October 2007.

Offshore Service Revenues: Service revenues increased 36.97% to Baht 3,927.19 million in 2008, or US\$ 51,202 per calendar-ship-day, from Baht 2,867.21 million, or US\$ 44,012 per calendar-ship-day in 2007. Vessel utilisation days improved from 1,349 days in 2007 to 1,884 days in 2008, resulting in an 86.07% utilisation rate. The higher utilisation reflects strong demand and a higher number of sub-sea engineering projects. In 2008, we worked on forty-two (42) major projects, as compared to forty (40) major projects in 2007. The 2008 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 2007		FY 2008	
	No. of Days	% Change	No. of Days	% Change
Calendar-Ship-Days	1,825	11.76%	2,315	26.85%
Planned Off-Hire Days	77	100%	126	63.64%
Available Days	1,748	7.04%	2,189	25.23%
Operating Days	1,349	39.07%	1,884	39.66%
Fleet Utilisation	77.17%	29.92%	86.07%	11.53%

Offshore Service Expenses and Charter Hire Expenses: Service and charter hire expenses increased 35.00% to Baht 2,609.36 million, or US\$ 34,021 per calendar-ship-day, in 2008 from Baht 1,932.91 million, or US\$ 29,668 per calendar-ship-day, in 2007. 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 20.81% to Baht 203.22 million in 2008, from Baht 168.22 million in 2007. An increase of Baht 35.00 million is attributable to the depreciation of our newbuild vessel and additional assets, such as ROV's, M.V. Mermaid Sovereign, and major equipment in 2008.

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 2007		FY 2008	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	730	11.96%	732	0.27%
Chartered-In Vessels	0	0	0	0
Total	730	11.96%	732	0.27%

Table 31 : Fleet Utilisation For Drilling Rigs

Item	FY 2007		FY 2008	
	No. of Days	% Change	No. of Days	% Change
Calendar-Rig-Days	730	11.96%	732	0.27%
Planned Off-Hire Days	70	100%	0	(100%)
Available Days	660	1.23%	732	10.91%
Unplanned Off-Hire Days	178	673.91%	226	26.97%
Operating Days	482	(23.37%)	506	4.98%
Fleet Utilisation	73.03%	(24.30%)	69.13%	(5.34%)

Offshore Service Revenues: Service revenues increased 9.56% to Baht 1,249.04 million, or US\$ 51,502 per calendar-rig-day, in 2008, compared to Baht 1,140.08 million, or US\$ 44,116 per calendar-rig-day, in 2007. The slight increase was primarily due to a longer than expected of MTR-2 downtime as a result of delays in receiving certain long lead time items to upgrade the rig based on our client's specifications and complete the special periodic survey.

Offshore Service Expenses: Service expenses increased 15.45% to Baht 940.59 million, or US\$ 38,784 per calendar-rig-day, in 2008 compared to Baht 814.72 million, or US\$ 31,263 per calendar-rig-day, in 2007. The increase in expenses primarily results from higher personnel costs which are in line with present market conditions.

Depreciation and Amortisation: Depreciation and amortisation expenses increased 26.11% to Baht 249.90 million in 2008, from Baht 198.16 million in 2007. 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 14.40% to Baht 1,922.82 million in 2008, from Baht 1,680.86 million in 2007. One of the primary reasons was a larger variable compensation reserve of Baht 291.98 million in 2008 as compared to 188.15 million in 2007. Other general and administrative expenses in the Dry Bulk Shipping Group and Shipping Services Group increased 21.56% to Baht 1,358.67 million in 2008 due to the establishment of seven (7) new subsidiaries in 2007 which were in operation throughout 2008 and a new subsidiary in 2008. Some hedging costs were also recorded for our two Japanese newbuild vessels. General and administrative expenses in Mermaid decreased 7.28% to Baht 343.40 million in 2008.

Interest Expenses: Interest expenses decreased 19.50% to Baht 535.68 million in 2008. In 2008, we repaid the remaining US\$ 23.16 million of the Dry Bulk Shipping Group's bank loans with the convertible bond proceeds. Mermaid's total debt decreased to US\$ 57.03 million as of 30 September 2008. The Group's total debt, including the convertible bonds, decreased 10.56% to US\$ 236.09 million.

Interest and Dividend Income: Interest and dividend income increased 182.21% to Baht 210.47 million in 2008, from Baht 74.58 million in 2007. Our average cash balance in 2008 was Baht 7,636.48 million as compared to Baht 2,558.82 million in 2007. The funds were primarily deposited in bank accounts. This higher degree of cash liquidity was maintained, as we made lower capital investments in 2007 and 2008 compared to the capital raised from the convertible bond and Mermaid's initial public offering. 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 higher than 2007.

Equity Income From Associates and Joint Venture: Equity income from associates and joint venture increased from Baht 9.39 million in 2007 to Baht 74.21 million in 2008, primarily due to Mermaid's investment in Allied Marine & Equipment Sdn. Bhd., which generated a gain of Baht 39.71 million in 2008. In 2008, other affiliates, including Gulf Agency (Thailand) Limited, Sharjah Ports Services LLC, and Thoresen Indochina S.A., recorded total gains of Baht 42.08 million.

Foreign Exchange Gains (Losses): Foreign exchange gains of Baht 236.32 million were recorded in 2008, as a result of the strengthening of the Thai Baht in 2008 relative to US dollar. Most of our foreign exchange gains or losses are attributable to the revaluation of our US dollar denominated term debt at the end of each financial reporting period, and substantially all of the gains or losses are unrealised.

Other Income (Loss): Other revenues increased 201.60% to Baht 468.08 million, as we recorded a gain on the sale of M.V. Thor Triumph of Baht 187.68 million in 2008. In 2007, there was a loss in selling assets of Baht 0.43 million that was recorded in general and administrative expenses.

As a result of the discussed factors and the elimination of various inter-company transactions, our net income increased to Baht 8,776.44 million in 2008 versus Baht 4,961.95 million in 2007.

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	
	2007	2008
Debt		
Bank overdrafts	20,274,164	-
Short-term debt	210,777,752	9,200,000
Current portion, long-term debt	1,239,979,268	470,165,052
Convertible bonds	5,665,202,823	5,857,962,616
Long-term debt	1,940,323,187	1,731,218,971
Total Debt	9,076,557,194	8,068,546,639
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	13,067,357,316	20,298,992,713
Others	765,623,159	6,732,007,943
Total Shareholders' Equity	16,017,075,105	29,215,095,286
Total Capitalisation	25,093,632,299	37,283,641,925
Total Debt to Total Capitalisation	0.36	0.22
Net Debt to Total Net Capitalisation	0.24	(0.16)

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

Unit : Baht

Item	FY 2007	FY 2008
Net Operating Cash Flows	6,861,404,798	11,340,021,129
Net Investing Cash Flows	(4,366,270,411)	(6,281,035,611)
Net Financing Cash Flows	(99,069,489)	2,612,650,400

Our primary sources of liquidity are cash and cash equivalents, cash flows provided by our operations, and our undrawn credit facilities. Our short-term liquidity requirements are for the payment of operating expenses, debt servicing costs, scheduled long-term debt repayments, dividends, and funding our working capital requirements. As of 30 September 2008, our total cash and cash equivalents equalled Baht 11,527.80 million, compared to Baht 3,745.16 million at 30 September 2007. Our total liquidity, including

cash, cash equivalents, and undrawn borrowings, was Baht 27,746.52 million as of 30 September 2008, up from Baht 4,646.28 million as of 30 September 2007. The increase in total liquidity was mainly the result of higher cash flows from operations. A loan facility of US\$ 391.50 million from foreign banks was executed to pay for newbuild and second-hand vessels.

Net cash flows from operating activities rose to Baht 11,340.02 million in 2008 from Baht 6,861.40 million in 2007, mainly reflecting the increase in the average fleet TC rate and higher offshore service income.

Net cash flows used in investing activities equalled Baht 6,281.04 million in 2008, primarily as a result of instalment payments on newbuild vessels, drilling rig and major equipment of Baht 2,976.34 million and the short-term loans lent to affiliates of Baht 1,147.99 million. The net cash flows used in investing activities was Baht 4,366.27 million in 2007.

Net cash flows from financing activities equalled Baht 2,612.65 million in 2008, primarily as a result of proceeds from Mermaid's initial public offering of Baht 5,739.47 million. We also repaid US\$ 23.16 million of loans with the convertible bond proceeds. We have followed a clear policy to reduce our leverage. The total bank debt to total capitalisation ratio was 0.22 x as of 30 September 2008 versus 0.36 x as of 30 September 2007. Similarly, the net bank debt to total net capitalisation ratio was (0.16) x and 0.24 x, respectively, and the debt to equity ratio was 0.28 x and 0.57 x, respectively, on the same dates.

As of 30 September 2008, TTA had total long-term debt of US\$ 232.55 million, compared to US\$ 261.38 million as of 30 September 2007. We also have revolving credit facilities up to US\$ 31.50 million provided by foreign syndicated banks. As of 30 September 2008, Baht 229.09 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, i.e. at least 5 per cent of total assets. As of 30 September 2008, we have complied with the requirement of a minimum level of free cash.

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 2008 were Baht 1,544.80 million.

Capital Expenditures

In 2008, we paid the second instalment for one newbuild vessel equalling US\$ 3.73 million. The instalment for the newbuild vessel was funded by our internal cash flows. During 2008, twenty-four (24) vessels underwent dry-docking, which cost Baht 743.25 million in total.

Mermaid had ongoing payments on one newbuild tender rig and one newbuild vessel, whose total cost is expected to be US\$ 165.19 million. These capital expenditures were funded by a combination of existing cash balances and loans. Mermaid also sent two offshore support vessels and one tender rig into dry-docking for a total cost of Baht 303.11 million in 2008.

Over the next three financial years, eighteen (18) 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	2009	2010	2011
Number of Vessels	3	5	10
DWT	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 48.07 million during 2008. Besides the above investments into our fleet, we spent Baht 240.28 million to acquire another 1.85% of Mermaid from existing shareholders.

With the funds from the Mermaid IPO and committed credit facilities, Mermaid is further expanding 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 2008, approximately 34.36% of vessel and voyage costs, overhead, and dry-dock expenditures were denominated in other currencies besides the US dollar.

During the year, we entered into forward exchange sales and purchase contracts as a hedge against our Thai Baht exposures. We realise foreign exchange gains or losses from this hedge on the settlement date of each forward contract. As of 30 September 2008, the Group has no outstanding foreign currency forward contracts.

During 2007, 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.

Fuel Oil Price Fluctuation Risk

We entered into a swap agreement effective from 1 October 2008 to 30 September 2009, under which the price of fuel oil was fixed for 1,000 to 2,000 metric tonnes per month. The net fair value of the target redemption swap agreement was Baht 11.28 million as of 30 September 2008.

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 2008.

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

Table 35 : Debt Maturity, Capital Commitments, And Interest Rate Cap Profile

Unit : US\$ in Millions

Item	FY2009	FY2010	FY2011-FY2013	Thereafter	Total
Long Term Debt					
Fixed Rate Debt US Dollars Denominated	-	56.60	113.20	-	169.80
Variable Rate Debt US Dollar Denominated	9.78	9.88	24.70	5.29	49.65
Variable Rate Debt Thai Baht Denominated	3.23	3.23	4.51	2.13	13.10
Capital Commitments					
New Building Instalments	95.52	73.01	69.38	-	237.91
Chartered-In Vessels	50.24	34.89	2.85	-	87.98
Interest Rate Cap					
Contract Amount	200.00	200.00	-	-	-
Average Cap. Rate	6.50%	6.63%	-	-	-



Greater Diversity and Balance

- Transport
- Energy
- Infrastructure



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 with integrity and prudence in accordance with laws, detailed objectives, Articles of Association, and resolutions of the shareholders meetings. 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 2008 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

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 2008, 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 2007 (before restatement) 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 2007, 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 2008, 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.



Kajornkiet Aroonpirodkul
Certified Public Accountant (Thailand) No. 3445
PricewaterhouseCoopers ABAS Limited

Bangkok
28 November 2008

Thoresen Thai Agencies Public Company Limited

As at 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008 Baht	2007 Restated Baht	2008 Baht	2007 Restated Baht
Assets					
Current assets					
Cash and cash equivalents	4	11,527,798,624	3,745,160,727	5,829,519,739	751,667,050
Short-term investments	5	462,762,549	300,595,000	277,762,549	155,595,000
Trade accounts receivable, net	6	3,058,505,633	2,169,545,739	-	-
Amounts due from related parties	29.2	14,717,027	296,088	106,022,888	54,050,474
Short-term loans to related parties	29.4	1,147,988,712	-	1,702,193,484	2,029,843,478
Current portion of long-term loans to related parties	29.4	4,000,000	4,000,000	198,997,887	674,415,079
Vessel supplies and spareparts		981,489,390	724,943,137	-	-
Prepayments		218,447,762	126,507,438	6,286,597	2,093,623
Other current assets, net	7	1,064,174,845	791,608,327	23,739,615	20,961,516
Total current assets		18,479,884,542	7,862,656,456	8,144,522,759	3,688,626,220
Non-current assets					
Long-term loans to related parties	29.4	11,323,000	15,323,000	1,856,487,817	3,439,016,206
Investments in subsidiaries	8	-	-	11,496,655,250	10,052,581,277
Investments in associates	9	481,587,918	57,924,828	11,213,000	11,213,000
Investment in joint venture	10	31,374,027	23,776,924	8,771,110	8,771,110
Goodwill	11	847,962,555	594,666,469	-	-
Property, plant, and equipment, net	12	20,953,954,507	18,670,880,734	298,263,352	289,703,999
Intangible assets, net	13	135,256,050	64,794,826	60,705,914	54,477,620
Other assets, net	14	1,201,768,428	853,939,851	1,764,576	1,936,313
Total non-current assets		23,663,226,485	20,281,306,632	13,733,861,019	13,857,699,525
Total assets		42,143,111,027	28,143,963,088	21,878,383,778	17,546,325,745

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Balance Sheets (Continued)

Thoresen Thai Agencies Public Company Limited

As at 30 September 2008 and 2007

		Consolidated		Company	
		2008	2007	2008	2007
	Notes	Baht	Restated Baht	Baht	Restated Baht
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	15	-	20,274,164	-	-
Short-term loans	16	9,200,000	210,777,752	-	-
Trade accounts payable - others		1,835,377,534	1,436,499,967	20,620,842	3,536,040
Amounts due to related parties	29.3	52,722,896	25,165,957	5,046,695	11,233,247
Other accounts payable		1,029,874,888	251,957,947	2,622,570	86,116,277
Advances from customers		464,668,754	415,718,114	-	-
Short-term loans from related parties	29.4	-	-	3,047,605,423	3,399,190,511
Current portion of long-term loans	17	444,910,157	1,227,130,991	-	-
Current portion of finance lease liabilities	18	25,254,895	12,848,277	4,950,789	4,618,319
Accrued income taxes		113,305,061	36,115,162	-	-
Accrued expenses		1,065,044,324	640,197,593	71,204,999	56,465,420
Other current liabilities		243,274,433	205,416,192	14,139,156	782,782
Total current liabilities		5,283,632,942	4,482,102,116	3,166,190,474	3,561,942,596
Non-current liabilities					
Convertible bonds	20	5,857,962,616	5,665,202,823	5,857,962,616	5,665,202,823
Long-term loans	17	1,700,410,762	1,921,874,977	-	-
Finance lease liabilities	18	30,808,209	18,448,210	3,945,610	8,896,399
Retirement benefit obligations	19	55,201,212	39,259,857	1,250,174	878,949
Total non-current liabilities		7,644,382,799	7,644,785,867	5,863,158,400	5,674,978,171
Total liabilities		12,928,015,741	12,126,887,983	9,029,348,874	9,236,920,767

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Balance Sheets (Continued)



Thoresen Thai Agencies Public Company Limited

As at 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht	Restated Baht	Baht	Restated Baht
Liabilities and shareholders' equity (Continued)					
Shareholders' equity					
Share capital	21				
Registered share capital					
- ordinary shares		868,684,422	868,684,422	868,684,422	868,684,422
Issued and paid-up share capital					
- ordinary shares		643,684,422	643,684,422	643,684,422	643,684,422
Premium on ordinary shares	21	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
Premium on ordinary shares in subsidiary	8	2,611,057,091	-	-	-
Translation adjustments for investments in overseas subsidiaries		15,473,090	(106,517,385)	-	-
Fair value reserve	5	(37,882,086)	21,544,954	(37,882,086)	21,544,954
Retained earnings					
Appropriated - Legal reserves	26	87,000,000	87,000,000	87,000,000	87,000,000
Unappropriated		20,211,992,713	12,980,357,316	10,491,279,938	5,892,222,972
Total parent's shareholders' equity		25,021,705,546	15,116,449,623	12,849,034,904	8,309,404,978
Minority interests		4,193,389,740	900,625,482	-	-
Total shareholders' equity		29,215,095,286	16,017,075,105	12,849,034,904	8,309,404,978
Total liabilities and shareholders' equity		42,143,111,027	28,143,963,088	21,878,383,778	17,546,325,745

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Statements of Income

Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008 Baht	2007 Restated Baht	2008 Baht	2007 Restated Baht
Revenues					
Freight charges		28,453,607,514	15,865,290,884	-	-
Offshore service income		5,258,483,440	4,025,548,421	-	-
Other service and commission income		681,294,123	465,222,110	71,428,879	5,626,403
Dividend income		5,761,400	2,677,490	6,397,455,940	7,059,099,497
Interest income		204,707,576	71,900,934	248,057,871	98,905,925
Gains on exchange rates		236,320,849	723,363,372	104,266,373	22,134,872
Share of profits in associates and a joint venture	9, 10	74,213,197	9,389,378	-	-
Other income	28	468,081,888	155,198,596	21,367,799	34,101,020
Total revenues		35,382,469,987	21,318,591,185	6,842,576,862	7,219,867,717
Expenses					
Vessel operating expenses		17,874,164,100	9,280,361,787	-	-
Offshore service expenses		3,562,394,003	2,713,748,491	-	-
Depreciation and amortisation charges	12, 13	2,050,620,572	1,781,391,213	21,327,035	18,975,697
Goodwill amortisation	10, 11	-	68,626,738	-	626,601
Service and administrative expenses		1,893,524,402	1,605,936,043	191,686,529	118,063,561
Directors' fees		29,292,942	6,300,000	29,292,942	6,300,000
Total expenses		25,409,996,019	15,456,364,272	242,306,506	143,965,859
Profits before interest and taxes	23	9,972,473,968	5,862,226,913	6,600,270,356	7,075,901,858
Interest expenses		(535,682,398)	(665,466,843)	(456,408,817)	(90,910,482)
Income taxes	24	(245,313,648)	(87,116,716)	-	-
Net profits for the year		9,191,477,922	5,109,643,354	6,143,861,539	6,984,991,376
Net profits for the year attributable to:					
Shareholders of the parent		8,776,439,970	4,961,947,064	6,143,861,539	6,984,991,376
Minority interests		415,037,952	147,696,290	-	-
		9,191,477,922	5,109,643,354	6,143,861,539	6,984,991,376
Basic earnings per share for profit attributable to the shareholders of the parent	25				
Basic earnings per share		13.63	7.71	9.54	10.85

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Statements of Changes in Shareholder's Equity



Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

Notes	Consolidated 2008									
	Issued and paid-up share capital Baht	Premium on ordinary shares Baht	Capital reserves - adjustment arising under pooling of interest Baht	Premium on ordinary shares in subsidiary Baht	Translation adjustments for investments in overseas subsidiaries Baht	Fair value adjustments for short-term investments Baht	Retained earnings		Minority interests Baht	Total Baht
							Legal reserves Baht	Unappropriated Baht		
Beginning balance 1 October 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
Retrospective adjustments 2.4	-	-	-	-	-	-	-	(36,408,727)	(1,049,453)	(37,458,180)
Beginning balance after retrospective adjustment	643,684,422	1,540,410,208	(50,029,892)	-	(106,517,385)	21,544,954	87,000,000	12,980,357,316	900,625,482	16,017,075,105
Translation adjustments for investments in overseas subsidiaries	-	-	-	-	121,990,475	-	-	-	(19,299,283)	102,691,192
Increase in investments in subsidiary	-	-	-	-	-	-	-	-	2,741,994,365	2,741,994,365
Premium on ordinary shares in subsidiary 8	-	-	-	2,611,057,091	-	-	-	-	288,592,814	2,899,649,905
Return of capital investments from subsidiaries	-	-	-	-	-	-	-	-	(90,561,350)	(90,561,350)
Fair value adjustments for short-term investments 5	-	-	-	-	-	(59,427,040)	-	-	-	(59,427,040)
Net profits for the year	-	-	-	-	-	-	-	8,776,439,970	415,037,952	9,191,477,922
Dividends paid 27	-	-	-	-	-	-	-	(1,544,804,573)	(43,000,240)	(1,587,804,813)
Ending balance 30 September 2008	643,684,422	1,540,410,208	(50,029,892)	2,611,057,091	15,473,090	(37,882,086)	87,000,000	20,211,992,713	4,193,389,740	29,215,095,286

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Statements of Changes in Shareholder's Equity



Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

Notes	Consolidated 2007								
	Issued and paid-up share capital Baht	Premium on ordinary shares Baht	Capital reserves - adjustment arising under pooling of interest Baht	Translation adjustments for investments in overseas subsidiaries Baht	Fair value adjustments for short-term investments Baht	Retained earnings			Total Baht
						Legal reserves Baht	Unappropriated Baht	Minority interests Baht	
Beginning 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
Retrospective adjustments 2.4	-	-	-	-	-	-	(29,840,568)	(1,513,034)	(31,353,602)
Beginning balance after retrospective adjustment	643,684,422	1,540,410,208	(50,029,892)	(21,752,808)	14,598,398	77,000,000	8,950,806,764	836,992,099	11,991,709,191
Translation adjustments for investments in overseas subsidiaries	-	-	-	(84,764,577)	-	-	-	2,294,252	(82,470,325)
Increase in investments in subsidiary	-	-	-	-	-	-	-	36,750,700	36,750,700
Return of capital investments from subsidiaries	-	-	-	-	-	-	-	(93,557,879)	(93,557,879)
Fair value adjustments for short-term investments 5	-	-	-	-	6,946,556	-	-	-	6,946,556
Legal reserves 26	-	-	-	-	-	10,000,000	(10,000,000)	-	-
Net profits for the year	-	-	-	-	-	-	4,961,947,064	147,696,290	5,109,643,354
Dividends paid 27	-	-	-	-	-	-	(922,396,512)	(29,549,980)	(951,946,492)
Ending balance 30 September 2007	643,684,422	1,540,410,208	(50,029,892)	(106,517,385)	21,544,954	87,000,000	12,980,357,316	900,625,482	16,017,075,105

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Statements of Changes in Shareholder's Equity



Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

	Notes	Company 2008						
		Issued and paid-up share capital Baht	Premium on ordinary shares Baht	Excess of carrying value over purchase consideration of acquisition under common control Baht	Translation adjustments for investments in overseas subsidiaries Baht	Fair value adjustment for short-term investments Baht	Retained earnings	
							Legal reserves Baht	Unappropriated Baht
Beginning balance 1 October 2007		643,684,422	1,540,410,208	124,542,422	(106,517,385)	21,544,954	87,000,000	13,016,766,043
Retrospective adjustments	2.3	-	-	-	106,517,385	-	-	(7,123,664,122)
Retrospective adjustments	2.4	-	-	-	-	-	-	(878,949)
Beginning balance after retrospective adjustments		643,684,422	1,540,410,208	124,542,422	-	21,544,954	87,000,000	5,892,222,972
Fair value adjustment for short-term investments	5	-	-	-	-	(59,427,040)	-	-
Net profits for the year		-	-	-	-	-	-	6,143,861,539
Dividends paid	27	-	-	-	-	-	-	(1,544,804,573)
Ending balance 30 September 2008		643,684,422	1,540,410,208	124,542,422	-	(37,882,086)	87,000,000	10,491,279,938

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Statements of Changes in Shareholder's Equity



Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

Notes	Company 2007							
	Issued and paid-up share capital Baht	Premium on ordinary shares Baht	Excess of carrying value over purchase consideration of acquisition under common control Baht	Translation adjustments for investments in overseas subsidiaries Baht	Fair value adjustment for short-term investments Baht	Retained earnings		Total Baht
						Legal reserves Baht	Unappropriated Baht	
Beginning 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
Retrospective adjustments 2.3	-	-	-	21,752,808	-	-	(9,140,447,709)	(9,118,694,901)
Retrospective adjustments 2.4	-	-	-	-	-	-	(571,515)	(571,515)
Beginning balance after retrospective adjustments	643,684,422	1,540,410,208	124,542,422	-	14,598,398	77,000,000	(160,371,892)	2,239,863,558
Fair value adjustment for short-term investments 5	-	-	-	-	6,946,556	-	-	6,946,556
Legal reserves 26	-	-	-	-	-	10,000,000	(10,000,000)	-
Net profits for the year	-	-	-	-	-	-	6,984,991,376	6,984,991,376
Dividends paid 27	-	-	-	-	-	-	(922,396,512)	(922,396,512)
Ending balance 30 September 2007	643,684,422	1,540,410,208	124,542,422	-	21,544,954	87,000,000	5,892,222,972	8,309,404,978

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Statements of Cash Flows



Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008 Baht	2007 Restated Baht	2008 Baht	2007 Restated Baht
Cash flows from operating activities	22	11,340,021,129	6,861,404,798	(62,274,505)	60,196,548
Cash flows from investing activities					
Purchases of property, plant and equipment and intangible assets		(3,756,579,597)	(3,807,813,225)	(91,418,143)	(35,429,744)
Payments for dry-docking		(1,082,341,874)	(679,080,768)	-	-
Payments for purchase of short-term investments		(8,575,052,990)	(2,894,603,395)	(5,095,825,990)	(2,615,603,395)
Payments for short-term loans to related parties		(1,147,988,712)	-	(7,035,138,395)	(3,549,123,123)
Payments for long-term loans to related parties		-	(7,323,000)	(114,092,000)	(3,577,259,649)
Payments for investments in subsidiaries		(202,784,067)	(234,513,599)	(1,444,073,671)	(2,147,740,270)
Payments for investments in associates		(373,199,578)	(6,471,346)	-	-
Dividends received from short-term investments		5,761,400	2,502,490	5,761,400	2,502,490
Dividends received from subsidiaries		-	-	6,391,694,540	7,056,422,007
Dividends received from associates	9	9,459,765	7,774,013	-	-
Dividends received from joint venture	10	7,037,882	4,868,707	-	-
Proceeds from sales of property, plant and equipment		475,757,897	336,290,308	601,192	1,030
Proceeds from disposal of short-term investments		8,354,894,263	2,863,705,123	4,915,667,263	2,624,705,123
Proceeds from disposal of investments in subsidiaries		-	42,394,281	-	-
Proceeds from settlement of short-term loans to related parties		-	-	7,365,323,230	2,767,005,865
Proceeds from settlement of long-term loans to related parties		4,000,000	6,000,000	2,167,276,902	10,000,000
Net cash receipts (payments) from investing activities		(6,281,035,611)	(4,366,270,411)	7,065,776,328	535,480,334
Cash flows from financing activities					
Net payments for bank overdrafts		(20,274,164)	(19,784,326)	-	-
Proceeds from short-term loans	16	41,514,053	211,903,654	-	-
Proceeds from short-term loans from related parties		-	-	9,730,124,507	8,972,350,873
Proceeds from long-term loans and finance lease liabilities		283,177,975	1,259,491,661	4,618,319	1,105,282
Proceeds from convertible bonds		-	5,675,984,539	-	5,808,858,000
Proceeds from minorities for issuance of new shares in subsidiaries		5,739,470,453	36,750,700	-	-
Repayments of short-term loans	16	(243,091,805)	(160,000,000)	-	-
Repayments of short-term loans from related parties		-	-	(10,081,709,595)	(14,455,982,545)
Repayments of long-term loans and finance lease liabilities		(1,227,110,716)	(6,151,469,225)	(4,618,319)	(1,105,282)
Payments for bond issuance costs		(42,393,241)	-	(42,393,241)	(132,873,461)
Acquisition of investment from minorities	8	(240,275,992)	-	-	-
Return of capital to minorities		(90,561,350)	-	-	-
Dividends paid from subsidiaries to minority interests		(43,000,240)	(29,549,980)	-	-
Dividends paid to shareholders		(1,544,804,573)	(922,396,512)	(1,544,804,573)	(922,396,512)
Net cash receipts (payments) from financing activities		2,612,650,400	(99,069,489)	(1,938,782,902)	(730,043,645)

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.

Statements of Cash Flows (Continued)

Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

	Consolidated		Company	
	2008 Baht	2007 Restated Baht	2008 Baht	2007 Restated Baht
Net increase (decrease) in cash and cash equivalents	7,671,635,918	2,396,064,898	5,064,718,921	(134,366,763)
Beginning balance	3,745,160,727	1,372,484,623	751,667,050	896,770,706
Decrease in cash from disposals of investments in subsidiaries	11,416,796,645	3,768,549,521	5,816,385,971	762,403,943
Increase in cash from investments in new subsidiary	-	(10,631,048)	-	-
Effect of exchange rate changes	16,707,505	-	-	-
	94,294,474	(12,757,746)	13,133,768	(10,736,893)
Ending balance	11,527,798,624	3,745,160,727	5,829,519,739	751,667,050

Non-cash transactions

Non-cash transactions during the years that ended on 30 September 2008 and 2007 are as follows:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Unpaid liabilities from dry-docking	72,336,245	108,317,719	-	-
Unpaid liabilities from purchase of fixed assets	939,231,336	111,420,557	3,216,393	53,896,606
Unpaid liabilities from hire purchase agreements	23,883,734	30,504,758	8,896,399	13,514,718
Unpaid liabilities from convertible bond issuing costs	-	46,440,670	-	46,440,270

The notes to the consolidated and Company financial statements on pages 97 to 148 are an integral part of these financial statements.



Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2008 and 2007

1 General information

Thoresen Thai Agencies Public Company Limited (the “Company”) is a public limited company and is 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’s ordinary shares and convertible bonds are listed on the Stock Exchange of Thailand and the Singapore Exchange Securities Trading Limited (SGX-ST), respectively. 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 2008, the Group employs 2,171 people (2007 : 1,965 people).

These consolidated and Company financial statements are authorised for issue by the Board of Directors on 28 November 2008.

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.

2 Accounting policies (Continued)

2.2 New standard and amendments to Thai Accounting Standards

The following standards were revised and are mandatory for the accounting period beginning on or after 1 January 2007.

TAS 44 "Consolidated and Separate Financial Statements"

TAS 45 "Investments in Associates"

TAS 46 "Interests in Joint Ventures"

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. This change has an impact to the Company financial statements only and will not have an impact to the consolidated financial statements as described in note 2.3.

The following standards are revised and newly issued, and are mandatory for the accounting period beginning on or after 1 January 2008.

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 49 "Construction Contracts"

New standard

TAS 51 "Intangible Assets"

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. 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", which are early adopted as described in Note 2.4.

2 Accounting policies (Continued)

2.3 Changes in accounting standards

The notifications of Federation of Accounting Professions No. 26/2549 dated 11 October 2006 and No. 32/2549 dated 3 November 2006 relating to amendments of TAS no. 44 “Consolidated Financial Statements and Accounting for Investment in Subsidiaries” and TAS no. 45 “Accounting for Investments in Associates” require a change from the equity method of accounting to the cost method of accounting for investments in subsidiaries and associates to be presented in the Company’s separate financial statements. Under the cost method, income from investments will be recorded when dividends are declared. The notifications are mandatory from 1 January 2007. The Company has applied such method for investments in subsidiaries, associates, and for interests in joint ventures commencing from the accounting period begins on 1 October 2007. The changes in the accounting policies have an impact on the Company’s financial statements only and do not impact the consolidated financial statements.

The Company has accounted for the cost method of accounting retrospectively. The effects of the change to the Company balance sheet as at 30 September 2007 and the Company statement of income for the year then ended are as follows:

	Baht
Balance sheet as at 30 September 2007	
Decrease in investments in subsidiaries and associates and joint venture	(7,034,951,141)
Decrease in net liabilities in a subsidiary	(17,804,104)
Increase in translation adjustment for investments in overseas subsidiaries - 30 September 2007	106,517,385
Decrease in unappropriated retained earnings as at 30 September 2007	(7,123,664,122)
Increase in translation adjustment for investments in overseas subsidiaries - 1 October 2006	21,752,808
Decrease in unappropriated retained earnings as at 1 October 2006	(9,140,447,709)
	Baht
Statement of income for the year that ended on 30 September 2007	
Increase in dividend income from subsidiaries, associates, and joint venture	7,056,422,007
Decrease in share of profits in subsidiaries, associates, and joint venture	(5,039,638,420)
Increase in net profits	2,016,783,587
Increase in basic earnings per share	3.13

2.4 Early adoption of new accounting standards

During the year, the Group’s management has chosen to early adopt new accounting standards set out below:

TAS 43 : Business combination (as amended in 2007)

TAS 51 : Intangible assets

Draft TAS : Employee Benefits

2.4.1 Intangible assets and business combination

Goodwill arising from business combinations previously amortised over a period of 10 years is now classified as an indefinite life intangible asset. Under the new accounting standards, the indefinite life intangible asset will not be amortised and may be reduced from time to time, if any indication of impairment occurs. If the carrying value of the intangible asset is less than its recoverable amount, an impairment loss will be charged to the statements of income.

2 Accounting policies (Continued)

2.4 Early adoption of new accounting standards (Continued)

2.4.1 Intangible assets and business combination (Continued)

The goodwill as at 1 October 2007 was brought forward from 30 September 2007 and was not amortised during this year. Previously, the amortisation for the year that ended on 30 September 2007 amounted to Baht 68,626,738 and Baht 626,601 for the consolidated and Company financial statements, respectively.

2.4.2 Employee Benefits

Under the draft TAS "Employee Benefits", provident funds are accounted for as defined contribution plans and contributions to provident funds are charged to the statements of income when incurred. Obligations relating to post-retirement benefits are accounted for by using the projected unit credit method. The benefit obligation is discounted using interest rates of government bonds that are denominated in the currency in which the benefits will be paid. The referred government bonds should have terms to maturity approximately equal to the terms of the related provident fund payments. Previously, the Group recorded the obligations for post-retirement benefits as incurred. Commencing in 2008, the benefit obligation liabilities are accounted based on the above mentioned method. The 2007 financial statements have been restated accordingly in compliance with the accounting standard.

The impacts to the consolidated and Company financial statements relating to the adoption of the new accounting policies are as follows:

	Consolidated Baht	Company Baht
Balance sheet as at 30 September 2007		
Increase in retirement benefit obligations	37,458,180	878,949
Decrease in ending balance of unappropriated retained earnings	(36,408,727)	(878,949)
Decrease in ending balance of minority interests	(1,049,453)	-
Balance sheet as at 30 September 2006		
Increase in retirement benefit obligations	31,353,602	571,515
Decrease in ending balance of unappropriated retained earnings	(29,840,568)	(571,515)
Decrease in ending balance of minority interests	(1,513,034)	-
Statement of income for the year that ended on 30 September 2007		
Increase in service and administrative expenses - retirement benefits	6,568,159	307,434
Decrease in minority interests	(463,581)	-
Decrease in basic earnings per share	(0.0102)	(0.0005)

2 Accounting policies (Continued)

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

Investments in subsidiaries

Subsidiaries, which are those entities (including special purpose 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.

According to an amendment to TAS no. 44 as mentioned in Notes 2.2 and 2.3, investments in subsidiaries are reported by using the cost method of accounting in the Company's separate financial statements.

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.

A list of the Group's principal subsidiaries and the financial effects of the acquisitions and disposals of subsidiaries are shown in Note 8.

Investments in associates

Investments in associates are accounted for by the equity method of accounting in the consolidated 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.

According to an amendment to TAS no. 45 as mentioned in Notes 2.2 and 2.3, investments in associates are reported by using the cost method of accounting in the Company's separate financial statements.

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

2 Accounting policies (Continued)

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

Investments in joint ventures

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

According to an amendment to TAS no. 46 as mentioned in Notes 2.2 and 2.3, investments in joint ventures are reported by using the cost method of accounting in the Company's separate 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.

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.

Intangible assets - Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

2.6 Critical accounting estimates, assumptions, and judgements

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.6.1 Property, plant and equipment and intangible assets

Management determines the carrying value of tender rigs and vessels based on estimates, assumptions, and judgments in respect of remaining useful lives and residual values of these assets. These estimates, assumptions, and judgments reflect both historical experience and expectations regarding future operations, utilisation, and performance.

2.6.2 Employee benefits

The Group has a commitment to pay benefits to employees on retirement. The present value of employee benefit liabilities recognised in the balance sheet is determined on an actuarial basis utilising various assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary inflation, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid.

2 Accounting policies (Continued)

2.7 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 prevailing 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.

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 statements of income as part of the gain or loss on sale.

2.8 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.

2.9 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.

2.10 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.

2 Accounting policies (Continued)

2.10 Short-term investments (Continued)

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.

2.11 Vessel supplies and spareparts

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

2.12 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.

2 Accounting policies (Continued)

2.12 Property, plant, and equipment (Continued)

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	5 - 20 years
Ocean vessels (second-hand and new)	5 - 23 years
Second-hand support and supply vessels	5 - 16 years
Second-hand tender rigs	1 - 20 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 at the acquisition date. Depreciation is calculated on the cost of the vessels, support and supply vessels, or tender rigs less their estimated scrap values.

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

Expenditures for additions, renewals, and improvements, 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.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the consolidated and Company statements of income.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. All other borrowing costs are expensed. The borrowing costs include interest on short-term and long-term bank borrowings. Other borrowing costs are recorded in the statements of income.

2.13 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 7 years).

2 Accounting policies (Continued)

2.14 Other assets

Other assets mainly comprise deferred dry-docking expenses, which are amortised to the statements of income 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.

2.15 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.

2.16 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 statements of income over the lease period. The property, plant, or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

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

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

2.17 Convertible bonds

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

2 Accounting policies (Continued)

2.18 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.

2.19 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.

2.20 Related parties

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

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

2 Accounting policies (Continued)

2.21 Employee benefits

(a) 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 statements of income in the year to which they relate.

(b) Retirement benefits

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labour Law depending on age and years of service.

The liability of retirement benefit is recognised in the consolidated and Company balance sheet using the present value of the obligation at the balance sheet date and past service costs. The retirement benefit is calculated annually by an independent actuary using the projected unit credit method. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statements of income.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.22 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.

2.23 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 Accounting policies (Continued)

2.24 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, foreign exchange risks and fuel oil price. These instruments, which are interest rate cap contracts, foreign currency forward contracts, foreign currency collar contracts and target redemption swap agreement, 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 statements of income 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 statements of income on the settlement date.

3 Business segment information

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

	Consolidated						
	For the year that ended on 30 September 2008						
	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	36,411,728,711	241,800,093	753,426,805	3,927,191,267	1,358,251,499	(8,299,013,298)	34,393,385,077
From inter-segment	(7,958,121,197)	(118,355,775)	(222,536,326)	-	-	8,299,013,298	-
From outside customers	28,453,607,514	123,444,318	530,890,479	3,927,191,267	1,358,251,499	-	34,393,385,077
Operating profits	8,833,317,615	(23,075,837)	76,365,581	1,023,018,467	(102,403,121)	-	9,807,222,705
Unallocated costs, net							(113,669,510)
Interest income							204,707,576
Share of profits in associates and a joint venture							74,213,197
Interest expenses							(535,682,398)
Minority interests							(415,037,952)
Income taxes							(245,313,648)
Net profits attributable to shareholders of the parent							8,776,439,970
Property, plant, equipment, and intangible assets as at 30 September 2008	13,094,358,528	6,642,222	439,394,072	2,762,351,127	4,192,648,237	-	20,495,394,186
Unallocated							593,816,371
Total							21,089,210,557
Total assets as at 30 September 2008							42,143,111,027

3 Business segment information (Continued)

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

	Consolidated						
	For the year that ended on 30 September 2007 (Restated)						
	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	4,902,799,762	6,479,244	176,053,637	622,798,033	152,232,002	-	5,860,362,678
Unallocated costs, net							(79,426,077)
Interest income							71,900,934
Share of profits in associates and a joint venture							9,389,378
Interest expenses							(665,466,843)
Minority interests							(147,696,290)
Income taxes							(87,116,716)
Net profits attributable to shareholders of the parent							4,961,947,064
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

4 Cash and cash equivalents

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Cash on hand	3,430,786	1,801,512	50,000	50,000
Deposits held at call with banks	11,524,367,838	3,743,359,215	5,829,469,739	751,617,050
Cash and cash equivalents	11,527,798,624	3,745,160,727	5,829,519,739	751,667,050

As at 30 September 2008, deposits held at call with banks bear interest at the rates between 0.3% to 4.7% per annum (2007 : 0.5% to 4.85% per annum).

5 Short-term investments

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Ordinary shares of listed companies	198,285,219	84,050,046	198,285,219	84,050,046
Debt securities	285,000,000	195,000,000	100,000,000	50,000,000
Other investments	17,359,416	-	17,359,416	-
<u>Add</u> Change in fair value	500,644,635 (37,882,086)	279,050,046 21,544,954	315,644,635 (37,882,086)	134,050,046 21,544,954
Short-term investments	462,762,549	300,595,000	277,762,549	155,595,000

6 Trade accounts receivable, net

Trade accounts receivable as at 30 September comprise the following:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Trade accounts receivable	2,227,383,685	1,406,861,441	-	-
Accrued income	857,312,481	785,085,254	-	-
<u>Less</u> Allowance for doubtful accounts	3,084,696,166 (26,190,533)	2,191,946,695 (22,400,956)	-	-
Trade accounts receivable, net	3,058,505,633	2,169,545,739	-	-

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Current	1,636,552,970	995,747,484	-	-
Overdue below 3 months	489,469,418	318,118,310	-	-
Overdue 3 - 6 months	30,134,453	13,870,316	-	-
Overdue 6 - 12 months	19,722,143	61,909,023	-	-
Overdue more than 12 months	51,504,701	17,216,308	-	-
Total	2,227,383,685	1,406,861,441	-	-
<u>Less</u> Allowance for doubtful accounts	(26,190,533)	(22,400,956)	-	-
	2,201,193,152	1,384,460,485	-	-

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	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Insurance claims	270,696,149	394,189,512	-	-
Value added tax refundable	124,696,457	101,170,850	6,786,009	5,275,496
Advances to employees	56,282,628	53,788,690	159,099	-
Advances for business expenses	458,757,597	100,352,186	-	16,930
Accrued interest income	23,292,935	47,348	13,274,800	37,106
Value added tax awaiting for tax invoices	10,723,255	43,032,061	52,243	-
Other current assets	181,459,217	180,460,410	3,467,464	15,631,984
	1,125,908,238	873,041,057	23,739,615	20,961,516
<u>Less</u> Allowance for impairment	(61,733,393)	(81,432,730)	-	-
Other current assets, net	1,064,174,845	791,608,327	23,739,615	20,961,516

8 Investments in subsidiaries

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

	Company	
	2008 Baht	2007 Baht
Opening balance - as previously reported	17,055,002,735	16,995,527,196
Retrospective adjustments (Note 2.3)	(7,002,421,458)	(9,090,686,189)
Opening balance - restated	10,052,581,277	7,904,841,007
Additional investments	1,444,073,973	2,147,740,270
Closing balance	11,496,655,250	10,052,581,277

8 Investments in subsidiaries (Continued)

Additional investments during the year that ended on 30 September 2008

The Company

On 17 December 2007, a wholly owned subsidiary, Thoresen Shipping Singapore Pte. Ltd, increased its registered share capital from Singapore Dollar 53.6 million, equivalent to Baht 1,218.02 million, to Singapore Dollar 58.9 million, equivalent to Baht 1,341.36 million. The Company invested Baht 123.34 million to subscribe for the issued shares.

On 25 March 2008, the Company acquired the 12,010 newly issued shares in PT Perusahaan Pelayaran Equinox ("Equinox") in Indonesia with a par value of Rupiah 1,000,000 per share, at a subscription price of Rupiah 2,727,560 per share, totalling Rupiah 32,758 million, or equivalent to Baht 112.23 million. The subscribed shares represent 49% of the total paid-up share capital of Equinox.

On 10 April 2008, a wholly owned subsidiary, Thoresen Shipping Singapore Pte. Ltd, increased its registered share capital from Singapore Dollar 58.9 million, equivalent to Baht 1,341.36 million, to Singapore Dollar 111.3 million, equivalent to Baht 2,549.87 million by issuing 52.4 million new ordinary shares at par value of Singapore Dollar 1 per share. The Company invested Baht 1,208.50 million to subscribe for the issued shares.

Subsidiaries

On 18 December 2007, Thor Friendship Shipping Pte. Ltd., a wholly owned subsidiary of Thoresen Shipping Singapore Pte. Ltd., increased its registered share capital from Singapore Dollar 5 million, equivalent to Baht 116.87 million, to Singapore Dollar 10.3 million, equivalent to Baht 240.20 million.

On 28 August 2008, Thoresen Shipping Singapore Pte. Ltd., a wholly owned subsidiary, acquired 10,000,000 ordinary shares in Mermaid Maritime Public Company Limited ("MMPLC") with par value of Baht 1 per share, at a price of SGD 1 per share, totalling SGD 10 million, equivalent to Baht 240.28 million. Such investment increased the Company's shareholding percentage from 55.29% of paid-up shares to 57.14% of paid-up shares (direct and indirect investment). The Company had additional goodwill in respect of the increased ownership interest in MMPLC of Baht 72.40 million.

Details of net assets (1.85%) acquired and goodwill arisen are as follows:

	Baht
Fair value of net assets	167,878,401
Goodwill (Note 11)	72,397,591
Total purchase consideration	240,275,992

On 22 October 2007, Mermaid Drilling (Singapore) Pte. Ltd., a subsidiary of MMPLC, 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. in Singapore with share capital of USD 100, of which 25% held by Kencana Petroleum Ventures Sdn. Bhd. and 75% held by Mermaid Drilling (Singapore) Pte. Ltd. The new company was incorporated in Singapore on 19 October 2007.

8 Investments in subsidiaries (Continued)

Additional investments during the year that ended on 30 September 2008 (Continued)

Subsidiaries (Continued)

On 6 December 2007, MMPLC paid for the share subscription to Mermaid Drilling (Singapore) Pte. Ltd., totalling Baht 513.7 million (or USD 15.3 million) so that Mermaid Drilling (Singapore) Pte. Ltd. can use the proceeds to invest further in Mermaid Kencana Rig 1 Pte. Ltd. On the same date, Mermaid Kencana Rig 1 Pte. Ltd. increased its paid-up capital by USD 20.4 million of which USD 15.3 million and USD 5.1 million were received from Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., respectively, reflecting their proportion of shareholding.

On 1 December 2007, Mermaid Offshore Services Ltd., another subsidiary of MMPLC, increased its share capital from Baht 550 million to Baht 2,003 million by issuing 145.3 million new ordinary shares at a par value of Baht 10 per share. MMPLC invested Baht 1,453 million to subscribe for the issued shares.

On 4 March 2008, Mermaid Offshore Services Ltd. acquired 80 ordinary shares in Seascope Surveys Pte. Ltd., with a par value of SGD 1 per share, at a subscription price of SGD 124,928 per share, totalling SGD 9.99 million, or equivalent to Baht 224.1 million. The total subscribed shares represent 80% of the total share capital of Seascope Surveys Pte. Ltd.

Details of net assets acquired and goodwill arisen are as follows:

	Baht
Fair value of net assets	43,174,950
Goodwill (Note 11)	180,898,495
Total purchase consideration	224,073,445

On 26 March 2008, Mermaid Offshore Services Ltd. subscribed to 2,119,995 ordinary shares in Seascope Surveys (Thailand) Ltd. with a par value of Baht 10 per share, at a subscription price of Baht 10 per share. As at 30 September 2008, Seascope Surveys (Thailand) Ltd. also received share subscription in advance from Mermaid Offshore Services Ltd. of Baht 6 million.

On 30 July 2008, Mermaid Drilling (Singapore) Pte. Ltd. incorporated a new company named Mermaid Kencana Rig 2 Pte. Ltd. in Singapore with a share capital of USD 100. Pursuant to a Letter of Agreement between Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., incorporated in Malaysia, this new company will eventually be 25% owned by Kencana Petroleum Ventures Sdn. Bhd. and 75% owned by Mermaid Drilling (Singapore) Pte. Ltd.

8 Investments in subsidiaries (Continued)

Additional investments during the year that ended on 30 September 2008 (Continued)

Subsidiaries (Continued)

On 31 July 2008, MMPLC subscribed for additional shares in Mermaid Drilling (Singapore) Pte. Ltd., totalling Baht 326 million (or USD 8.7 million) for Mermaid Drilling (Singapore) Pte. Ltd. to invest further in Mermaid Kencana Rig 1 Pte. Ltd. On the same date, Mermaid Kencana Rig 1 Pte. Ltd., increased its paid-up capital by USD 11.6 million of which USD 8.7 million and USD 2.9 million were received from Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., respectively, reflecting their proportion of shareholding. As at 30 September 2008, Mermaid Drilling (Singapore) Pte. Ltd. has received share subscriptions in advance from MMPLC of Baht 115.8 million (or USD 3.4 million) to invest further in Mermaid Kencana Rig 1 Pte. Ltd. Mermaid Kencana Rig 1 Pte. Ltd. has also received share subscriptions in advance from Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., at USD 3.4 million and USD 1.1 million, respectively, according to their proportion of shareholding.

Return of capital investment from subsidiaries

Darium Thai Offshore Ltd., a subsidiary of MMPLC, registered its dissolution with the Ministry of Commerce on 24 August 2007. In October 2007, MMPLC partially received a return of its capital investment from this subsidiary amounting to Baht 94 million. As at 30 September 2008, the subsidiary is in the process of liquidation.

Liquidation of subsidiaries

In September 2008, three subsidiaries of the Company registered its dissolution with the Ministry of Commerce as follows:

Subsidiaries	Date of Registration
● Herakles Shipping Co., Ltd.	1 September 2008
● Heron Shipping Co., Ltd.	1 September 2008
● Chidlom Transport Services Co., Ltd.	17 September 2008

As at 30 September 2008, the subsidiaries were in the process of liquidation.

Net liabilities in a subsidiary

The movement of net liabilities in a subsidiary during the year that ended on 30 September 2008 is as follows:

	Company Baht
Opening balance - as previously reported	(17,804,104)
Retrospective adjustments (Note 2.3)	17,804,104
Opening balance - restated and closing balance	-

8 Investments in subsidiaries (Continued)

Mermaid Maritime Public Company Limited ("MMPLC")

On 11 October 2007, MMPLC successfully placed and priced its Initial Public Offering ("IPO") amounting to 158 million new ordinary shares with an offering price of SGD 1.56 per share totalling SGD 246.5 million on the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 16 October 2007, the new ordinary shares of MMPLC were traded on the main board of the SGX-ST. MMPLC registered such increased share capital with the Ministry of Commerce on 15 October 2007 for 140 million shares and on 26 October 2007 for 18 million shares at a par value of Baht 1 each. There remains another 133,332,053 unissued ordinary shares. The Company did not make additional investments in the increased share capital. Consequently, the Company's ownership interest in MMPLC decreased from 78.09% to 55.29% resulting in a loss from dilution amounting to Baht 288,592,814. Upon consolidation of MMPLC's financial statements, a premium on share capital amounting to Baht 2,899,649,905 from the IPO proceeds was recognised in the consolidated financial statements. The balance of Baht 2,611,057,091 representing the net amount of share premium and the loss from dilution, is presented as "Premium on ordinary shares in subsidiary" under shareholders' equity.

8 Investments in subsidiaries (Continued)

Investments in subsidiaries as at 30 September 2008 and 2007 comprise investments in the following companies:

Name of subsidiaries	Nature of business	Country of Incorporation	% Ownership Interest	
			30 September 2008	30 September 2007
Shipping group				
- Thoresen & Company (Bangkok) Limited	Ship management	Thailand	99.9	99.9
- Thor Orchid Shipping Co., Ltd.		Thailand	99.9	99.9
- Thor Mercury Shipping Co., Ltd.	International maritime transportation	Thailand	99.9	99.9
- Thor Mariner Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Merchant Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Navigator Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Captain Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Hermes Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Pilot Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Master Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Commander Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Transporter Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Nereus Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Herakles Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Heron Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Nectar Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Hermelin Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Jasmine Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Champion Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Star Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Skipper Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Sailor Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Sun Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Sky Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Spirit Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Sea Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thoresen Chartering (HK) Ltd.	"	Hong Kong	99.9	99.9
- Thor Lotus Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Trader Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Traveller Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Venture Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Triumph Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Guardian Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Confidence Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Nautica Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Neptune Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Nexus Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Tribute Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Jupiter Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Alliance Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Nautilus Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Wind Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Wave Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Dynamic Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Enterprise Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Harmony Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Integrity Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Transit Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Endeavour Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thor Energy Shipping Co., Ltd.	"	Thailand	99.9	99.9
- Thoresen Shipping Germany GmbH	"	Germany	100.0	100.0
- Thoresen Shipping Singapore Pte. Ltd.	"	Singapore	100.0	100.0
With subsidiaries as follows:				
- Thor Friendship Shipping Pte. Ltd.	"	Singapore		
- Thor Fortune Shipping Pte. Ltd.	"	Singapore		
- Thor Horizon Shipping Pte. Ltd.	"	Singapore		
- PT Perusahaan Pelayaran Equinox	Maritime transportation services	Indonesia	49.0	-
With associate as follows:				
- PT Usaha Putra Bersama	Land transportation	Indonesia		

8 Investments in subsidiaries (Continued)

Name of subsidiaries	Nature of business	Country of Incorporation	% Ownership Interest	
			30 September 2008	30 September 2007
Shipping agency group				
- ISS Thoresen Agencies Ltd.	Ship agency	Thailand	99.9	99.9
Shipping related service group				
- Chidlom Transport & Services Co., Ltd.	Stevedoring	Thailand	99.9	99.9
- Fearnleys (Thailand) Ltd.	Ship brokerage	Thailand	51.0	51.0
With subsidiaries as follows:				
- PT. Fearnleys Indonesia	"	Indonesia		
- Fearnleys Shipbroking Private Limited	"	India		
- Thoresen Chartering (PTE) Ltd.	"	Singapore	100.0	100.0
- Thai P&I Services International Ltd.	Claim handling	Thailand	90.0	90.0
- T.S.C. Maritime Ltd.	Ship spareparts and equipment repairing and maintenance	Thailand	99.9	99.9
- Chidlom Marine Services & Supplies Ltd.	Supply cargo lashing materials	Thailand	99.9	99.9
- Asia Coating Services Ltd.	Coating services	Thailand	99.9	99.9
- GAC Thoresen Logistics Ltd.	Warehousing	Thailand	51.0	51.0
- Thoresen Shipping FZE	Ship agency	UAE	100.0	100.0
With associate as follows:				
- Sharjah Ports Services LLC	Port operations	UAE		
Offshore services group				
- Mermaid Maritime Public Company Limited	Offshore services investments	Thailand	57.1	78.1
With subsidiaries as follows:				
- Darium Thai Offshore Ltd.	Owning and operating multipurpose offshore service vessels	Thailand		
- Mermaid Offshore Services Ltd.	Turn-key diving ROV and NDT services to offshore industries	Thailand		
With subsidiaries as follows:				
- Seascope Surveys (Thailand) Ltd.	Test and explore environmental assessment the petroleum exploration and telecommunication	Thailand		
- Seascope Surveys Pte. Ltd.	"	Singapore		
With subsidiaries as follows:				
- PT Seascope Surveys Indonesia	"	Indonesia		
- Seascope Inspection Services Pte. Ltd.	"	Singapore		
With associate as follows:				
- Worldclass Inspiration Sdn. Bhd.	"	Malaysia		
- Mermaid Drilling Ltd.	Production and exploration drilling services and support to offshore industries	Thailand		
With subsidiaries as follows:				
- MTR -1 Ltd.	Drilling services	Thailand		
- MTR -2 Ltd.	"	Thailand		
- Mermaid Drilling (Malaysia) Sdn. Bhd.	"	Malaysia		
- Mermaid Drilling (Singapore) Pte. Ltd.	Drilling services investments	Singapore		
With subsidiaries as follows:				
- MTR -1 (Singapore) Ltd.	Drilling services	Singapore		
- MTR -2 (Singapore) Ltd.	"	Singapore		
- Mermaid Kencana Rig 1 Pte. Ltd.	"	Singapore		
- Mermaid Kencana Rig 2 Pte. Ltd.	"	Singapore		
With associate as follows:				
- Kencana Mermaid Drilling Sdn. Bhd.	"	Malaysia		
- Mermaid Training and Technical Services Ltd.	Sub-sea engineering training and examination services	Thailand		

9 Investments in associates

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Opening balance - as previously reported	57,924,828	60,827,300	28,736,869	30,336,675
Retrospective adjustments (Note 2.3)	-	-	(17,523,869)	(19,123,675)
Opening balance - restated	57,924,828	60,827,300	11,213,000	11,213,000
Additional investments	373,544,643	6,471,347	-	-
Share of profits (losses) in associates	59,578,212	(1,599,806)	-	-
Dividend received from associates	(9,459,765)	(7,774,013)	-	-
Closing balance	481,587,918	57,924,828	11,213,000	11,213,000

Additional investments during the year that ended on 30 September 2008

Subsidiaries

On 26 September 2007, Mermaid Drilling (Singapore) Pte. Ltd., a subsidiary of MMPLC, beneficially subscribed to 1 ordinary share in Kencana Mermaid Drilling Sdn. Bhd. with a par value of RM 1 per share, at a subscription price of RM 1 per share. On 24 October 2007, Mermaid Drilling (Singapore) Pte. Ltd. acquired another 39,999 ordinary shares in Kencana Mermaid Drilling Sdn. Bhd. with a par value of RM 1 per share, at a subscription price of RM 1 per share, totalling RM 39,999 equivalent to Baht 377,906. The total subscribed shares represent 40% of the total share capital of Kencana Mermaid Drilling Sdn. Bhd.

On 6 December 2007, Mermaid Offshore Services Ltd., a subsidiary of MMPLC, acquired 8,162,963 ordinary shares in Worldclass Inspiration Sdn. Bhd. with a par value of RM 1 per share, at a subscription price of RM 4.1 per share, totalling RM 33.5 million. The subsidiary fully paid up the subscription totalling Baht 337.4 million. The subscribed shares represent 25% of the total paid-up share capital of Worldclass Inspiration Sdn. Bhd. On 11 February 2008, Mermaid Offshore Services Ltd. acquired another 884,444 new ordinary shares with a par value of RM 1 per share, at the subscription price of RM 4.1 per share, totalling RM 3.5 million, which is equivalent to Baht 35.4 million.

Details of the acquisition are as follows:

	Baht
Total cash paid for purchase consideration	337,372,422
Fair value of net tangible assets	(104,091,901)
Fair value of intangible assets	(68,715,376)
Goodwill	164,565,145

The intangible asset amount of Baht 68.7 million represents value adjustments relating to the vessels, Allied Commander and Allied Centurion, based on a review of current market prices for similar vessels. These amounts will be amortised over 11 and 12 years, respectively. The amount of Baht 164.5 million is non-specific goodwill, which is not amortised, but tested for impairment annually, or more often if circumstances suggest an impairment is likely.

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:

	Nature of business	Country of incorporation	% Ownership Interest			
			30 September 2008	30 September 2007		
Company financial statements						
Shipping agency group - Gulf Agency Company (Thailand) Ltd.	Ship agency	Thailand	51.0	51.0		
Consolidated financial statements						
Shipping group - PT Usaha Putra Bersama (invested by PT Perusahaan Pelayaran Equinox)	Land transportation	Indonesia	25.6	-		
Offshore services group - Worldclass Inspiration Sdn. Bhd. (invested by Mermaid Offshore Services Ltd.)	Sub-sea service to offshore industries	Malaysia	25.0	-		
- Kencana Mermaid Drilling Sdn. Bhd. (invested by Mermaid Drilling (Singapore) Pte. Ltd.)	Drilling services	Malaysia	40.0	-		
Shipping related service group Sharjah Ports Services LLC (invested by Thoresen Shipping FZE)	Port operations	UAE	49.0	49.0		
Name	2008					
	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profit (loss) Baht'000	% Interest held	Profit (loss) sharing Baht'000
Gulf Agency Company (Thailand) Ltd.	275,990	234,079	1,011,876	6,000	51	3,060
Worldclass Inspiration Sdn. Bhd.	1,814,703	1,197,496	14,755	(11,171)	25	(2,793)
Allied Marine & Equipment Sdn. Bhd.	2,039,854	1,413,798	741,739	176,499	(indirect) 22.5 (indirect)	39,712
						39,979
Add Minor indirect investments						23,977
Less Amortisation of intangible assets						(4,378)
						59,578
Name	2007					
	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profit (loss) Baht'000	% Interest held	Profit (loss) sharing Baht'000
Gulf Agency Company (Thailand) Ltd.	215,004	179,122	468,178	(3,137)	51	(1,600)
						(1,600)

10 Investment in joint venture

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Opening balance - as previously reported	23,776,924	18,283,048	23,776,924	18,283,048
Retrospective adjustments (Note 2.3)	-	-	(15,005,814)	(8,885,337)
Opening balance - restated	23,776,924	18,283,048	8,771,110	9,397,711
Goodwill amortisation	-	(626,601)	-	(626,601)
Share of profits in a joint venture	14,634,985	10,989,184	-	-
Dividends received from a joint venture	(7,037,882)	(4,868,707)	-	-
Closing balance	31,374,027	23,776,924	8,771,110	8,771,110

The investment in joint venture in the consolidated and Company financial statements includes a net goodwill amounting to Baht 3,811,108 (2007 : Baht 3,811,108) in respect of the acquisition of the joint venture.

The joint venture entity is:

Name	Business	Country of Incorporation	% Ownership interest	
			2008	2007
Thoresen (Indochina) S.A	Ship agency and related services in Vietnam	Panama	50	50

The Group has a 50% interest in a joint venture, which provides ship agency and related services in Vietnam. The following amounts represent the Group's share of assets and liabilities and revenues and results of the joint venture and are included in the balance sheets and statements of income.

	Consolidated and Company	
	2008 Baht'000	2007 Baht'000
Current assets	44,461	34,094
Non-current assets	1,807	922
Total assets	46,268	35,016
Current liabilities	21,747	18,149
Non-current liabilities	-	-
Total liabilities	21,747	18,149
Revenues	44,362	55,961
Net profits for the year	14,635	10,989

11 Goodwill

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

	Consolidated	
	2008 Baht	2007 Baht
Opening net book value	594,666,469	521,710,886
Additions (Note 8)	253,296,086	140,955,720
Amortisation charge	-	(68,000,137)
Closing net book value	847,962,555	594,666,469

Goodwill has arisen in connection with the acquisitions of shares in MMPLC and Seascope Surveys Pte. Ltd.

12 Property, plant, and equipment, net

	Consolidated								
	Land Baht	Buildings and factories Baht	Building improvements Baht	Ocean vessels, support vessels, supply vessels, and tender rigs Baht	Furniture, fixtures, and equipment Baht	Motor vehicles Baht	Motor launches Baht	Construction in progress Baht	Total Baht
At 30 September 2007									
Cost	245,554,637	642,058,903	106,017,125	20,437,452,528	1,001,235,130	96,178,057	6,610,889	2,221,334,701	24,756,441,970
<u>Less</u> Accumulated depreciation	-	(104,865,558)	(38,023,589)	(5,504,321,934)	(385,198,021)	(48,432,931)	(4,719,203)	-	(6,085,561,236)
Net book value	245,554,637	537,193,345	67,993,536	14,933,130,594	616,037,109	47,745,126	1,891,686	2,221,334,701	18,670,880,734
For the year that ended on 30 September 2008									
Opening net book value	245,554,637	537,193,345	67,993,536	14,933,130,594	616,037,109	47,745,126	1,891,686	2,221,334,701	18,670,880,734
Additions	4,835,000	19,667,502	2,800,621	7,458,143	680,638,844	23,074,851	319,699	3,766,864,192	4,505,658,852
Additions from investments in subsidiaries	-	-	-	-	8,720,318	3,285,772	-	-	12,006,090
Transfer in (out)	-	-	-	636,403,219	343,770,140	-	-	(980,173,359)	-
Disposals	(6,871,675)	(5,213,004)	(370,672)	(147,323,594)	(19,797,346)	(3,497,226)	(397,435)	-	(183,470,952)
Depreciation charge	-	(39,143,833)	(11,813,954)	(1,788,537,760)	(171,938,142)	(19,757,106)	(1,174,076)	-	(2,032,364,871)
Translation adjustments	-	(148,660)	23,553	(9,190,621)	332,279	36,376	-	(9,808,273)	(18,755,346)
Closing net book value	243,517,962	512,355,350	58,633,084	13,631,939,981	1,457,763,202	50,887,793	639,874	4,998,217,261	20,953,954,507
At 30 September 2008									
Cost	243,517,962	653,791,276	109,528,649	20,849,109,154	1,983,545,994	109,602,098	5,598,727	4,998,217,261	28,952,911,121
<u>Less</u> Accumulated depreciation	-	(141,435,926)	(50,895,565)	(7,217,169,173)	(525,782,792)	(58,714,305)	(4,958,853)	-	(7,998,956,614)
Net book value	243,517,962	512,355,350	58,633,084	13,631,939,981	1,457,763,202	50,887,793	639,874	4,998,217,261	20,953,954,507

During 2008, MMPLC group reviewed the estimated useful lives of the equipment. As a result of the review, management has revised the estimated useful lives of tender rigs from 5 to 13 years to 1 to 20 years. The revision is accounted for prospectively which results in a decrease in the depreciation charge amounting to Baht 58.4 million in 2008.

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

	Company						
	Land Baht	Buildings Baht	Building improvements Baht	Furniture, fixtures, and equipment Baht	Motor vehicles Baht	Assets under installation Baht	Total Baht
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
<u>Less</u> 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
For the year that ended on 30 September 2008							
Opening net book value	78,012,041	114,485,040	44,944,464	5,084,451	1,867,011	45,310,992	289,703,999
Additions	4,835,000	16,166,404	44,500	254,694	2,806,324	4,535,253	28,642,175
Disposals	-	-	-	(4,930)	-	-	(4,930)
Depreciation charge	-	(9,283,988)	(6,812,508)	(2,375,952)	(1,605,444)	-	(20,077,892)
Closing net book value	82,847,041	121,367,456	38,176,456	2,958,263	3,067,891	49,846,245	298,263,352
At 30 September 2008							
Cost	82,847,041	201,846,160	75,346,793	12,061,342	8,235,902	49,846,245	430,183,483
<u>Less</u> Accumulated depreciation	-	(80,478,704)	(37,170,337)	(9,103,079)	(5,168,011)	-	(131,920,131)
Net book value	82,847,041	121,367,456	38,176,456	2,958,263	3,067,891	49,846,245	298,263,352

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	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Depreciation charges				
- vessel operations	1,226,523,602	1,285,050,990	-	-
- offshore services	656,462,716	367,545,950	-	-
- service and administration	149,378,553	119,786,134	20,077,892	18,556,516
	2,032,364,871	1,772,383,074	20,077,892	18,556,516

Property, plant, and equipment as of 30 September 2008 used as collateral for loan facilities can be summarised as follows:

Two vessels (2007 : 34 vessels) are mortgaged with various banks as collateral for loan facilities for a total value of USD 396.0 million (2007 : Baht 8,532.71 million and USD 252.41 million).

A support vessel, saturation diving system, and two tender rigs are mortgaged with various banks as collateral for loan facilities for a total value of Baht 2,292.2 million and USD 15.0 million (2007 : Baht 2,574.8 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 for a total value of Baht 665.4 million (2007 : Baht 555.4 million).

13 Intangible assets, net

	Consolidated			
	Intangible assets Baht	Computer software Baht	Computer software under installation Baht	Total Baht
At 30 September 2007				
Cost	-	32,927,524	46,572,415	79,499,939
<u>Less</u> Accumulated amortisation	-	(14,705,113)	-	(14,705,113)
Net book value	-	18,222,411	46,572,415	64,794,826
For the year that ended on 30 September 2008				
Opening net book value	-	18,222,411	46,572,415	64,794,826
Additions	-	52,131,000	7,374,937	59,505,937
Additions from investments in subsidiaries	26,951,410	2,262,979	-	29,214,389
Amortisation charge	(4,255,486)	(14,000,215)	-	(18,255,701)
Translation adjustments	-	(3,401)	-	(3,401)
Closing net book value	22,695,924	58,612,774	53,947,352	135,256,050
At 30 September 2008				
Cost	26,951,410	87,506,646	53,947,352	168,405,408
<u>Less</u> Accumulated amortisation	(4,255,486)	(28,893,872)	-	(33,149,358)
Net book value	22,695,924	58,612,774	53,947,352	135,256,050

	Company		
	Computer software Baht	Computer software under installation Baht	Total Baht
At 30 September 2007			
Cost	8,324,386	46,572,415	54,896,801
<u>Less</u> Accumulated amortisation	(419,181)	-	(419,181)
Net book value	7,905,205	46,572,415	54,477,620
For the year that ended on 30 September 2008			
Opening net book value	7,905,205	46,572,415	54,477,620
Additions	102,500	7,374,937	7,477,437
Amortisation charge	(1,249,143)	-	(1,249,143)
Closing net book value	6,758,562	53,947,352	60,705,914
At 30 September 2008			
Cost	8,426,886	53,947,352	62,374,238
<u>Less</u> Accumulated amortisation	(1,668,324)	-	(1,668,324)
Net book value	6,758,562	53,947,352	60,705,914

14 Other assets, net

Other assets as at 30 September comprise the following:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Deferred dry docking expenses	2,896,475,191	2,131,028,775	-	-
<u>Less</u> Accumulated amortisation	<u>(1,727,327,325)</u>	<u>(1,343,917,616)</u>	-	-
Deferred dry docking expenses, net	1,169,147,866	787,111,159	-	-
Long-term portion of fee for interest rate cap	3,155,043	11,642,352	-	-
Other assets	29,465,519	55,186,340	1,764,576	1,936,313
Total other assets	1,201,768,428	853,939,851	1,764,576	1,936,313

15 Bank overdrafts

Bank overdraft facilities of the Group amounting to Baht 401.3 million (2007 : Baht 345.0 million) are guaranteed by the Company and subsidiaries, and a mortgage of the Group's land and buildings. As at 30 September 2008, the Group has unused bank overdraft facilities of Baht 401.3 million (2007 : Baht 324.7 million).

16 Short-term loans

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Beginning balance	210,777,752	160,000,000	-	-
Additions	41,514,053	211,903,654	-	-
Repayments	(243,091,805)	(160,000,000)	-	-
Realised gains on exchange rates	-	(1,125,902)	-	-
Ending balance	9,200,000	210,777,752	-	-

As at 30 September 2008, GAC Thoresen Logistics Limited, a subsidiary, raised short-term loans from a local financial institution, in the form of promissory notes amounting to Baht 9.2 million for the purposes of working capital (2007 : Baht 9.2 million). The loans bear interest at the rate of MLR 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

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

	Consolidated	
	2008 Baht	2007 Baht
Beginning balance	3,149,005,968	8,742,967,440
Addition during the year	229,093,371	1,245,111,957
Repayment during the year	(1,204,413,752)	(6,138,326,839)
Realised gains on exchange rate	(22,816,828)	(65,561,114)
Unrealised gains on exchange rate	(5,547,840)	(635,185,476)
Ending balance	2,145,320,919	3,149,005,968

Maturity of long-term loans is as follows:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Within 1 year	444,910,157	1,227,130,991	-	-
Between 1 year and 5 years	1,446,812,252	1,565,808,378	-	-
Greater than 5 years	253,598,510	356,066,599	-	-
Long-term portion	1,700,410,762	1,921,874,977	-	-
	2,145,320,919	3,149,005,968	-	-

Long-term loans comprise the following:

a) Loans for the purchases of vessels

- Loans for the purchases of ocean vessels were granted by local commercial banks and denominated in US Dollars with a total outstanding balance of USD 23,161,800 as of 30 September 2007. During 2008, the Group made early loan repayments to a financial institution for all outstanding balances without any prepayment fees.
- Loans for the purchases of support vessels and equipment are granted by local commercial banks, and are denominated in Thai Baht and US Dollars, having a total outstanding balance of Baht 155,550,000 and USD 21,950,000 as at 30 September 2008 (2007 : Baht 212,950,000 and USD 21,647,750) with repayment terms within 5-7 years. As at 30 September 2008, interest rates on the Thai Baht loans and US Dollar loans are as follows:
 - The loan balance of Baht 20,000,000 (2007 : Baht 30,000,000) : fixed rates for the first 3 years and MLR thereafter;
 - The loan balance of Baht 121,000,000 (2007 : Baht 163,000,000) : MLR minus a certain margin for the first 2 years and MLR thereafter;

17 Long-term loans, net (Continued)

Long-term loans comprise the following: (Continued)

a) Loans for the purchases of vessels (Continued)

- The loan balance of Baht 14,550,000 (2007 : Baht 19,950,000) : MLR minus a certain margin.
- The loan balance of USD 10,000,000 (2007 : USD 12,500,000) : USD-LIBOR plus a certain margin.
- The loan balance of USD 9,450,000 (2007 : USD 9,147,750) : USD-LIBOR plus a certain margin; and
- The loan balance of USD 2,500,000 (2007 : Nil) : USD-LIBOR plus a certain margin.

These loans are secured by mortgages of support vessels and their integral parts and equipment as mentioned in Note 12 and are guaranteed by a subsidiary.

- Loans for the purchases of tender rigs are granted by a local commercial bank and are denominated in US Dollars with a total outstanding balance of USD 27,714,000 as at 30 September 2008 (2007 : USD 32,338,000) 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 three subsidiaries.

According to a condition of the loan agreements, the Company and its subsidiaries are not allowed to create any encumbrance on the assets which are used as collateral, except for encumbrances created with the prior consent of the banks and permitted liens. The Company and its subsidiaries must comply with other conditions and restrictions stated in the term loan agreements.

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 206,575,000 as at 30 September 2008 (2007 : Baht 172,929,747) and repayment terms within 6.5 - 8 years. As at 30 September 2008, interest rates and the detail of mortgages are as follows:

- The loan balance of Baht 143,375,000 (2007 : Baht 96,889,747): 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 63,200,000 (2007 : Baht 76,040,000): 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.

17 Long-term loans, net (Continued)

Long-term loans comprise the following: (Continued)

- 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 85,600,000 as at 30 September 2008 (2007 : Baht 110,400,000) 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 June 2007 and MLR thereafter.

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Currency				
- USD	1,697,595,930	2,652,726,221	-	-
- Baht	447,724,989	496,279,747	-	-
	2,145,320,919	3,149,005,968	-	-

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
At fixed rates	-	-	-	-
At floating rates	2,145,320,919	3,149,005,968	-	-
Total loans	2,145,320,919	3,149,005,968	-	-

Credit facilities

As at 30 September 2008, the available credit facilities from financial institutions are USD 451.73 million and Yen 2,042.5 million, which will mainly be used for acquisitions of ocean vessels (30 September 2007 : USD 224.66 million and Baht 58.11 million).

18 Finance lease liabilities

Finance lease liabilities comprise:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Finance lease liabilities	62,262,815	35,512,838	10,139,241	15,933,093
<u>Less</u> Deferred interest expenses	(6,199,711)	(4,216,351)	(1,242,842)	(2,418,375)
Total finance lease liabilities	56,063,104	31,296,487	8,896,399	13,514,718

Maturities of finance lease liabilities are as follows:

Current portion of finance lease liabilities	25,254,895	12,848,277	4,950,789	4,618,319
Long-term portion of finance lease liabilities	30,808,209	18,448,210	3,945,610	8,896,399
	56,063,104	31,296,487	8,896,399	13,514,718

As at 30 September 2008, finance lease liabilities to purchase motor vehicles, computer equipment, and warehouse equipment carry fixed interest rates (2007 : fixed interest rates). The leases have repayment terms within 3 to 5 years without guarantee.

19 Retirement benefit obligations

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Balance sheet obligations	55,201,212	39,259,857	1,250,174	878,949
Income statement charge	13,823,799	11,219,008	393,973	307,435

The amounts recognised in the balance sheets are determined as follows:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Present value of obligations	55,840,261	39,587,838	1,250,174	878,949
Unrecognised actuarial loss	(639,049)	(327,981)	-	-
Liability in the balance sheets	55,201,212	39,259,857	1,250,174	878,949

19 Retirement benefit obligations (Continued)

The movement in the defined benefit obligation over the year is as follows:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Beginning balance	39,587,838	34,154,092	878,949	571,514
Additional from investments in a new subsidiary	7,865,934	-	-	-
Current service costs	9,553,178	6,486,673	208,622	163,657
Interest costs	2,331,375	1,865,387	58,878	40,434
Actuarial losses	2,677,073	1,761,172	126,473	103,344
Benefits paid	(6,175,137)	(4,679,486)	(22,748)	-
Ending balance	55,840,261	39,587,838	1,250,174	878,949

The amounts recognised in the statements of income are as follows:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Current service costs	8,782,026	6,486,673	208,622	163,657
Interest costs	2,331,375	1,865,387	58,878	40,434
Amortisation of actuarial losses	2,710,398	2,866,948	126,473	103,344
Total (included in staff costs)	13,823,799	11,219,008	393,973	307,435

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2008	2007	2008	2007
Discount rate	5.5% - 13%	5.5% - 10%	5.5%	5.5%
Future salary increases	6% - 10%	6% - 10%	6%	6%

20 Convertible bonds

Initial convertible bonds comprise the following:

	Consolidated and Company 2007 Baht
Convertible bonds	5,808,858,000
Less Issuing costs	(179,314,131)
Convertible bonds, net	5,629,543,869

20 Convertible bonds (Continued)

On 24 September 2007, the Company issued unsecured convertible bonds of USD 169.80 million. The convertible bonds were listed for trading on the SGX-ST 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 were 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 per 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.

The nominal value of the bond will be amortised as follows:

	Date	Redemption amount
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.

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

	2008 Baht	2007 Baht
Beginning balance	5,665,202,823	-
Additions	-	5,808,858,000
Issuing costs/amortisation	4,047,429	(179,314,131)
Interest expenses	387,714,594	5,926,974
Interest payments	(153,792,564)	-
Withholding tax payable	(13,138,788)	-
Realised gains on exchange rates	(1,944,707)	-
Unrealised losses (gains) on exchange rates	(30,126,171)	29,731,980
Ending balance	5,857,962,616	5,665,202,823

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

21 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 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
Issue of shares	-	-	-	-
At 30 September 2008	868,684,422	643,684,422	1,540,410,208	2,184,094,630

During 2007, the Company reduced its registered capital by cancelling 50,000,000 authorised but unissued shares with a par value of Baht 1 each.

The Company also increased its registered capital to Baht 868,684,422 by reserving an additional 225,000,000 ordinary shares at a par value of Baht 1 each. Up to 175,000,000 new ordinary shares 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.

As at 30 September 2008, the total authorised number of ordinary shares is 868,684,422 shares (2007: 868,684,422 shares) with a par value of Baht 1 per share (2007 : Baht 1 per share). Ordinary shares of 643,684,422 shares are issued and fully paid-up (2007 : 643,684,422 shares).

22 Cash flows from operating activities

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

	Notes	For the years that ended on 30 September			
		Consolidated		Company	
		2008 Baht	2007 Restated Baht	2008 Baht	2007 Restated Baht
Net profit before tax		9,436,791,570	5,196,760,070	6,143,861,539	6,984,991,376
Adjustments for:					
Depreciation charges	12	2,032,364,871	1,772,383,074	20,077,892	18,556,516
Amortisation on intangible assets	13	18,255,701	9,008,139	1,249,143	419,181
Amortisation on deferred dry-docking expenses		592,489,682	524,063,983	-	-
Amortisation on prepayments		8,216,587	8,737,015	-	-
Amortisation on goodwill	10, 11	-	68,626,738	-	626,601
Convertible bond interest expenses		387,714,594	5,926,974	387,714,594	5,926,974
Interest expenses		147,967,805	659,539,870	68,694,223	84,983,508
Losses from write off property, plant and equipment		9,580,510	25,225,037	-	-
Dividend income from short-term investments		(5,761,400)	(2,502,490)	(5,761,400)	(2,502,490)
Net (gains) losses from sales of property, plant and equipment		(203,597,616)	(24,640,590)	(596,264)	906
Unrealised (gains) losses on exchange rates from cash, short-term investments, loans, and convertible bonds		(129,968,487)	(592,695,750)	(40,323,474)	115,431,637
Realised gains on exchange rates from loans, and convertible bonds	20	(24,050,910)	(66,687,016)	(1,944,707)	-
Dividends received from subsidiaries and joint venture		-	-	(6,391,694,540)	(7,056,422,007)
Allowance for doubtful accounts and provision for unrecoverable value added tax		(16,734,015)	76,251,420	-	(77,166)
Net gains from sales of investments in subsidiaries		-	(2,994,986)	-	-
Net gains from sales of short-term investments		(2,146,488)	(17,030,801)	(2,146,488)	(17,030,801)
Share of profits of associates and a joint venture	9, 10	(74,213,197)	(9,389,378)	-	-
Exchange difference from conversion of overseas companies		151,856,625	(82,842,384)	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
- Trade accounts receivable		(867,202,711)	(351,902,591)	-	102,615
- Amount due from related parties		(14,420,939)	(4,164)	(51,972,414)	(48,649,000)
- Vessel supplies and spare parts		(282,928,595)	(63,677,947)	-	-
- Prepayments		(88,899,016)	(20,001,817)	(4,192,974)	(1,746,096)
- Other current assets		(159,217,371)	(350,848,005)	(2,778,099)	16,899,375
- Other assets		60,335,751	(29,893,039)	171,737	89,239
- Trade accounts payable		373,729,420	313,807,381	17,084,802	(529,270)
- Other accounts payable		(8,922,271)	3,795,184	(4,389,007)	3,795,184
- Amounts due to related parties		52,705,086	(474,551)	(6,186,552)	3,818,719
- Advances from customers		(52,152,329)	279,252,782	-	-
- Accrued income taxes		60,344,483	36,552,221	-	-
- Accrued expenses		441,387,482	284,847,178	39,488,547	39,139,623
- Other current liabilities		23,860,306	55,697,398	217,285	117,545
- Retirement benefit obligations		17,743,033	6,104,578	371,225	307,435
Cash generated from operations		11,885,128,161	7,710,993,533	166,945,068	148,249,604
- Interest paid		(314,445,699)	(716,102,576)	(223,942,720)	(86,929,736)
- Income taxes paid		(230,661,333)	(133,486,159)	(5,276,853)	(1,123,320)
Net cash flows from operating activities		11,340,021,129	6,861,404,798	(62,274,505)	60,196,548

23 Operating profit

The following expenses, classified by nature, other than those already disclosed in the statements of income were charged to arrive at operating profits (losses):

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Expenses included in vessel operating expenses				
Vessel supplies and spareparts expenses and repair and maintenance expenses	1,641,299,765	1,417,636,951	-	-
Crew and staff costs	888,137,931	874,241,898	-	-
Charter hire	7,792,178,743	2,708,341,612	-	-
Expenses included in offshore service expenses				
Vessel supplies and spareparts expenses and repair and maintenance expenses	719,684,348	299,814,009	-	-
Crew, staff costs, and subcontractor costs	1,615,942,917	1,249,776,355	-	-
Charter hire and equipment rental	492,123,973	603,639,523	-	-
Loss of fixed assets due to fire damage	-	129,803,476	-	-
Expenses included in service and administrative expenses				
Staff costs	1,165,287,465	810,318,140	81,031,786	61,737,848

24 Corporate income tax

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

25 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	
	2008	2007 Restated	2008	2007 Restated
Net profit attributable to shareholders (Baht)	8,776,439,970	4,961,947,064	6,143,861,539	6,984,991,376
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)	13.63	7.71	9.54	10.85

There are no dilutive potential ordinary shares in issue during the years. Therefore, the diluted earnings per share are not presented.

26 Legal reserves

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Opening balance	87,000,000	77,000,000	87,000,000	77,000,000
Appropriation during the year	-	10,000,000	-	10,000,000
Closing balance	87,000,000	87,000,000	87,000,000	87,000,000

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.

27 Dividends paid

The Company's dividend policy is to distribute dividends to shareholders of at least 25% of the consolidated net profits after taxes but excluding unrealised foreign exchange gains or losses, subject to the Company's investment plans, and other relevant factors. The Board may review and revise the dividend policy from time to time to reflect the Company's future business plans, the needs for investment, and other factors, as the Board deems appropriate. However, dividend distributions may not exceed the retained earnings reported in the financial statements of the Company only. The amendment to the dividend policy became effective from the 2008 financial year onwards.

27 Dividends paid (Continued)

For the year that ended on 30 September 2008

At the Board of Directors' meeting held on 15 May 2008, the Board resolved that an interim dividend of Baht 1.50 per share be paid to the 643,684,422 outstanding shares, amounting to Baht 965,526,633. However, dividends of Baht 13,650 were not paid to certain shareholders due to disqualification. The remaining dividends of Baht 965,512,983 were paid on 13 June 2008. As a result of the interim dividend payment, the conversion price on TTA's convertible bonds was adjusted as per the bonds' terms and conditions.

At the Annual General Meeting of Shareholders held on 31 January 2008, the shareholders approved the annual dividend payment from net income of the Company for the year that ended on 30 September 2007 of Baht 1.65 per share. Since the Board of Directors had declared and paid an interim dividend payment of Baht 0.75 per share, the remaining balance of Baht 0.90 per share was approved to be paid for the 643,684,422 outstanding shares, amounting to Baht 579,315,980 by the end of February 2008. However, dividends of Baht 24,390 were not paid to certain shareholders due to disqualification. The remaining dividends of Baht 579,291,590 were paid during the year.

At the Board of Directors' Meeting no. 03/2007 held on 3 December 2007 of Fearnleys (Thailand) Ltd., a subsidiary, a resolution was passed to pay dividends in the total amount of Baht 86,000,000, being Baht 4,300.00 per share.

For the year that ended on 30 September 2007

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 represented 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 year, and the remaining amount of Baht 13,299 represented disqualified shareholders.

28 Other income

	For the years ended 30 September			
	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Gains on sales of marketable securities	2,146,488	17,030,801	2,146,488	17,030,801
Sales	7,610,622	4,176,239	-	-
Insurance claims received	98,117,556	381,041	-	-
Gains on sales of fixed assets	203,597,614	-	596,264	-
Rental income	26,939,492	15,054,225	8,081,200	8,269,950
Miscellaneous income	129,670,116	118,556,290	10,543,847	8,800,269
Total other income	468,081,888	155,198,596	21,367,799	34,101,020

29 Related parties

29.1 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	
	2008	2007
Service income	71,404,071	5,603,036
Rental office and office equipment income	18,564,653	14,998,541
Interest income	189,705,991	63,958,234
Interest expenses	70,743,708	78,681,401

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

	Consolidated		Company	
	2008	2007	2008	2007
Service income	2,144,882	1,214,377	21,501	8,910
Interest income	15,721,490	1,634,454	1,405,258	1,634,454

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 2.5% per annum. The interest rates charged on long-term loans are based on approximate the borrowing costs of the lender.

29.2 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	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Associate and a joint venture	14,717,027	296,088	108,538	268,236
Subsidiaries	-	-	105,914,350	53,782,238
	14,717,027	296,088	106,022,888	54,050,474

29.3 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	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Associates and a joint venture	52,722,896	17,810	-	-
Subsidiaries	-	25,148,147	5,046,695	11,233,247
	52,722,896	25,165,957	5,046,695	11,233,247

29 Related party transactions (Continued)

29.4 Loans to/from related parties

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Short-term loans				
Subsidiaries	-	-	1,702,193,484	2,029,843,478
Associate	1,147,988,712	-	-	-
	1,147,988,712	-	1,702,193,484	2,029,843,478

Short-term loans to subsidiaries can be called at any time and are unsecured. The loans mainly bear interest at 2.5% per annum (30 September 2007 : 1% per annum).

As at 30 September 2008, MMPLC provided a short-term loan to its associate company, Worldclass Inspiration Sdn. Bhd., which has an outstanding balance in Singapore Dollars equivalent to Baht 1,117.1 million carrying interest at 8.5% per annum and a short-term loan in Malaysia Ringgit equivalent to Baht 30.8 million carrying interest at LIBOR plus 3.5% per annum. The loans are unsecured and have repayment terms at call.

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Long-term loans				
Subsidiaries	-	-	2,040,162,704	4,094,108,285
Associate	15,323,000	19,323,000	15,323,000	19,323,000
	15,323,000	19,323,000	2,055,485,704	4,113,431,285

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

Within 1 year	4,000,000	4,000,000	198,997,887	674,415,079
Between 1 year and 5 years	11,323,000	15,323,000	1,296,926,700	1,796,114,505
Greater than 5 years	-	-	559,561,117	1,642,901,701
	15,323,000	19,323,000	2,055,485,704	4,113,431,285

29 Related party transactions (Continued)

29.4 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: (Continued)

As at 30 September 2008, the Company granted unsecured loans in USD and Baht currency to subsidiaries totalling Baht 2,040.16 million (30 September 2007 : Baht 4,094.11 million), which mainly carry interest at 6.5% per annum (30 September 2007 : 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 granted unsecured long-term loans to an associate amounting to Baht 15.32 million (30 September 2007 : Baht 19.32 million) which carry interest at MOR plus 1% per annum (30 September 2007 : MOR plus 1% per annum).

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	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Short-term loans				
Beginning balance	-	-	2,029,843,478	1,846,860,620
Reclassified to long-term loans	-	-	-	(599,134,400)
Additions	1,147,988,712	-	7,035,138,396	3,549,123,123
Repayments	-	-	(7,365,323,230)	(2,767,005,865)
Unrealised gains on exchange rate	-	-	2,534,840	-
Ending balance	1,147,988,712	-	1,702,193,484	2,029,843,478
Long-term loans				
Beginning balance	19,323,000	18,000,000	4,113,431,285	22,000,000
Reclassified from short-term loans	-	-	-	599,134,400
Additions	-	7,323,000	114,092,000	3,577,259,649
Repayments	(4,000,000)	(6,000,000)	(2,167,276,902)	(10,000,000)
Unrealised losses on exchange rates	-	-	(4,760,679)	(74,962,764)
Ending balance	15,323,000	19,323,000	2,055,485,704	4,113,431,285

29 Related party transactions (Continued)

29.4 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	
	2008 Baht	2007 Baht
Short-term loans		
Subsidiaries	3,047,605,423	3,399,190,511

The short-term loans from related parties can be called at any time and are unsecured. The loans bear interest at 2.5% per annum (30 September 2007 : 1% per annum).

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

	Company	
	2008 Baht	2007 Baht
Short-term loans		
Beginning balance	3,399,190,511	8,882,822,183
Additions	9,730,124,507	8,972,350,873
Repayments	(10,081,709,595)	(14,455,982,545)
Ending balance	3,047,605,423	3,399,190,511

30 Promotional privileges

As at 30 September 2008, 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, 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 taxes 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.

31 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 2008 and 2007 are as follows:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Foreign currency forward sale contracts				
30 September 2008 : nil (2007 : USD 9 million at rates averaging Baht 36.67 : USD 1)	-	337,460,000	-	-
30 September 2008 : nil (2007 : USD 6 million at rates averaging Baht 39.14 : USD 1)	-	-	-	234,860,000
	-	337,460,000	-	234,860,000

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Foreign currency forward purchase contracts				
30 September 2008 : nil (2007 : USD 1.63 million at rates averaging Baht 34.27 : USD 1)	-	55,920,294	-	-
30 September 2008 : nil (2007 : GBP 0.05 million at rates averaging Baht 68.00 : GBP 1)	-	3,188,656	-	-
	-	59,108,950	-	-

31 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	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Foreign currency forward sales contracts				
Favourable forward - USD foreign exchange contracts	-	29,259,393	-	29,372,940
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	-	29,372,940

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 entered into foreign 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 contracts at the balance sheet date were:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Foreign currency collar contracts				
Favourable (unfavourable) - Yen	98,151,263	(14,714,354)	-	-

31 Financial instruments (Continued)

Target Redemption Swap

On 16 September 2008, a subsidiary entered into a swap agreement effective from 1 October 2008 to 30 September 2009, under which the price of fuel oil was fixed for 1,000 to 2,000 metric tonnes per month.

The net fair values of a target redemption swap agreement at the balance sheet date were:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Target redemption swap agreement				
Unfavourable - USD	11,277,816	-	-	-

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 2008, the outstanding notional amount of the caps is USD 200 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, short-term loans from related parties, and long-term loans.

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

32 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 (2007 : 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.

33 Commitments and contingent liabilities

33.1 Capital commitments

The Group has capital commitments in respect of ship building, rig buildings, and vessel equipment contracts but not yet recognised as liabilities as at 30 September 2008 and 2007 as follows:

	Consolidated		Company	
	2008 Million	2007 Million	2008 Million	2007 Million
Commitments as at 30 September				
- USD	177.9	83.2	-	-
- THB	-	45.3	-	-
- Yen	6,944.5	7,354.0	-	-
- SGD	1.6	-	-	-
- GBP	2.8	-	-	-
- NOK	1.6	-	-	-

The Group entered into ship and rig building contracts for a total of 5 new dry bulk vessels, 1 dive support vessel, and 1 tender rig. The contracted delivery dates of these vessels and rig are within August 2009 to September 2011.

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	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Within 1 year	1,716,845,059	1,843,856,064	-	-
Between 1 year and 5 years	1,289,992,084	1,945,172,877	-	-

33.3 Significant agreements

a) Vessel and rig charter contracts

	Consolidated		Company	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
Long-term charter - out contracts (number of vessels and rigs)	8	16	-	-
Period (months)	0.7-22	4-24	-	-
Long-term charter-in contracts (number of vessels)	7	5	-	-
Period (months)	1-28	12-36	-	-

33 Commitments and contingent liabilities (Continued)

33.3 Significant agreements (Continued)

b) 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.

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.

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 finance for newbuild and second-hand vessels to be acquired by the Company. As at 30 September 2008, these facilities were not yet drawn down.

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 finance the purchase of newbuild and second-hand vessels, which has repayment terms of 10 years.

As at 30 September 2008, the USD 36 million revolving credit facility as per (i) was reduced to USD 31.5 million, as it shall be reduced by USD 1.5 million over 24 consecutive quarterly periods.

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.

As of 24 April 2008, two of the six ocean vessels which were mortgaged for the credit agreements dated 15 March 2007 were discharged and re-mortgaged as security for the syndicated loan dated 9 November 2007.

The credit facilities which the subsidiary had entered on 15 March 2007 as described above were cancelled on 11 July 2008.

On 31 October 2007, two subsidiaries of Thoresen Shipping Singapore Pte. Ltd. entered into separate loan agreements with syndicated banks for USD 27,864,000 to finance their vessels. Loan repayments will begin three months after the delivery dates of the vessels which are expected to be in 2009 and 2011 and to be repaid within 12 years from the delivery date. The facilities are secured by mortgages of these vessels and corporate guarantees by the Company.

33 Commitments and contingent liabilities (Continued)

33.4 Contingent liabilities

The Group has given the following guarantees in the normal course of business

	30 September 2008					
	Consolidated			Company		
	Baht million	USD million	Yen million	Baht million	USD million	Yen million
Letter of guarantees issued by bank on behalf of the Group	155.4	2.1	-	-	-	-
Guarantee given by the Group to financial institutions to guarantee credit facilities	871.7	513.4	2,042.5	349.2	461.7	2,042.5

	30 September 2007					
	Consolidated			Company		
	Baht million	USD million	Yen million	Baht million	USD million	Yen million
Letter of guarantees issued by bank on behalf of the Group	118.6	1.0	-	-	-	-
Guarantee given by the Group to financial institutions to guarantee credit facilities	1,156.3	509.0	2,042.5	430.0	451.0	2,042.5

34 Subsequent events

Subsidiaries

On 18 November 2008, the Remuneration Committee of MMPLC passed a resolution to approve the allocation of warrants under the approved Employee Stock Option Scheme ("ESOP") for employees totalling 698,000 warrants. One warrant can be exercised for one share. The warrant's exercise price shall be calculated based on the weighted average closing price of the Company's shares traded on the SGX-ST for the 15 consecutive trading days prior to the issue date of the warrants. The warrant holders can exercise the warrants every six months after the third anniversary of the issue date but not later than five years from the issue date.



(Baht in Millions)

Income	Business Segment	2006		2007		2008	
		Income	Percentage	Income	Percentage	Income	Percentage
1. Freight Charges*	Shipping Operations	12,820.99	75.17	15,865.29	74.42	28,453.61	80.42
2. Service Income	Shipping Services	263.75	1.55	259.48	1.22	383.86	1.08
3. Offshore Service Income	Offshore Services	2,752.82	16.14	4,025.55	18.88	5,258.48	14.86
4. Commission Income	Shipping Services	159.65	0.94	205.75	0.97	297.44	0.84
5. Share of Profit from Associates and Joint Venture		-	-	9.39	0.04	74.21	0.21
6. Others		1,059.79	6.20	953.13	4.47	914.87	2.59
Total		17,057.00	100	21,318.59	100	35,382.47	100

* Names of 44 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 14,476,892.

2. Non-audit fees

The company and its subsidiaries paid non-audit fees to audit firms for the latest financial year amounting to Baht 6,796,310 primarily relating to auditing the Company's compliance to the conditions in the BOI's certificate.

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. To execute the gradual 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. For the year that ended on 30 September 2008, crude oil prices ranged from US\$ 77.05 to US\$ 145.44 per barrel. The Group is exposed to fluctuations in oil prices in the liner services and many contracts of affreightment, where the Group is required to absorb any increases in bunker fuel 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. Furthermore, fuel may become more expensive in the future, which may reduce the competitiveness of the shipping business versus other forms of transportation, such as truck or rail.

The Group's policy is to place between 20% to 30% of the fleet on time charters, thereby limiting bunker fuel exposure. The Group also plans to execute bunker fuel hedges from time to time on contracts of affreightment, and as fuel costs are hedged, attempt to pass through these costs to our clients.

World events could affect the Group's results and financial condition.

The threat of future terrorist attacks continues to cause uncertainty and may affect the Group's business, operating results, and financial condition. In the past, political conflicts have resulted in attacks on vessels, mining of waterways, and other efforts to disrupt international shipping. Acts of terrorism and piracy have also affected vessels trading in regions such as the Middle East and South China Sea. Any of these occurrences could have a material adverse impact on the Group's operating results.

This year's rise in piracy attacks and the company's recent experience in Somalia has led it to provide significant additional passive deterrents, preparations, drills, procedures, and training of sea staff prior to entering and during transit of piracy-affected areas. These additional measures include full 360 degree razor wire fencing, accommodation and bridge protection, military level personal body and head protection, and mandatory use of patrolled 'sea corridors'. Other deterrents and protection measures are being explored with both military and civilian consultants.

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 2008, 37.04% of gross freight revenues and 30.00% 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 2008, the Group completed the first phase of its information technology upgrades. In 2009, the Group plans to review in detail its business processes with a view to increase productivity and efficiency. A corporate reorganisation exercise is also planned to synchronise the structure with the medium-term strategic plan. Senior Group managers have also 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. For the year that ended on 30 September 2008, the fleet utilisation rate was 98.41%. 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. The Group will also consider second-hand vessel acquisitions, particularly in a falling asset price environment, as part of the fleet renewal plan. The shorter delivery times of second-hand vessel acquisitions could compensate for any delays from the newbuild vessel yards.

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 2008, the Group's dry bulk shipping fleet ranged in age up to 25 years with an average size of 28,256 dwt and a dwt-weighted average age of 19 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 from 2005 to 2008, 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 services 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 confirmed plans to purchase one newbuild tender drilling rig, one newbuild ROV support vessel, and one newbuild diving support vessel (through a bareboat charter with purchase option). 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 increased salary rates for the Group's predominantly Thai sea staff approximately 15% following Thailand's prospective adoption of the labour standards of the International Maritime Labour Convention.

The Group's ability to grow its business through further asset acquisitions could be affected by the global credit crisis.

Past expansion activities of the Group had been driven by ready access to credit lines, among other things. The Group's future asset expansion plans may be subject to the systemic risks arising from the global financial crisis of late 2008, which has resulted in reducing financing availability generally across all sectors, including those associated with funding capital expenditure in rigs and vessels and other related acquisitions. With financing situations of banks and other financial institutions generally deteriorating sharply, availability of credit lines to the Group for such expansion activities may become strained. Where available, securing credit may come with higher funding costs which may in turn result in investment economics becoming less attractive. This could materially and adversely affect the Group's ability to expand its revenue generating asset base.

The Group's policy is to ensure that committed acquisitions continue to be supported financially and that future expansion plans take into consideration the present global financial crisis including any new acquisition opportunities that may arise from it.

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 and assignment.

Shareholdings by Directors/Executives

Table 36 : Shareholdings by Directors as of 30 September 2008

Name	As of 30 Sept. 07	Changes During Year	As of 30 Sept. 08
1. M.R. Chandram S. Chandratat	525,030	230,000	755,030
Spouse	267,000	128,000	395,000
2. M.L. Chandchutha Chandratat	173,080	3,000	176,080
Spouse	0	0	0
3. Mr. Stephen Fordham	0	0	0
Spouse	0	0	0
4. Dr. Pichit Nithivasin	0	0	0
Spouse	0	0	0
5. Mr. Bjorn Ostrom	0	0	0
6. Mr. Sak Euarchukiati	0	0	0
Spouse	0	0	0
7. Dr. Siri Ganjarerndee	0	0	0
Spouse	0	0	0
8. Mrs. Joey Horn*	0	0	0
Spouse	0	0	0
9. Mrs. Pratana Mongkolkul	20,000	0	20,000
Spouse	0	0	0
10. Mr. Andrew John Airey	0	0	0
Spouse	0	0	0
11. Mr. Anders Soedergren	45,000	20,000	65,000
Total	1,030,110	381,000	1,411,110

Note : * Mrs. Joey Horn became director of TTA on 31 January 2008.

Table 37 : Shareholdings by Executives as of 30 September 2008

Name	As of 30 Sept. 07	Changes During Year	As of 30 Sept. 08
1. M.L. Chandchutha Chandratat	173,080	3,000	176,080
Spouse	0	0	0
2. Mr. Andrew John Airey	0	0	0
Spouse	0	0	0
3. Mr. Ivar Harald Saus	0	0	0
Spouse	0	0	0
4. Mr. Anders Soedergren	45,000	20,000	65,000
5. Ms. Nuch Kalyawongsa	11,750	1,000	12,750
6. Mr. Prithayuth Nivasabutr	0	0	0
Total	229,830	24,000	253,830

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



Table 38 : Major Shareholders As of 30 May 2008 (The latest share register book's closing date)

No.	Name	No. of Shares	Percentage
1.	Thai NVDR Co., Ltd.	147,799,825	22.96
2.	Goldman Sachs International	23,255,043	3.61
3.	State Street Bank and Trust Company, For London	17,301,526	2.69
4.	Gerlach & Co.-Old Westbury Global Opportunities Fund	15,700,000	2.44
5.	State Street Bank and Trust Company	15,476,895	2.40
6.	State Street Bank and Trust Company, For Australia	15,070,750	2.34
7.	Morgan Stanley & Co. International Plc	13,666,800	2.12
8.	HSBC (Singapore) Nominees Pte Ltd	12,340,880	1.92
9.	Mellon Bank, N.A.	8,535,020	1.33
10.	The Bank of New York Nominee Ltd A/C Bank of New York Europe Ltd – Direct Client Account	8,215,200	1.28
Total		277,361,939	43.09

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 distribute dividends of at least 25% of the consolidated net profit after tax but excluding unrealised foreign exchange gains or losses, subject to the Company's investment plans and other relevant factors. The Board may review and revise the dividend policy from time to time to reflect the Company's future business plans, the needs for investment, and other factors, as the Board deems appropriate. However, dividend distributions may not exceed the retained earnings reported in the financial statements of the Company only.

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-ST, 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 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 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 website prior to any shareholders' meetings. We try to respond to all questions posed by our shareholders. Guidelines that allow shareholders to nominate directors are also posted on our website.

(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 communication within its reporting methods, so all documents are available on our website at www.thoresen.com.

Detailed procedures for each shareholders' meeting are as follows:

(i) Procedures prior to the meetings

The 2008 AGM was held on 31 January 2008. The notice to the 2008 AGM was sent to shareholders and the SET on 10 January 2008, which complies with TTA's policy that notice to any meeting must be sent at least fourteen days prior to the meeting.

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 and for counting votes.

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 2008 AGM. All 11 directors, including the chairmen of the Board committees, attended the meeting. 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.

(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 2008 AGM were recorded and submitted to the SET on 14 February 2008, which was fourteen days after the meeting. The minutes were also posted on our website (<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 website. The concerns will be discussed and any material matters will be reported to the Board. If so instructed by the Board, an investigation into these concerns will be launched.

(A) SHAREHOLDERS

TTA aims to maximise shareholders' long-term benefits by sustaining growth and profitability and maintaining competitiveness 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 80 meetings in 2008).
2. Quarterly meetings with analysts to discuss our most recent financial performance.
3. Investor conferences (3 conferences in 2008).
4. Road shows (3 road shows in 2008).
5. Company visit programme (1 programme in 2008).

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 website.

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 mantanee@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 (7 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 may sit to ensure that they have sufficient time to devote to our business affairs.

(i) Executive Director

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

(ii) Independent Director

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

The main qualifications of an independent director include:

1. They must not hold more than 1 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 or used to be directors who were involve in management or be an employee, staff, advisor who receives a salary from TTA or an affiliated, associated, or related company unless they have not been involved in such positions for at least two years prior to the date of appointment.
3. They must be free of any direct or indirect, financial or other interests in the management and business of TTA or its subsidiaries, associated or related companies, or major shareholders in a way that might interfere with their independent decision-making, unless they have not been involved in such positions for at least two years prior to the date of appointment.
4. They must not be related to any executive director, executive officer, controlling person, or major shareholder no matter by blood or registration under laws such as parents, spouse, sibling and child, including the spouse of the child, executive director, executive officer, controlling person, or major shareholder of TTA or its subsidiary.
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.
7. They must not be or used to be an auditor of TTA or an affiliated, associated, or related company, unless they have not been involved in such positions for at least two years prior to the date of appointment.
8. They must not be or used to be persons who provided any professional advice and services, such as legal adviser or financial consultant, who receives service fees more than Baht 2 million per annum from TTA or an affiliated, associated, or related company, unless they have not been involved in such positions for at least two years prior to the date of appointment.

(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), one non-executive director (approximately 9% of the total number of Directors), and seven independent directors (approximately 64% of the total number of Directors). The Board as of 30 September 2008 consisted of the following persons:

Table 39 : 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 Ganjarerndee	Independent Director
8. Mrs. Joey Horn	Independent Director
9. Mrs. Pratana Mongkolkul	Independent Director
10. Mr. Andrew John Airey	Executive Director
11. Mr. Anders Soedergren	Executive Director

(iv) Segregation of Positions

The Board elects one of its non-executive directors as Chairman. The Chairman and Managing Director are two separate individuals. 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 website (<http://www.thoresen.com>) under "Corporate Governance".

(i) Company Secretary

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

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

(ii) Audit Committee

The Audit Committee ("AC") comprised the following directors: Mr. Bjorn Ostrom (Chairman), Dr. Siri Ganjarerndee, and Mrs. Pratana Mongkolkul. All AC members are independent directors and have sufficient knowledge and experience to review the reliability of financial statements. The AC met twelve times during 2008. 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 accuracy, 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 as follows:
 - Reviewing the activities and organisational structure of the internal audit function and ensure no unjustified restrictions or limitations are made.
 - Determining an internal audit unit's independence.
 - Considering and approving on the appointment, removal, transfer, or dismissal of the Internal Audit Manager.
 - Considering audit reports and recommendations presented by internal auditors and monitoring the implementation of the recommendations.
 - Reviewing the adequacy of TTA's risk management and ensuring that risk management complies with the guidelines of the relevant authorities and our internal policies.
3. Reviewing TTA's business operations, ensuring that they comply with the law on securities and exchange, the SET's regulations, and the laws relating to TTA's business.
4. Considering, selecting, and nominating an independent person to be TTA's auditor, including the auditing fee and the following main activities:
 - Reviewing the performance of the external auditors by taking into account the auditor's credibility, the adequacy of resources, audit engagements, and experience of its staff assigned to audit TTA's accounts.
 - Reviewing the external auditors' proposed audit scope and approach and ensure no unjustified and restrictions or limitations have been placed on the scope.
 - Making recommendations to the Board regarding the reappointment of the external auditors.
 - Considering audit reports and recommendations presented by the external auditors and monitoring the implementation of the recommendations.
 - During the year, the AC meets with the external auditors and the Internal Audit Manager separately without any management in attendance at least once a year.
5. Reviewing TTA's business operations, including connected transactions, and ensuring that there is no conflict of interest, taking into consideration transactions between TTA and subsidiaries or related parties in order to assure the effectiveness of the system for monitoring compliance with laws and regulations and to be reasonable for the highest benefit of TTA.
6. Preparing and disclosing in TTA's annual report, an AC's report which must be signed by the AC's chairman, which consists of at least the following information:
 - An opinion on the accuracy, completeness, and creditability of TTA's financial report.

- An opinion on the adequacy of TTA's internal control system.
 - An opinion on the compliance with the law on securities and exchange, the SET's regulations, or the laws relating to TTA's business.
 - An opinion on the suitability of an auditor. 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.
 - An opinion on the transactions that may lead to conflicts of interests.
 - The number of the AC meetings, and the attendance of such meetings by each committee member.
 - An opinion or overview comment received by the AC from its performance of duties in accordance with the charter.
 - Other transactions which, according to the AC's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by TTA's Board.
7. Performing any other acts as assigned by TTA's Board, with the approval of the AC.
 8. Reviewing and updating the charter and then seek the approval of changes from the Board.

The work accomplished by the AC in 2008 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 Maritime Operations Division, Accounting Department, and Human Resources Department. In addition, a new Accounting Manual & Workflow for the new IT system was implemented in order to be guidelines for all responsible staff.
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 2008 AGM, the shareholders approved the following items:

1. The appointment of Mr. Kajornkiet Aroonpirodikul, License No. 3445, or Mr. Sudwin Panyawongkhanti, License No. 3534, or Mrs. Nattaporn Phan-Udom, License No. 3430, of PricewaterhouseCoopers as auditors for the 2008 financial year.

2. The audit fee in the amount of Baht 2.965 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 30 January 2009.

(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 three times in 2008 and is independently advised. 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 (date Sep, 2006), the RC has proposed a revised compensation scheme for non-executive directors that comprise

monthly fees, attendance fees, and a bonus if TTA exceeds a 15% return on parent shareholders funds. This proposal has been forwarded to TTA shareholders for their approval at the 2009 AGM.

(v) Nomination Committee

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

NC met six times in 2008. 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 renewal without compromising its continued effectiveness. Mr. Sak Euarchukiati joined the Board in May 2007, and Mrs. Joey Horn joined the Board in January 2008. In our ongoing search for directors to participate in our business growth strategy, Mr. Aswin Kongsiri has been proposed for approval at the 2009 AGM as a new independent director of TTA.

(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 focuses its utmost attention on 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 AC. The IAD assists the AC and the 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. We recognise that a proper control environment will lead to work efficiency and effectiveness of work.

2. Risk Management Measures

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

3. Management Control Activities

Authority and approval assignments have been defined for each department and are monitored regularly. Transactions with major shareholders, directors, management, and related parties have been carefully controlled to conform with the Notification of the SET 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. Currently, we utilise “Key Performance Indicators (KPI)” as instruments for planning and evaluation. Operational outcomes are reported on a regular and timely basis.

4. Information and Communication Measures

Information technology has been developed to ensure efficient business operations and to serve the 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 improvement 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 were reported to the AC. 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.

(F) BOARD MEETINGS

The Board is generally required to meet at least four times a year. Special meetings are convened as necessary to address specific needs. In 2008, there were six 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 2008 are shown in the following table.

Table 40 : Details of Directors' Attendance Record in 2008

Name	Board Meetings			Audit Committee Meetings			Remuneration Committee Meetings	Nomination Committee Meetings
	Regular Meeting	Ad-hoc Meeting	Total	Regular Meeting	Ad-hoc Meeting	Total		
1. M.R. Chandram S. Chandratat	4/5	1/1	5/6	-	-	-	-	-
2. M.L. Chandchutha Chandratat	5/5	1/1	6/6	-	-	-	-	-
3. Mr. Stephen Fordham	4/5	1/1	5/6	-	-	-	-	6/6
4. Dr. Pichit Nithivasin	4/5	1/1	5/6	-	-	-	3/3	5/6
5. Mr. Bjorn Ostrom	5/5	1/1	6/6	10/10	2/2	12/12	-	-
6. Mr. Sak Euarchukiati	5/5	0/1	5/6	-	-	-	3/3	5/6
7. Dr. Siri Ganjarerndee	4/5	0/1	4/6	10/10	2/2	12/12	2/3	5/6
8. Mrs. Joey Horn *	3/3	-	3/3	-	-	-	-	-
9. Ms. Pratana Mongkolkul	4/5	1/1	5/6	10/10	2/2	12/12	-	-
10. Mr. Andrew John Airey	5/5	0/1	5/6	-	-	-	-	-
11. Mr. Anders Soedergren	5/5	1/1	6/6	-	-	-	-	-

Note : * She became Board member in January 2008.

(G) BOARD ASSESSMENT AND ROTATION

The Board is composed of seven independent directors, one non-executive director, 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 Mongkolkul were elected to succeed Mr. Somphong Thanasophon, Vice Admiral Kittichai Senanarong, and Mr. Pichai Chirungsappasuk. At the 2008 AGM, Mrs. Joey Horn was elected to succeed Mr. Lance Karl Depew.

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.

(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 2008 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 2008

(a) Remuneration in Cash

a.1. The Board's remuneration

At the 2008 AGM, TTA's shareholders approved the remuneration of TTA's Board as follows:

- (i) All eight (8) non-executive directors continue to receive the same standard monthly fees as 2007.
- (ii) AC members shall receive attendance fees in addition to the monthly fees in their position as a director. The Chairperson of the AC shall receive attendance fees of Baht 48,000 per meeting, while other members shall each receive attendance fees of Baht 40,000 per meeting.
- (iii) Members of the RC and NC shall receive attendance fees in addition to the monthly fees in their position as a director. The Chairpersons of the RC and the NC shall receive attendance fees of Baht 12,000 per meeting, while RC members and NC members shall each receive attendance fees of Baht 10,000 per meeting.
- (iv) The three (3) executive directors shall receive no monthly fees or other forms of remuneration in their position as directors, since they are employees of TTA.
- (v) To align the interests of the Board and shareholders, a bonus for all non-executive directors is proposed to be paid only if TTA's annual consolidated net profits exceed Baht 2,000 million (excluding unrealised foreign exchange gains or losses). Once this threshold is reached, a bonus equal to 0.35% of the difference between that year's annual consolidated net profit and Baht 2,000 million will be shared equally among all non-executive directors.

For the financial year that ended on 30 September 2008, the TTA's consolidated net profit amounted to Baht 8,776.44 million. Therefore, total standard remuneration amounted to Baht 6.16 million, while the bonus amount of Baht 21.936 million will be equally paid to all non-executive directors.

Full remuneration and bonus details are prescribed in the table below.

Table 41 : Remuneration and Bonus for the Board and Board Committees

Unit : Baht

Name	The Board of Directors			The Audit Committee	The Remuneration Committee	The Nomination Committee
	Standard Remuneration	Bonus	Total			
1. M.R. Chandram S. Chandratat	3,360,000	2,861,302	6,221,302	-	-	-
2. M.L. Chandchutha Chandratat	-	-	-	-	-	-
3. Mr. Stephen Fordham	420,000	2,861,302	3,281,302	-	-	36,000
4. Dr. Pichit Nithivasin	420,000	2,861,302	3,281,302	-	36,000	30,000
5. Mr. Bjorn Ostrom	420,000	2,861,302	3,281,302	489,900	-	-
6. Mr. Sak Euarchukiati	420,000	2,861,302	3,281,302	-	30,000	30,000
7. Dr. Siri Ganjarerndee	420,000	2,861,302	3,281,302	425,000	20,000	30,000
8. Mrs. Joey Horn *	280,000	1,907,535	2,187,535	-	-	-
9. Ms. Pratana Mongkolkul	420,000	2,861,302	3,281,302	425,000	-	-
10. Mr. Andrew John Airey	-	-	-	-	-	-
11. Mr. Anders Soedergren	-	-	-	-	-	-
Total	6,160,000	21,936,649	28,096,649	1,339,900	86,000	126,000

Note : * She became Board member in January 2008.

- a.2. Remuneration of the Managing Director and his direct reports, totalling twelve persons, equalled Baht 127.84 million.

(b) Other Remuneration

TTA's provident fund contributions to the Managing Director and his direct reports, totalling twelve persons, equalled Baht 5.54 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' ("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.

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 2008, TTA and its subsidiaries had no significant related party transactions with major shareholders, directors, executives, and related persons of TTA.



Investments in other companies exceeding 10% of the other companies' shares as of 30 September 2008 are as follows:

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
<i>Type of Business : International Maritime Transportation</i>						
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	Hermelin Shipping Co., Ltd.	Ordinary	1,000,000	999,993	99.9	100
4	Thor Star Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
5	Thor Skipper Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
6	Thor Sailor Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
7	Thor Sun Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
8	Thor Spirit Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
9	Thor Sky Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
10	Thor Sea Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
11	Thor Master Shipping Co., Ltd.	Ordinary	1,880,000	1,879,993	99.9	100
12	Thor Merchant Shipping Co., Ltd.	Ordinary	200,000	199,994	99.9	100
13	Thor Mariner Shipping Co., Ltd.	Ordinary	350,000	349,994	99.9	100
14	Thor Mercury Shipping Co., Ltd.	Ordinary	600,000	599,994	99.9	100
15	Thor Captain Shipping Co., Ltd.	Ordinary	1,530,000	1,529,994	99.9	100
16	Thor Pilot Shipping Co., Ltd.	Ordinary	800,000	799,993	99.9	100
17	Thor Jasmine Shipping Co., Ltd.	Ordinary	700,000	699,993	99.9	100
18	Thor Champion Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
19	Thor Orchid Shipping Co., Ltd.	Ordinary	472,500	472,493	99.9	100
20	Thor Navigator Shipping Co., Ltd.	Ordinary	990,000	989,993	99.9	100
21	Thor Commander Shipping Co., Ltd.	Ordinary	1,150,000	1,149,993	99.9	100
22	Thor Transporter Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
23	Thor Lotus Shipping Co., Ltd.	Ordinary	630,000	629,993	99.9	100
24	Thor Trader Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
25	Thor Traveller Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
26	Thor Venture Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
27	Thor Nautica Shipping Co., Ltd.	Ordinary	753,000	752,993	99.9	100
28	Thor Confidence Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
29	Thor Guardian Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
30	Thor Triumph Shipping Co., Ltd.	Ordinary	600,000	599,993	99.9	100
31	Thor Nexus Shipping Co., Ltd.	Ordinary	1,857,000	1,856,993	99.9	100
32	Thor Neptune Shipping Co., Ltd.	Ordinary	1,380,000	1,379,993	99.9	100
33	Thor Tribute Shipping Co., Ltd.	Ordinary	1,170,000	1,169,993	99.9	100
34	Thor Jupiter Shipping Co., Ltd.	Ordinary	974,000	973,993	99.9	100
35	Thor Alliance Shipping Co., Ltd.	Ordinary	1,060,000	1,059,993	99.9	100
36	Thor Nautilus Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
37	Thor Wind Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
38	Thor Wave Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
39	Thor Dynamic Shipping Co., Ltd.	Ordinary	3,600,000	3,599,993	99.9	100
40	Thor Enterprise Shipping Co., Ltd.	Ordinary	6,300,000	6,299,993	99.9	100
41	Thor Harmony Shipping Co., Ltd.	Ordinary	3,500,000	3,499,993	99.9	100
42	Thor Integrity Shipping Co., Ltd.	Ordinary	3,850,000	3,849,993	99.9	100
43	Thor Nectar Shipping Co., Ltd.	Ordinary	2,541,000	2,540,993	99.9	100
44	Thor Nereus Shipping Co., Ltd.	Ordinary	2,128,000	2,127,993	99.9	100
45	Thor Transit Shipping Co., Ltd.	Ordinary	1,000,000	999,993	99.9	100
46	Thor Endeavour Shipping Co., Ltd.	Ordinary	11,000,000	10,999,993	99.9	100
47	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. 2-47 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

48	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
49	Thoresen Shipping Singapore Pte. Ltd. 25 International Business Park #02-65/67 German Centre Singapore 609916 Tel. : +65 6578 7000 Fax : +65 6578 7007	Ordinary	111,300,000	111,300,000	100.0	S\$ 1

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
50	Thoresen Shipping Germany GmbH Stavendamm 4a, 28195 Bremen, Germany Tel : 421 336 52 22	Ordinary	25,000	25,000	100.0	1 Euro
51	PT Perusahaan Pelayaran Equinox Globe Building 4th & 5th floor Jalan Bancit Raya Kav. 31-33, Jakarta Indonesia 12740 Tel: +6221 7918 7006 Fax: +6221 7918 7097	Ordinary	24,510	12,010	49.0	1,000,000 Rupiah
Type of Business : Ship Supplies, Logistics, Ship Stevedoring and Transportation						
52	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
53	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						
54	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	11,215	51.0	1,000
55	ISS Thoresen Agencies Ltd. 26/26-27 Orakarn Building, 8th Floor Soi Chidlom, Ploenchit Road Lumpinee, Pathumwan Bangkok 10330 Tel : +66 (0) 2254-0266 Fax : +66 (0) 2254-0628	Ordinary	500,000	499,993	99.9	100
56	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

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
57	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
Type of Business : Ship Brokerage						
58	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
59	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						
60	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	541,205,340	191,602,670 (direct holding) 117,648,600 (indirect holding)	57.14	1
Type of Business : P&I Club Representation						
61	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						
62	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



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 obtained through a mutual association formed by vessel owners to
Insurance	provide liability insurance protection from large financial loss to one member through contributions towards that loss by all members.
Remotely operated vehicles (“ROV”)	Robotic vehicles used to complement, support, and increase the efficiency of diving and sub-sea operations and for tasks beyond the capability of manned diving operations.
Saturation diving	Saturation diving involves divers working from special chambers for extended periods at a pressure equivalent to the pressure at the work site.
Scrapping	The disposal of old or damaged vessel tonnage by way of sale as scrap metal.

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

The Company

AS OF 30 SEPTEMBER 2008

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	Mr. Kajornkiet Aroonpirodkul Certified Public Accountant (Thailand) No. 3445 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.
22nd Floor, Sindhorn Tower III
130-132 Wireless Road, Lumpinee, Pathumwan, Bangkok 10330, Thailand
Telephone: +66 (0) 2263-7600

Watson, Farley & Williams (Thailand) Limited.
Unit 902, 9th Floor, GPF Witthayu Tower B
93/1 Wireless Road, Patumwan, Bangkok 10330
Telephone: +66 (0) 2655 7800/78

Tilleke & Gibbins International Ltd.
1011, Supalai Grand Tower 20th-26th Floors, Rama 3 Road Chongnonsi
Yannawa, Bangkok 10120, Thailand
Telephone: + 66(0) 2653 5555

Dherakupt Law Office Co., Ltd.
546 Univest Complex 15th Fl., Ratchadaphisek Road, Ladyao, Jatujak
Bangkok 10900
Telephone: +66(0) 2511-1512, +66(0) 2513-1976



Thoresen Thai Agencies Public Company Limited

26/26-27 Orakarn Building, 8th Floor, Soi Chidlom, Ploenchit Rd.
Lumpinee, Phatumwan, Bangkok 10330, Thailand

Tel. +66 (0) 2250 5069-74, 254 8437-38

Fax. +66 (0) 2655 5631

tta@thoresen.com www.thoresen.com