



THORESEN THAI AGENCIES PLC.

# 2012

ANNUAL REPORT



## FOCUSED FORWARD

| Transport | Energy | Infrastructure

## POISED FOR GROWTH

**After a period of consolidation, core business units are now ideally positioned for future growth**

By pushing its reach outwards from South East Asia into other high growth regions, Mermaid achieved full year profitability in 2012 and went into 2013, with the largest revenue backlog in its history, positioning it for even better results next year. Through strategic efforts to maximise revenues and streamline costs, Thoresen Shipping outperformed the market in terms of freight rates by 9% in 2012, while achieving a top quartile score for owner expenses.

## AGILE

**Nimble leadership and decision making to support opportunistic moves**

AOD's high specification jack-up rigs are set to arrive in 2013 at a locked in cost well below today's market prices, as day rates and utilisation rates soar for new jack-up rigs amidst an upturn in exploration and production activity.

TTA's initiative to build a full service, end-to-end logistics offering in South Vietnam is bearing fruit, with warehouse facilities already at 90% capacity, and 100,000 metric tonnes of additional space to open up in 2013.



## BOLD

**Resolutely building long term shareholder value**

Ambitious growth targets have been set to support TTA's next evolutionary step. In the near term, the Group plans to increase its investments in oil and gas services, and the dry bulk fleet will expand through purchases of both new and second hand vessels.

In line with transparent financial reporting principles, TTA took a conservative assessment of its investments and businesses in 2012. The Company now goes into 2013 with a lean and conservative balance sheet that positions it ideally to capture profitability in 2013 and beyond.

## RESILIENT

**Enduring industry down cycles and emerging stronger than ever**

Despite the dry bulk industry enduring its lowest global freight rate environment in 25 years in 2012, TTA was able to leverage the results of a more balanced business portfolio to boost net cash flows from operations by 1,261% year-on-year.

During a low part of the offshore oil and gas services industry cycle, Mermaid and its subsidiaries spearheaded an aggressive push into the Middle East, which resulted in two landmark deals with Saudi Aramco, the largest oil and gas company in the world. Combined, the deals concluded by AOD and Mermaid are worth more than USD 750 million.



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# FOCUSED FORWARD

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# Important Changes and Developments

## 2012

- TTA acquired one second-hand dry bulk vessel. The business restructuring of dry bulk shipping was completed as eight Thai flagged vessels were transferred to Thoresen Shipping Singapore Pte. Ltd.
- TTA's convertible bonds matured on 24 September 2012.
- The total owned fleet as of 30 September 2012 consisted of sixteen dry bulk vessels, eight offshore vessels, and two tender drilling rigs. Additionally, approximately 4.5 dry bulk vessels and one offshore vessel were chartered in to meet client demand.
- Soleado acquired 33.33% of Qing Mei Pte. Ltd. ("Qing Mei") to develop a new coal-mining project in Indonesia.
- Asia Offshore Drilling Limited ("AOD") raised USD 180 million from the international capital markets and signed contracts to build 3 jack-up rigs worth USD 538 million with Singapore Keppel FELS Limited ("Keppel FELS"). AOD shares were successfully listed on the Oslo Stock Exchange on 15 July 2011, and Mermaid owns 33.75% of AOD.

## 2011

- Soleado acquired a 20% stake in Baria Serece as part of its strategy to create an integrated logistics business in Vietnam.
- TTA acquired three dry bulk vessels, two in the second-hand market and one new build vessel.
- Soleado acquired an additional 1.166% ownership in Petrolift Inc. ("Petrolift") to have 40.0% ownership.
- Soleado acquired a 38.83% stake in Petrolift, a petroleum tanker company in the Philippines.
- Mermaid acquired a 100% stake in Subtech Ltd. in Seychelles to expand its subsea engineering services in the Middle East.
- TTA issued unsubordinated and unsecured domestic debentures of Baht 4.0 billion to refinance existing loans and to increase working capital.
- TTA acquired four dry bulk vessels, three in the second-hand market and one new build vessel. Mermaid acquired one second-hand and three new build subsea vessels.

## 2009

- TTA established Soleado Holdings Pte. Ltd. ("Soleado") as an investment holding company for projects, assets, or companies outside of Thailand.
- TTA acquired an 89.55% stake in Unique Mining Services Public Company Limited, a coal logistics company in Thailand, as part of its strategy to create an integrated coal business.
- Soleado acquired a 100% stake in Baconco Co., Ltd., a fertiliser company in Vietnam. Soleado acquired a 21.18% stake in Merton Group (Cyprus) Ltd., which has a coal mining joint venture in the Philippines.
- Mermaid raised SGD 156 million by way of a rights issue to pursue its business growth.

## 2007

- TTA issued convertible bonds in an amount of USD 169.80 million to fund a gradual fleet renewal and expansion plan.
- Mermaid raised SGD 246 million from its initial public offering on the Singapore Exchange Securities Trading Limited.

## 1995

- The ordinary shares of Thoresen Thai Agencies Plc. ("TTA") were listed on the Stock Exchange of Thailand ("SET").

## 1986

- In order to separate the ship agency and brokerage businesses from the ship owning business, Thoresen Thai Offshore Ltd. changed its name to Thoresen Thai Agencies Ltd. on 20 October 1986. All ship agency and brokerage activities were transferred to this company.

## 1926

- Thoresen & Co., Ltd., Hong Kong established a branch office in Thailand to provide ship agency and brokerage services.



# Message from Chairman

For Thoresen Thai Agencies Public Company Limited ("TTA" or the "Company"), 2012 was undoubtedly a year of transition and restructuring. Our shareholder structure underwent a fundamental shift, and the composition of our Board changed as a result. In addition, we implemented a new Executive Committee ("Exco") at the Board level in order to add checks and balances to our decision making processes in line with global best corporate governance practices.

These changes have resulted in greater communication and oversight of management, stronger controls over decision making, and a renewed focus on creating shareholder value. While the full effects of the changes will take some time to fully realise, one important fact that should not be overlooked is that we have maintained senior management stability at TTA. This fact underscores the willingness of our shareholders, the Board, and management to work together towards our stated objective of growing TTA and creating maximum value for the Company's shareholders as a result.

Looking back at 2012, we made a number of difficult decisions that had a significant impact on our financial results. These decisions were taken after a series of thorough reviews. Our view is to conduct all accounting and reporting activities conservatively and transparently and as a result, the Company took a number of significant impairments and other extraordinary write-downs during the year. Since these were largely non-cash items, TTA's cash position remained strong.

Ultimately, the moves we made allow the Company to enter 2013 with a clean slate, positioning us for long-term growth and in turn, profitability.

The focus for the Company over the next year will be two-fold. First, we plan to continue the positive momentum made in our two largest businesses, Thoresen Shipping Singapore Pte. Ltd. ("Thoresen Shipping") and Mermaid Maritime Public Company Limited ("Mermaid"). Our two largest core businesses

have made tremendous strides over the last year through a laser-like focus on cost control, geographic expansion, and building new client relationships.

Second, assuming approval of the proposed capital increase plan, we plan to work on new investments in both Thoresen Shipping and Mermaid, as the time is right to increase the size of the dry bulk shipping fleet and to renew the drilling rig fleet. The projected investments will increase revenues, profits, and ultimately, shareholder value in the medium-term.

Another major focus has and will continue to be the reopening of Unique Mining Service Public Company Limited ("UMS")'s Samut Sakorn plant. The team has worked tirelessly to rectify the situation in the shortest possible time, and the Board has provided input and advice throughout the process. We are working towards a solution to resume normal operations by the middle of 2013, at which point we expect UMS to return to profitability in short order.

Despite the challenges we have faced over the last year, the professional conduct and leadership by TTA's directors, management, and general staff have benefited the Company tremendously, and helped to position us for sustainable growth over the long term. I would like to take this opportunity to extend my gratitude for all of these efforts over the year and look forward to your continued support, as TTA regains its growth track into the next fiscal year.



Yours sincerely,

A handwritten signature in black ink, appearing to read 'Prasert', followed by a horizontal line.

Mr. Prasert Bunsumpun,  
Chairman

# Message from CEO

Thoresen Thai Agencies Public Company Limited ("TTA" or the "Company") reported a loss of Baht 4,619 million for the year that ended on 30 September 2012 ("FY 2012"), primarily due to several extraordinary non-cash write-downs and impairments which were realised in line with TTA's policy for conservative financial reporting.

TTA has four business units which are at sufficient scale to drive revenues and profits – Thoresen Shipping Singapore Pte. Ltd. ("Thoresen Shipping"), Mermaid Maritime Public Company Limited ("Mermaid"), Baconco Co., Ltd. ("Baconco"), and Unique Mining Services Public Company Limited ("UMS").

We continued to face a difficult operating environment in two of our four core business units, Thoresen Shipping and UMS. As vessel oversupply continues to pressure the dry bulk shipping industry, freight rates reached a 25-year low in February 2012. Meanwhile, a government-imposed order continued to keep one of UMS' two production sites closed for the entire fiscal year.

Despite the challenges, TTA reported a positive normalised EBIT for FY 2012 in three out of the four business units, as we made some very strong operational strides.

Most impressive was Thoresen Shipping's ability to generate profitability in the second half of the year, despite the industry effectively bottoming out in terms of freight rates. Through focused cost control initiatives, Thoresen Shipping brought its vessel operating expenses down by 37% year-on-year by the fourth quarter of FY 2012, an accomplishment that put us in the top quartile in terms of owner expenses worldwide. This, coupled with revenue maximisation efforts such as positioning vessels in higher yielding

North Atlantic routes and increasing the size of our chartered in fleet, allowed us to establish true industry leadership in one of our largest businesses, primed for even stronger growth as our fleet renewal plan comes into focus in 2013.

Mermaid, which has been working diligently towards a subsea fleet optimisation strategy to focus on higher vessel yields through value added services and increased market penetration in high growth areas, turned around a negative performance in the year that ended on 30 September 2011 ("FY 2011") to achieve full year profitability in FY 2012, with earnings before interest expenses and taxes ("EBIT") rising 138% to Baht 603 million. Profitability at Mermaid was also driven by higher utilisation of its two drilling assets.

The push into new geographies was galvanised in October, when a Mermaid joint venture signed a USD 530 million five-year diving services contract, one of the world's largest, with Saudi Aramco, the world's largest oil and gas company. Shortly thereafter, Asia Offshore Drilling Limited, Mermaid's 33.75% owned associate company, announced a USD 197 million three-year drilling contract, also with Saudi Aramco, for its first jack-up rig to be delivered in March 2013. The Middle East represents an important growth area for Mermaid, since unlike South East Asia, there is no low season and utilisation can remain consistent year round.

Baconco continued its steady performance, contributing an EBIT of Baht 243 million in FY 2012, marginally lower than the previous year due to rising material costs. Baconco's contributions to TTA in FY 2012 represented a 55% return on investment, making it consistently one of the strongest diversified investments we have made. And with continued strong prospects in Baconco's warehouse business, which

is expanding once again in 2013, we are making further strides towards being able to offer a full logistics service at scale in South Vietnam.

UMS continues to operate on only one leg, as its Samut Sakorn plant remains closed as a result of environmental issues in an adjacent area of the province. As a pre-condition to reopening the plant, UMS must clear out its entire 0-5 mm coal inventory, incurring high transportation costs to transport this stock to cement plant clients, most of which are not near the facility. We remain confident in the team's ability to work with local authorities towards re-establishing normal operations next year, and believe that UMS can return to profitability relatively quickly, as appetite for coal in the area remains strong.

Looking ahead, our priorities will be to build upon the strong gains we have made in Mermaid and Thoresen Shipping. For Thoresen Shipping, we have identified a clear opportunity to increase the fleet size at historically attractive prices. Thoresen Shipping has proven that it can achieve profitability in a year with highly depressed global freight rates, and as the industry begins to pick up in 12-18 months, we want to be ready to capture maximum growth and opportunity.

For Mermaid, the focus will be on adding depth to the management team as its business activities increase, and from a TTA point of view, being prepared to support any investment needs identified by Mermaid. The oil and gas services industry has entered a cyclical upturn, and we will need to ensure that Mermaid is fully equipped to leverage the gains it has made in terms of new customer wins, new geographies, and an enhanced cost structure to capture as much upside as it can during this time.

In parallel, we will devote all reasonable resources towards repairing the situation at UMS in the shortest possible time. Both the management and the Board continue to see UMS as a viable, strong business that can regain its growth trajectory once the issues in Samut Sakorn have been resolved.

Because TTA fully believes in its strategic investment plans, the Board has proposed a modified capital increase plan for approval at the upcoming annual shareholders meeting. This plan has been changed from the earlier one by incorporating comments from different shareholders about their dislikes of the earlier plan. We hope that all shareholders are supportive of our investment plans and approve the modified capital increase plan at the end of January.

We have no doubt come through a difficult year of transition and change, but there are a significant number of positives that position us well into the following year and beyond. I would like to take this opportunity to thank the entire team, the Board, and our shareholders for their efforts and continued support of TTA. We have laid out an exciting growth path for 2013. With your continued support, I am confident that TTA will succeed in taking its next evolutionary step, and in turn, create long term, sustainable value for the Company and all of its stakeholders.



Yours sincerely,

A handwritten signature in black ink, appearing to read 'M.L. Chandchutha'.

M.L. Chandchutha Chandratat  
President & CEO

## RESULTS AT A GLANCE

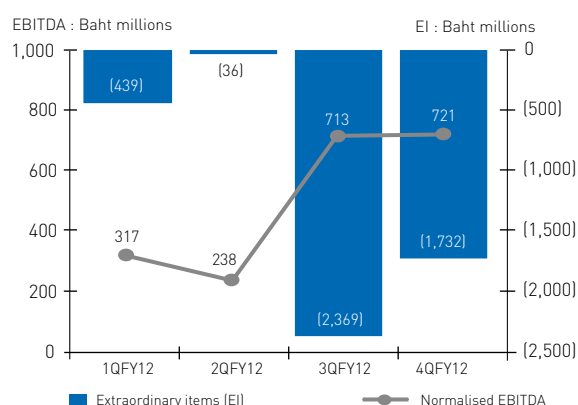




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# Results at a Glance

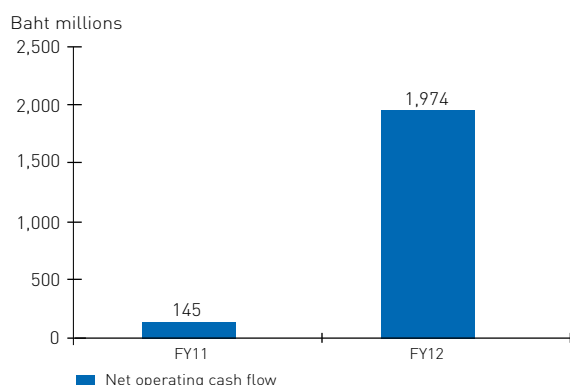
**Graph: Simplified consolidated income statement**



“In line with best corporate governance practices that call for transparent and conservative financial reporting, the Company took a number of significant, largely non-cash impairments and other extraordinary write-downs during the year totalling Baht 4,577 million. We now go into 2013 with a balance sheet that represents an even more conservative view of our operations, poised for a turnaround and profitability. We drove fundamental improvements in most of our core businesses, as evidenced by much stronger second half operating results, a trend that we expect to continue into 2013 and beyond.”

M.L. Chandchutha Chandratat  
President & CEO

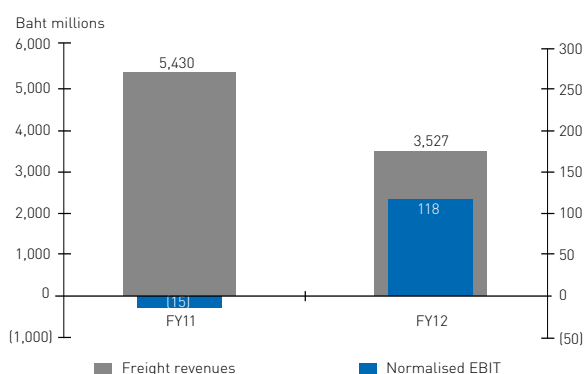
**Graph: Simplified net cash flow from operations**



“Significant improvements in our two largest businesses, Thoresen Shipping and Mermaid, drove consolidated net operating cash flows to Baht 1,974 million in 2012, a 1,261% increase over the previous year.”

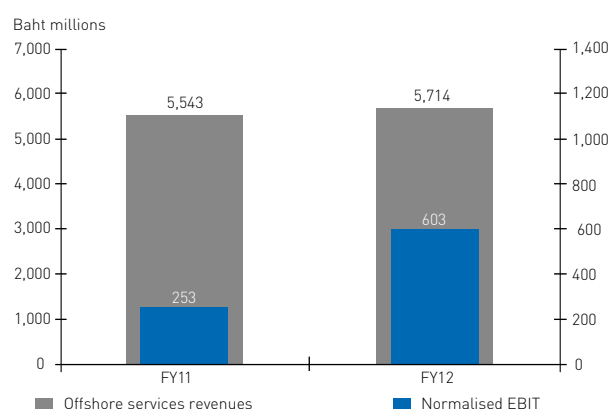
M.L. Chandchutha Chandratat  
President & CEO

**Graph: Simplified income statement for Thoresen Shipping**



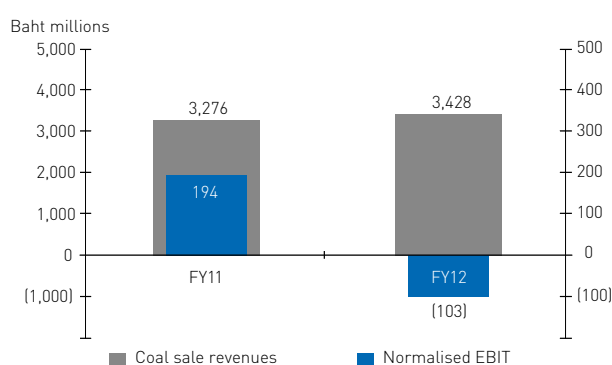
“The dry bulk industry was hit with 25-year low freight rates in 2012, a fact that makes Thoresen Shipping’s positive normalised contribution that much more impressive. On a full year basis, our owner expenses averaged about USD 3,952 per day, placing Thoresen Shipping in the top quartile of owner expenses worldwide. At the same time, we outperformed all relevant freight rate indices, a testament to the progress our new chartering team has made in employing the fleet in higher yielding routes and building relationships with an expanded group of clients.”

Mr. David Lawrence Ames  
Executive Vice President, Transport

**Graph: Simplified income statement for Mermaid**

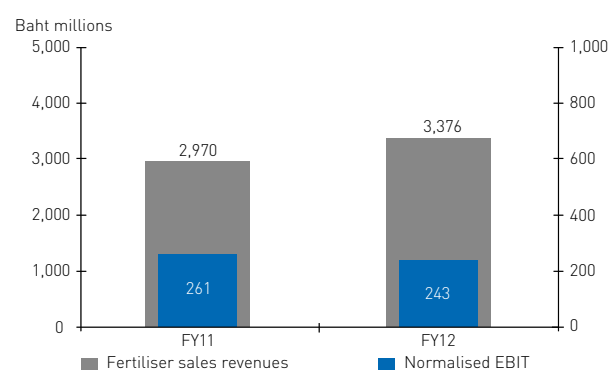
"We are very pleased with Mermaid's turnaround, which was driven by aggressive vessel and project cost management, the employment of the MTR-1 accommodation barge after being off-hire for a year, and higher full-service contract rates for the subsea division. The momentum has been further buoyed by a USD 530 million deal in 2013 with Saudi Aramco, the largest oil and gas company in the world."

M.L. Chandchutha Chandratat  
President & CEO

**Graph: Simplified income statement for UMS**

"As a precondition to reopening UMS' Samut Sakorn plant, we have had to accelerate sales of 0-5 mm coal from the facility, resulting in higher than usual transportation costs, since most of the clients for this type of coal are outside Samut Sakorn. These additional costs impacted margins significantly throughout the year. We are doing everything possible to ensure the reopening of the facility and to return it to normal operations, at which time we expect UMS to return to profitability quickly, serving the large number of coal users in the area."

Mr. Vichai Chuensuksawadi  
Executive Vice President, Infrastructure

**Graph: Simplified income statement for Baconco**

"Baconco continued its strong performance as one of TTA's best diversified investments, even though EBIT was down marginally due to rising raw materials costs. Baconco's warehouse business, which operates as part of TTA's integrated logistics offering in South Vietnam, has operated at above 90% capacity and will expand again in early 2013 with the opening of additional premises which boast a capacity of 100,000 metric tonnes."

Mr. Vichai Chuensuksawadi  
Executive Vice President, Infrastructure



# Audit Committee's Report

The Audit Committee of TTA consists of three independent directors viz., Mr. Krish Follett as the Chairman, Mr. Santi Bangor and Mr. Peter Stokes, both, as Committee members. All members possess adequate qualifications for their posts as specified by the Audit Committee Charter and in accordance with the Securities and Exchange Commission and the Stock Exchange of Thailand regulations and best practice guidelines.

The Audit Committee has performed its duties and responsibilities independently, as assigned by the Board of Directors in compliance with the Charter which has been carefully reviewed, updated and approved by the Board of Directors and the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, ensuring that the Company's business operations were carried out without any conflict of interest and with adequacy of internal control systems and that management executed their duties with honesty, responsibility and in accordance with TTA policies. The Committee's performance of its duties is summarised as follows:

## Review of financial reporting process

The Audit Committee has reviewed and discussed with the external auditor and executives responsible for preparing the financial report in relation with significant information for the Company's quarterly and annual financial statements for the year 2012 as well as consolidated financial statements of Thoresen Thai Agencies Public Company Limited and its subsidiaries, including change in significant accounting policy, significant acquisition and disposal of the Company's asset, significant unusual and estimated transaction, if any. In addition, the

Committee held meetings with the external auditors without the presence of TTA management so as to freely discuss important issues which may arise, as well as to hear whether there was any suspicious information which indicated potential fraud, in accordance with the section 89/25 of the Securities and Exchange Act B.E. 2535 amended by the Securities and Exchange Act (NO. 4) B.E. 2551.

The Audit Committee is of the opinion that the Company has a proper financial reporting process to disclose its financial information, in which the financial statements were free from material misstatement and prepared in accordance with generally accepted accounting principles.

In addition, the Internal Auditors have also reviewed the significant connected transaction ensuring that the transaction occurred has complied with the SEC requirements. The result of the review has been reported to the Audit Committee and subsequently the Board of Directors. The Audit Committee is of the opinion that the aforesaid transactions are fair, in all material respects, transparency and for the benefit of the Company.

## Review of internal control system

The Audit Committee has determined the independence of Internal Audit Department including the chain of command in order to establish the credibility and independence of Internal Audit Department. The Audit Committee has also discussed with internal auditors the scope of internal auditing, their responsibilities and functions, and approved the annual audit plan for the internal audit department.

The Audit Committee has reviewed the results of the internal control system assessment that the Internal Audit Department reported to the Committee,

including the results of audit on the operational processes of key businesses such as property, plant and equipment, travelling and entertainment expenses, information technology, inventory and spare parts, accounts reconciliation. Internal auditors have also followed up on the results of the aforesaid review and audit which the results of the audit and the recommendations were discussed with the related staff and management prior to report to the Audit Committee. The results have shown that the systems and processes are appropriate to the Company's operations. The external auditor has also reported that there was no significant deficiency impacting to the Company's financial statements identified. The Audit Committee, therefore, is of the opinion that the Company has proper and adequate internal control systems as management determines is necessary and there are no significant deficiencies identified whether due to fraud or error.

## **Review of compliance with laws and regulations**

The Audit Committee has reviewed TTA's operating performance and designed processes to ensure that it had complied with the law on securities and exchange, the Exchange's regulations and requirements and other laws relating to the Company's businesses. The Audit Committee is of the opinion that the Company has been in compliance with significant laws and regulations to which the operations of the Company are subjected. Principally, these laws are the Public Limited Companies Act, Revenue Code, Thai Vessels Act, SEC Act and regulations of the SET.

## **Appointment of the external auditor**

After carefully consideration of all qualified candidates, the Committee has recommended KPMG Phoomchai Audit Ltd. to the Board of Directors and the Board has agreed to seek approval at the Shareholders' Meeting for the appointment of Mrs. Siripen Sukcharoenyingyong, Certified Public Accountant Registration No. 3636; and/or Mr. Charoen Phosamritlert, Certified Public Accountant Registration No. 4068; and/or Mr. Veerachai Ratanajratkul, Certified Public Accountant Registration No. 4323; and/or Miss. Pornthip Rimdusit, Certified Public Accountant Registration No. 5565; all of KPMG Phoomchai Audit Ltd., as the external auditor of TTA for the year ended 30 September 2013 with the audit fee of Baht 3.2 million.

## **The Audit Committee meeting and self assessments**

Normally, the Audit Committee Meeting is held before the Board of Directors' Meeting so that the minutes of the Audit Committee Meeting and discussions with Internal Auditors and external audits without management's presence in such discussions could be sent to the Board of Directors for acknowledgement, discussions and receiving suggestions from the Board.

The members of Audit Committee regularly have informal and formal discussions with internal auditors in connection with the results of the various areas of review undertaken by internal auditors. The formal Audit Committee Meeting usually takes around 4 hours. In the year 2012, Audit Committee held 11 regular meetings, the record of attendance of the members of Audit Committee is summarised as follows:

*(From 1 October 2011 to 31 January 2012)*

<b>No.</b>	<b>Audit Committee Member</b>	<b>Position</b>	<b>No. of Attendance/Meeting</b>
1.	Prof.Dr. Warapatr Todhanakasem	Audit Committee Chairman	4/4
2.	Dr. Siri Ganjarerndee	Audit Committee Member	4/4
3.	Mr. Sak Euarchukiati	Audit Committee Member	4/4

*(From 14 February 2012 - Present)*

<b>No.</b>	<b>Audit Committee Member</b>	<b>Position</b>	<b>No. of Attendance/Meeting</b>
1.	Mr. Krish Follett	Audit Committee Chairman	7/7
2.	Mr. Santi Bangor	Audit Committee Member	4/7
3.	Mr. Peter Stokes	Audit Committee Member	7/7

## Appointment of the existing Audit Committee Members

The Board of Directors meeting held on 14 February 2012 approved the appointment of Mr. Santi Bangor and Mr. Peter Stokes to be a new Audit Committee, with effect on 14 February 2012.

The Board of Directors meeting held on 12 April 2012 approved the appointment of Mr. Krish Follett to replace Mr. Aswin Kongsiri as Chairperson of the Audit Committee, with effect on 12 April 2012.

In addition, the Committee carried out its own performance assessment, against the Audit Committee Charter approved by the Board of Directors. The findings were that its performance was of a good quality.

In summary, the Audit Committee has performed its duties and responsibilities with knowledge, ability, carefulness and sufficient independence and provided comments and recommendations which were beneficial to all of the Company's stakeholders. The Audit Committee has determined that the management has performed their job professionally and in pursuit of the Company's performance goals, with adequate internal control compatible with its business, together with reliable accounting practice and financial statements, and compliance with significant and relevant laws and regulations.

For and on behalf of the Audit Committee of Thoresen Thai Agencies Public Company Limited



Krish Follett  
Chairman of the Audit Committee



From left to right :  
Back Row : 10, 3, 2, 4, 6, 7  
Front Row : 5, 1, 8, 9

## BOARD OF DIRECTORS

### 1. Mr. Prasert Bunsumpun

Chairman of the Board  
Chairman of Executive Committee

### 2. M.L. Chandchutha Chandratat

President & Chief Executive Officer  
Member of Executive Committee

### 3. Mr. Krish Follett

Independent Director  
Chairman of Audit Committee  
Chairman of Risk Management Committee

### 4. Dr. Pichit Nithivasin

Independent Director  
Chairman of Nomination and Remuneration Committee

### 5. Mr. Santi Bangor

Independent Director  
Chairman of Corporate Governance Committee  
Member of Audit Committee

### 6. Mr. Chia Wan Huat Joseph

Director  
Member of Executive Committee  
Member of Corporate Governance Committee

### 7. Mr. Oral Wilson Dawe

Independent Director  
Member of Nomination and Remuneration Committee  
Member of Risk Management Committee

### 8. Ms. Ausana Mahagitsiri

Director  
Member of Nomination and Remuneration Committee  
Member of Corporate Governance Committee

### 9. Mr. Chalermchai Mahagitsiri

Director  
Member of Executive Committee  
Member of Risk Management Committee

### 10. Mr. Peter Stokes

Independent Director  
Member of Audit Committee

### 11. Mr. Ghanim Saad M. Alsaad Al-Kuwari

Director

## BOARD OF DIRECTORS

### 1. Mr. Prasert Bunsumpun (60) Chairman of the Board Chairman of Executive Committee Percentage of Shareholding: 0.00

Mr. Prasert Bunsumpun serves as Chairman of IRPC Plc., PTT Global Chemical Plc., and Thai Lube Base Plc. He holds directorships at Krung Thai Bank Plc. and Shin Corporation Plc. He also is Chairman of Mermaid Maritime Plc., and the Thailand Business Council for Sustainable Development (TBCSD). He was President and CEO of PTT Plc., Chairman of PTT Exploration and Production Plc., Chairman of PTT Chemical Plc., PTT Aromatic and Refinery Plc., Thai Oil Plc., and Bang Chak Petroleum Plc.

Mr. Bunsumpun holds a M.B.A. from Utah State University, U.S.A., a B.Eng. in Civil Engineering from Chulalongkorn University. He received Honorary Doctoral in Engineering from Chulalongkorn University, Honorary Doctoral in Management from National Institute of Development Administration (NIDA), Honorary Doctoral in Management Science from Petchaburi Rajabhat University, Honorary Doctoral in Management from Mahasarakarm University, Honorary Doctoral in Social Innovation Management, Suan Sunandha Rajabhat University, and a Certificate in Advanced Management Program (AMP 155) from Harvard Business School, USA., Mr. Bunsumpun completed the Director Accreditation Program (DAP 26/2004) in 2004 and the Role of Chairman Program (RCP 28/2012) in 2012 by the Thai Institute of Directors Association (IOD).

### 2. M.L. Chandchutha Chandratat (46) President & Chief Executive Officer Member of Executive Committee Percentage of Shareholding: 0.123

M.L. Chandchutha Chandratat joined in 2005 as the Chief Executive Officer. His professional experience began with Bank of America, where he served in San Francisco (U.S.A.), Hong Kong, and Bangkok from 1989 to 1994. He joined Bangkok Bank Plc. from 1994 to 2000 and worked for J.P. Morgan, Hong Kong from 2000 to 2002 and Morgan Stanley Dean Witter Asia (Singapore) Pte. Ltd. from 2002 to 2005. He serves as Executive Director of Mermaid Maritime Plc. and director of Unique Mining Services Plc. 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.

### 3. Mr. Krish Follett (63) Independent Director Chairman of Audit Committee Chairman of Risk Management Committee Percentage of Shareholding : 0.00

Mr. Krish Follett serves as Independent Director and Chairman of the Audit Committee of Property Perfect Plc., Independent Director and Chairman of the Audit Committee of Amana Leasing Plc., Independent Director and Member of the Audit Committee of Thanulux Plc., and Independent Director and Chairman of the Risk Management Committee of Thai Wacoal Plc. He also served as Assistant Governor of Operations Group, Senior Officer of Financial Institution Oversight and Examination Department of the Bank of Thailand, Vice President, Capital Markets, Enforcement Department of the Securities and Exchange Commission (SEC), Thailand, Advisor to Executive Director of Boonrawd Brewery Co., Ltd. At present, he serves as an Advisor to the Islamic Bank of Thailand, and Honorary Director of Nakorn Phanom University.

Mr. Follett holds a M.B.A. (Finance) from Thammasat University, a B.A. in Economics from Thammasat University, and a Certificate in Advanced Management Program from Harvard Business School, Boston, USA. Mr. Follett completed the Director Certification Program (DCP 149/2011) in 2011 and the Diploma of the Directors Certificate Program in 2012 by the Thai Institute of Directors Association (IOD).

### 4. Dr. Pichit Nithivasin (66) Independent Director Chairman of Nomination and Remuneration Committee Percentage of Shareholding: 0.00

Dr. Pichit Nithivasin serves as Managing Director of B.I.G Marketing Co., Ltd. and Bangkok Cogeneration Co., Ltd. He holds directorships at Huakee Paper Co., Ltd., HMC Polymers Co., Ltd., Polymers Marketing Co., Ltd., Rayong Olefins Co., Ltd., Thai MMA Co., Ltd., Basell Advance Polyolefins (Thailand) Co., Ltd., Map Ta Phut Tank Terminal Co., Ltd. and JSR BST Elastomer Co., Ltd. He also serves as President of Bangkok Industrial Gas Co., Ltd., Bangkok Synthetics Co., Ltd., and BST Elastomers Co., Ltd. and Chairman of Foamtec International Co., Ltd. Dr. Nithivasin holds a PhD in Operations Research, a M.S. in Electrical Engineering and Computer Science, a M.S. in Industrial Engineering, and a B.S. in Industrial Engineering, all from the University of California at Berkeley, USA. In 2003, he completed the Finance for Non-Finance Director Program (FN 4/2003) by the Thai Institute of Directors Association.

### 5. Mr. Santi Bangor (66) Independent Director Chairman of Corporate Governance Committee Member of Audit Committee Percentage of Shareholding : 0.00

Mr. Santi Bangor serves as Independent Director and Member of the Audit Committee of People's Garment Plc. since 2009. He is appointed a member of State Enterprise Performance Agreement and Performance Appraisal Sub-Committee on Communication and Energy Sector, Performance Appraisal Committee, Ministry of Finance in 2012. He was the President of Yonok University (2006-2009), and Deputy Secretary General to the National Economic and Social Development Board Office of the Prime Minister (1997-2006). Mr. Bangor was also appointed to serve as Director of Government Pension Board, Metropolitan Electricity Authority and State Railway Authority. Mr. Bangor holds a M.A. in Agricultural Economics from Texas Tech University, USA, a B.A. in Political Science (Fiscal) from Chulalongkorn University, and a Development Certificate from Cambridge University, UK. In 2001, he completed the Director Certification Program (DCP 12/2001) by the Thai Institute of Directors Association (IOD).

**6. Mr. Chia Wan Huat Joseph (53)**  
**Director**  
**Member of Executive Committee**  
**Member of Corporate Governance Committee**  
**Percentage of shareholding : 0.00%**

Mr. Chia was appointed as director since January 2012. He serves as Senior Executive Vice President of PM Group Co., Ltd., director of Mermaid Maritime Plc., director of Unique Mining Services Plc. From 2005 to 2011, he was the Senior Executive Vice President of Structured Finance Group for Advance Finance Plc. He was responsible for financial advisory business focused on steel, mining, paper and energy companies in Thailand, Malaysia and Singapore. During 2003 to 2004, Mr. Chia was the Assistant Managing Director of South East Life Insurance and South East General Insurance Company in Thailand. From 1999 to 2002, Mr. Chia was the Managing Partner of financial advisory company, Pacific Century Consultant Limited focused on infrastructure companies. Mr. Chia holds a Master's Degree (EMBA) from Sasin Graduate School of Business, Chulalongkorn University in a joint program with Kellogg Graduate School of Management of Northwestern University of USA. In 2012, he completed the Directors Certification Program (DCP 165/2012) by the Thai Institute of Directors Association.

**7. Mr. Oral Wilson Dawe (50)**  
**Independent Director**  
**Member of Nomination and Remuneration Committee**  
**Member of Risk Management Committee**  
**Percentage of Shareholding : 0.00**

Mr. Oral Wilson Dawe is Founder and CEO of Dawe Holdings, with public markets trading and private equity interests in natural resources, real estate, biotech and technology. He was the Managing Director and Chief Executive Officer of Asia Pacific Commodities for J.P. Morgan during 2007-2010. Based in Singapore, he was responsible for all aspects of J.P. Morgan's commodity business in the region and was also a member of JPMorgan's Asia Pacific Investment Banking Management Committee. He was President of Goldman Sachs, Singapore from 2002-2007 as well as co-head of Goldman's Asia Pacific Commodity business and immediately prior was Co-head of North American Commodity Sales based in New York from 1998-2001. From 1984-1996 Oral held finance and trading related positions in North American and Asian natural resource and banking related firms. He has also lectured on corporate finance and strategic planning.

**8. Ms. Ausana Mahagitsiri (32)**  
**Director**  
**Member of Nomination and Remuneration Committee**  
**Member of Corporate Governance Committee**  
**Percentage of shareholding : 3.87%**

Ms. Ausana Mahagitsiri was appointed as director since January 2012. She serves as Managing Director of PM Group Co., Ltd. which is a holding company of Mr. Prayudh Mahagitsiri family, Assistant Chairman of Posco-Thainox Public Co., Ltd., Managing Director of Mountain Creek Development Co., Ltd., and a director of Unique Mining Services Plc. She holds a M.B.A. from Sasin Graduate Institute of Business Administration of Chulalongkorn University in a joint program with Kellogg Graduate School of Management of Northwestern University, USA, and a B.S. in Business Administration from Boston University School of Management in Boston, USA. Ms. Mahagitsiri completed the Director Accreditation Program (DAP 30/2004) by the Thai Institute of Directors Association in 2004.

**9. Mr. Chalermchai Mahagitsiri (34)**  
**Director**  
**Member of Executive Committee**  
**Member of Risk Management Committee**  
**Percentage of shareholding : 14.17%**

Mr. Chalermchai Mahagitsiri was appointed as director since January 2012. He serves as Chief Executive Officer of PM Group Co., Ltd. which is a holding company of Mr. Prayudh Mahagitsiri family, Executive Vice Chairman of Mermaid Maritime Plc., and director of Unique Mining Services Plc. He also serves as Director of Quality Coffee Products Co., Ltd. which is partnering with Nestle SA Switzerland to produce Nescafe. He also serves as Vice Chairman of Posco-Thainox Public Co., Ltd. and Thai Film Industries Plc., and Managing Director of Lakewood Country Club Co., Ltd. Mr. Mahagitsiri holds a M.S. in Finance from Boston University and a B.S. in Finance from Suffolk University, both in USA. Mr. Mahagitsiri completed the Director Accreditation Program (DAP 30/2004) in 2004 and the Directors Certification Program (DCP 53 / 2005) in 2005 by the Thai Institute of Directors Association.

**10. Mr. Peter Stokes (62)**  
**Independent Director**  
**Member of Audit Committee**  
**Percentage of Shareholding: 0.00**

Mr. Peter Stokes is a Senior Adviser and Head of Shipping at Lazard, and also serves as a non-executive director of Avance Gas Holding Ltd. and U-Sea Bulk Shipping A/S.

His professional experiences include serving as the co-founder of and investment adviser to Castalia Partners Ltd. from 1992 to 1998, the founder and Managing Director of Maritime Consultants Ltd. from 1985 to 1998, and a co-founder and Director of Bulk Transport Ltd. from 1983 to 1985. He also served as the Head of Shipping and Insurance Research at Greig Middleton & Co. from 1979 to 1983 and a Business Editor at Lloyd's List from 1974 to 1979.

**11. Mr. Ghanim Saad M. Alsaad Al-Kuwari (48)**  
**Director**  
**Percentage of Shareholding: 0.00**

Mr. Ghanim Saad M. Alsaad Al-Kuwari serves as Chairman of Qatar Project Management Company since 2008, Chairman and Managing Director of Barwa Real Estate since 2005, and Managing Director and CEO of Qatari Diar Real Estate Investment Co. since 2006. He currently chairs several boards in many businesses in Qatar and regionally including: Barwa Bank, Al Imtiaz Investment Company, A'ayan Real Estate, Al Jazeera Academy, Al Ritaj Investment Company, Rizon Partners, Jersey Group, First Real Estate Company, First Finance Company, Urban Velvet in United Kingdom, and Ghanim Bin Saad Al Saad & Sons Holdings Groups. Mr. Alsaad holds a M.B.A. from Kent University, United Kingdom in 1995, and a B.A. in Social Sciences from Qatar University in 1990.

## Executive Officers

- 1. M.L. Chandchutha Chandratat (46)**  
President & Chief Executive Officer
- 2. Mr. David Lawrence Ames (47)**  
Executive Vice President, Transport
- 3. Mr. Vichai Chuensuksawadi (55)**  
Executive Vice President, Infrastructure
- 4. Mr. Prithayuth Nivasabutr (54)**  
Executive Vice President,  
Corporate Business Services
- 5. Ms. Urai Pluemsomran (58)**  
Executive Vice President, Corporate Risk,  
Internal Audit, and Compliance
- 6. Mrs. Thitima Rungkwansirirot (51)**  
Executive Vice President,  
Corporate Finance and Accounting
- 7. Mrs. Penroong Suwannakudt (49)**  
Executive Vice President,  
Corporate Human Resources



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# BUSINESS REVIEW AND OUTLOOK

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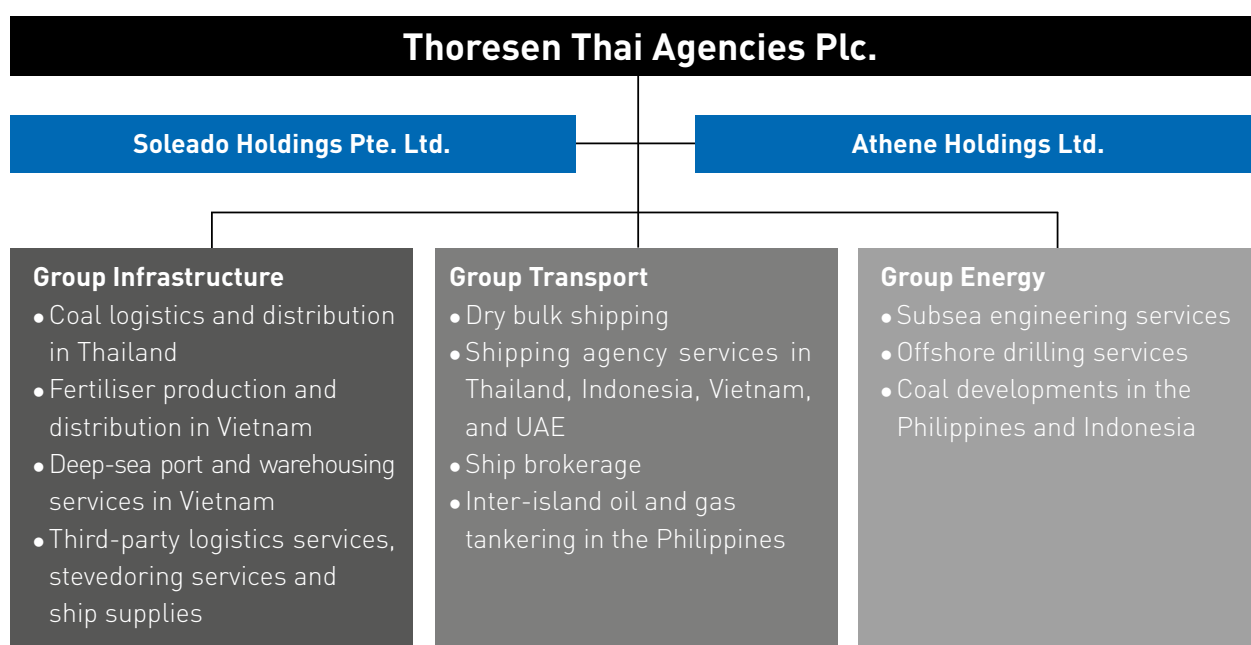
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# Business Review and Outlook

## 2012 Corporate Structure

Thoresen Thai Agencies Public Company Limited ("TTA" or the "Company") is a strategic investment holding company with three primary business groups - Transport, Energy, and Infrastructure. In terms of revenues, profits, and scale, TTA owns

and operates four core business units, Thoresen Shipping (Transport Group), Mermaid (Energy Group), Baconco (Infrastructure Group), and UMS (Infrastructure Group).



## Transport Group

TTA and its subsidiaries (the "Group") have provided shipping-related services since 1904 and dry bulk shipping services since 1985. In 2010, TTA invested in a relatively small oil and gas tanker services business in the Philippines.

## Energy Group

The Group has provided subsea services since 1995 and offshore drilling services since 2006. In 2009, TTA made a relatively small indirect investment in a coal

mining project in the Philippines and in 2011, invested in another coal mining project in Indonesia.

## Infrastructure Group

The Group controls a coal logistics company in Thailand and has made a number of investments in South Vietnam, including a fertiliser production and distribution company and a deep-sea port located next door. The Group has also invested in warehouses and logistics services, with the aim of being able to offer an end-to-end logistics service in this growing region of Vietnam.

With the evolution of TTA into a strategic investment holding company, wholly-owned subsidiaries Soleado Holdings Pte. Ltd. and Athene Holdings Ltd. were also established to hold TTA's overseas and local investments, respectively.

## Competitive strengths of the Group

TTA's financial performance ultimately depends on its ability to prudently and efficiently manage its four core business units in a profitable manner. Because two of the Group's largest businesses are cyclical in nature, the Company has made some diversified investments to soften the impact of industry down cycles.

The Company's ability to grow its four core business units and seek out related investments at sufficient scale hinges on the following competitive strengths:

● **Strong knowledge of key commodities flows and trades:** With well-established global dry bulk, coal, offshore oil and gas, and fertiliser businesses, TTA's network affords it a unique vantage point from which it can observe and act upon key trends in the global commodities trade.

● **Versatile and high quality owned fleet and services:** The Group owns the majority of its assets, enabling it to provide a full range of 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. Group policy dictates all marine assets are maintained in a condition that exceeds the minimum requirements imposed by classification societies.

● **Global business network:** The move of Thoresen Shipping's commercial hub from Bangkok to Singapore has opened up new trading activities,

while its newest commercial office in Copenhagen is expected to facilitate even greater access to North Atlantic cargoes. Beyond Mermaid's traditional South East Asian markets, the Company has expanded its reach into the Middle East, acquiring a Qatar-based subsidiary and forming a diving services joint venture in Saudi Arabia. TTA has also used its first mover advantage in South Vietnam to make a number of investments towards building a full service logistics hub in this growing area.

● **Strong financial position:** Although FY 2012 was a difficult year in bottom line terms, the Group still managed positive normalised earnings before interest, taxes, depreciation, and amortisation ("EBITDA") of Baht 1,988 million. Given the fundamental improvements at Thoresen Shipping and Mermaid, net cash flows from operating activities were Baht 1,974 million during the year, a 1,261% improvement over the previous year. As of 30 September 2012, TTA's consolidated cash and cash equivalents balance stood at over Baht 3,585 million.

● **Leveraging new and existing relationships to build business initiatives:** TTA has been able to structure and manage productive investments and partnerships with top-tier firms both at home and abroad. In Thailand, TTA has formed joint ventures with Astrup Fearnleys AS and Gulf Agency Company Limited. In Saudi Arabia, Mermaid concluded a partnership with Zamil Offshore Services Company Limited, the country's largest offshore services provider and subsequently won one of the world's largest diving services contracts from Saudi Aramco. At Asia Offshore Drilling Ltd., the Group is working closely with Seadrill Ltd., the second largest drilling company in the world, recently securing a drilling contract for the first of AOD's three jack-up rigs.



TRANSPORT GROUP



**THOR BRAVE**

**SINGAPORE**

IMO 9474787

## Transport Group

The Transport Group provides shipping and shipping-related services through its affiliate and subsidiary companies to a client base of trading companies, oilmajors, logistics companies, and major vesselowners and operators of all types.

The Transport Group's two key businesses are drybulk shipping and Petrolift Inc. ("Petrolift"), an inter-island petroleum tanker company in the Philippines. TTA operates its dry bulk shipping business under the Thoresen Shipping brand name. In 2012 Financial Year, the dry bulk shipping fleet comprised 16 owned vessels and the equivalent of 4.5 chartered-in vessels.

Thoresen provides tramp services on a global basis. The vessels operate at the requirements of Thoresen's clients under time charters and contracts of affreightment ("COA") in addition to short-term time charters and voyage charters.

TTA holds a 40% interest in Petrolift, which owns and operates 10 petroleum tankers/barges, including two liquefied petroleum gas tankers that are primarily used for domestic transport against long-term contracts with major oil and gas companies.

Other businesses in the Transport Group are shipping-related services businesses, including ship agency services in Thailand, Vietnam, Indonesia, and the United Arab Emirates and ship brokerage services for dry cargoes in Thailand, Singapore, and India.

## Thoresen Shipping

### Industry overview

The dry bulk shipping industry continued to be plagued by low freight rates in 2012, with the Baltic Dry Index ("BDI") reaching a 25-year low in February 2012. Freight rates continued to be impacted by vessel oversupply. Demand growth in 2012 stood at

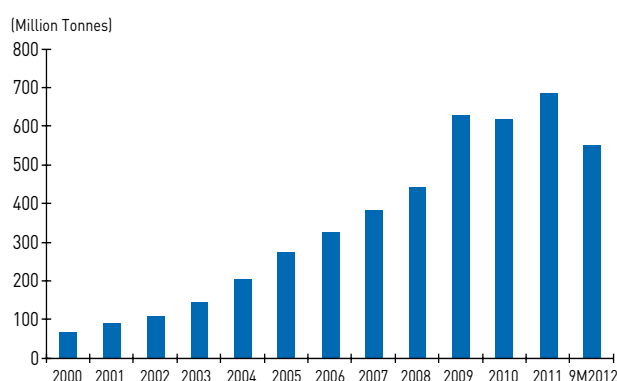
approximately 6%, while vessel supply growth was nearly two times higher at 12-13%.

Overall, the global economy remained volatile in 2012, with developments in Europe continuing to affect Asian and American export markets. The Chinese economy grew by a weaker-than-expected 7.4% in the third quarter, leading to lower industrial production, which has negatively impacted both steel production and energy consumption.

Despite this, the total dry bulk trade has grown steadily on the back of nearly 20% higher coal imports into China. At the same time, the trend of increasing levels of iron ore imports into China continued, as domestic production became less cost competitive and was increasingly augmented by imports from Australia, India, South Africa, and Brazil, creating higher tonne-miles.

### Chart : Chinese Iron Ore Imports

In 2011, global steel production increased by 6.8% to



Source: Fearnleys

1.490 billion tonnes. Global production is expected to reach about 1.5 billion tonnes in 2012, with Chinese production accounting for just under half of the global total.

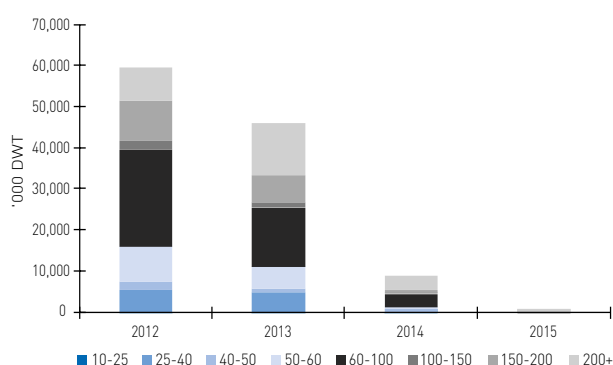
Long-term demand growth is expected to remain resilient, driven by increased energy consumption in India and China and higher iron ore imports to China. In the short term, some upside is expected, if international commodity prices (coal and iron ore) continue to drop, leading to higher levels of Chinese imports.

On the supply side, continued strong deliveries of new vessels have contributed to a relatively weaker market in 2012. Through the first ten months of the 2012, total deliveries reached more than 85 million deadweight tonnes. New-build deliveries are expected to slow down considerably in the next 18 months while scrapping has continued at a strong pace, a trend that is expected to sustain as long as freight rates remain depressed.

As of October 2012, the global dry bulk orderbook amounted to 115.2 million deadweight tonnes, or 17% of the existing dry bulk fleet. 2012 is expected to have been a record year of deliveries, reaching around 100 million deadweight tonnes. As illustrated below, deliveries are expected to slow in 2013 onwards.

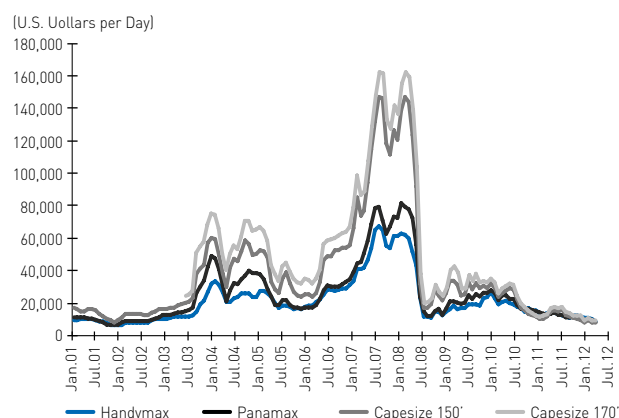
**Chart : Dry Bulk Carrier Orderbook**

(By Scheduled Year of Delivery)



Freight rates declined further in 2012 as a result of increasing supply, with the BDI hitting a 25-year low in February 2012.

**Chart : One-Year Time Charter Rates**



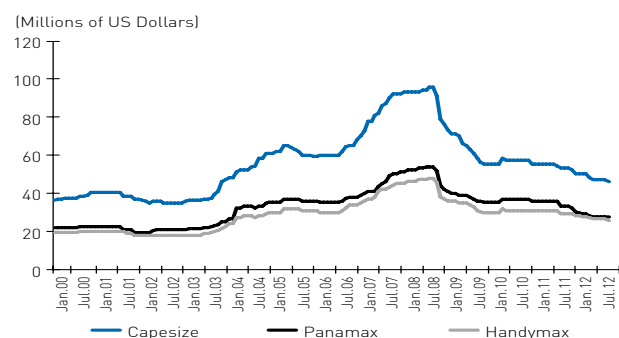
Source: Fearnleys

## Vessel Prices

### Newbuilding Prices

Since the end of 2008, newbuilding prices have fallen due to decreasing freight rates, high shipyard capacity, and limited new contracting. In 2012, newbuilding prices decreased further still, with a bottoming expected in 2013.

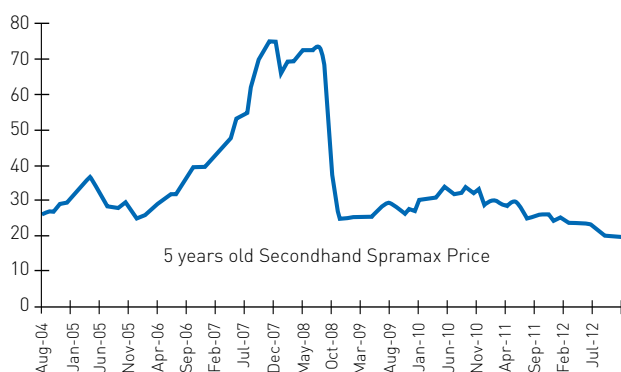
**Chart : Dry Bulk Carrier Newbuilding Prices 2000 - 2012 Second-hand Values**



Source: Clarkson

Similarly, second-hand values have decreased significantly since the end of 2008, tracking a sustained decline in freight rates. In 2012 second-hand values decreased further, with five-year old Supramaxes now available for under USD 20 million.

**Chart : Dry Bulk Carrier Secondhand Prices 2004 - 2012**



## Business Review

As of 30 September 2012, Thoresen Shipping owned 16 Handymax and Supramax dry bulk vessels, all but one based and flagged in Singapore. Four years ago, Thoresen Shipping had a fleet of 42 ships and in advance of the industry downturn, made a concerted effort to downsize the fleet and maintain only the modern and efficient vessels. The focus of Thoresen Shipping today is on proven designs that allow it to operate a consistent fleet with maximum efficiency. In particular, Supramaxes have been and will continue to be the focus point of Thoresen Shipping's fleet renewal plan, which looks to rebuild the fleet to a size of between 24 and 30 vessels by 2014.

In July 2012, Thoresen Shipping acquired and took delivery of M.V. Thor Insuvi, a 52,489-DWT Supramax built by Tsuneshi Heavy Industries in November 2005 for USD 19.2 million. The purchase was made without using TTA as a guarantor, meaning that Thoresen Shipping can now begin to develop its own credit ratings based on its own business, as opposed that of its parent company, which is subject to activities unrelated to dry bulk shipping.

With the M.V. Thor Insuvi addition, the owned fleet at the end of the fiscal year was 16 vessels with an average size of 47,209 DWT (simple average) and an average age of 12.22 years (simple average).

While the indexes that track Handysize and Supramax dry bulk shipping rates (BHSI and BSI) fell between 24% and 26% during the year, Thoresen Shipping's time charter equivalent fell by only 16%, implying trade at about 109% of the blended indices. The improvement came as a result of stronger customer relationships and an expanded client base at Thoresen Shipping's new commercial hub in Singapore.

On a full year basis, Thoresen Shipping's owner expenses averaged about USD 3,952 per day against an industry average of approximately USD 4,500, placing Thoresen Shipping in the top quartile of owner expenses worldwide.

## Fleet Structure

### 1) On fleet structure

Number of Vessels				
	Owned Vessels	Period Chartered-in Vessels	Newbuild Vessels on Order	Total
Handymax	9	2	-	11
Supramax	7	2	2	11
<b>TOTAL</b>	<b>16</b>	<b>4</b>	<b>2</b>	<b>22</b>

### 2) Dwt-ed average age

Dwt-Weighted Average Age of Vessels				
	Owned Vessels	Period Chartered-in Vessels	Newbuild Vessels on Order	Total
Handymax	16.29	15.66	-	16.17
Supramax	6.58	2.05	-	5.53
<b>TOTAL</b>	<b>11.47</b>	<b>8.23</b>	<b>-</b>	<b>10.77</b>

### 3) Bulk carriers

BULK CARRIERS							
Vessel Name	Original Delivery Date	DWT	Age	Design		Classification	
1 Thor Dynamic	30/4/1991	43,497	21.44	Standard	Bulk > 40,000 dwt	BV	
2 Thor Jupiter	18/8/1986	36,992	26.14	Box Shape	Bulk (Box)	ABS	
3 Thor Wave	30/7/1998	39,042	14.18	Open Hatch / Box Shape	< 40,000 dwt	ABS	
4 Thor Wind	18/11/1998	39,087	13.88	Open Hatch / Box Shape	Bulk (Box)	ABS	
5 Thor Energy	16/11/1994	42,529	17.88	Open Hatch / Box Shape	Bulk (Box)	NKK	
6 Thor Endeavour	11/4/1995	42,529	17.48	Open Hatch / Box Shape	Bulk (Box)	NKK	
7 Thor Enterprise	28/7/1995	42,529	17.19	Open Hatch / Box Shape	Bulk (Box)	DNV	
8 Thor Harmony	21/3/2002	47,111	10.54	Open Hatch / Box Shape	Bulk (Box)	DNV	
9 Thor Horizon	1/10/2002	47,111	10.01	Open Hatch / Box Shape	Bulk (Box)	BV	
10 Thor Achiever	22/7/2010	57,015	2.73	Standard	Bulk > 40,000 dwt	BV	
11 Thor Integrity	2/4/2001	52,375	11.50	Standard	Bulk > 40,000 dwt	BV	
12 Thor Independence	20/12/2010	52,407	10.94	Standard	Tess - 52	NKK	
13 Thor Infinity	21/12/2010	52,383	10.66	Standard	Tess - 52	NKK	
14 Thor Friendship	13/1/2010	54,123	2.72	Semi-Open /Box Shape	Oshima - 53	NKK	
15 Thor Fortune	15/6/2011	54,123	1.30	Semi-Open /Box Shape	Oshima - 53	NKK	
16 Thor Insuvi	2/7/2012	52,489	6.88	Standard	Tess - 52	NKK	
<b>TOTAL THORESEN FLEET 755,342 DWT</b>							

ABS : Americian Bureau of Shipping

BV : Bureau Veritas

DNV : Det Norske Veritas

NKK : Nippon Kaiji Kyokai

Source : TTA

## Fleet Services

Thoresen Shipping's tramp services derive 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.

Throughout 2012, Thoresen Shipping's bulk carrier vessels were deployed in trades which service the needs of clients in a blend of COA's, time and spot charters both in the Atlantic and Pacific Oceans.

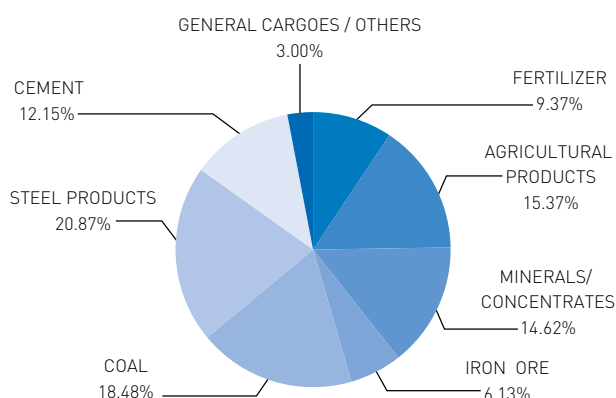
Thoresen Shipping's box shaped vessels, which are suitable for bulk cargoes but are specifically designed for unitised break bulk trades such as wood pulp, windmills, steel and pipes, have also been deployed in a blend of COA, period charter, and spot tramp. Thoresen Shipping's box shaped vessels are also equally distributed between the Atlantic and Pacific Oceans.

In connection with the charter of each of its vessels, Thoresen pays commissions to brokers associated with the charter, ranging from 1.25% to 3.75% of the total daily charter hire rate. Thoresen Shipping'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.

## Clients

The focus for Thoresen Shipping remained on core premium cargoes with industrial majors coming into focus in 2012 as a result of an increasingly customer focused approach out of the Company's new Singapore commercial hub. Over the last year, Thoresen Shipping has also increasingly taken advantage of spot-chartering opportunities for key clients with emergency requirements for ships in key markets where those clients have cargo but not assets.

**Chart : FY 2012 Cargoes**



Source: TTA

Thoresen Shipping has made strong progress towards developing relationships with industrial majors by establishing a strong RightShip ranking, which acts as an index to measure key criteria for large industrial clients, such as BHP Billiton, Rio Tinto Shipping, and Cargill Ocean Transportation.

## Employees

As of 30 September 2012, Thoresen Shipping employee headcount in Singapore and Bangkok stood at 69. In addition, 630 seafarers were employed during the year. Thoresen Shipping boasts highly

skilled former mariners, managing both the technical and commercial operations within the office in Bangkok. In Singapore, Thoresen Shipping's commercial team is experienced and knowledgeable, and has under its belt deep industry relationships. Thoresen Shipping's Managing Director, who joined in 2011, has leveraged his decades of experience both on-board and on-shore, managing towards implementing an industry-leading cost and revenue maximisation strategy. During 2012, Thoresen Shipping appointed a commercial director to lead its Singapore office as well as a head of risk management.

The company plans to open its first European office in Copenhagen in the second quarter of fiscal year 2013.

### **Competitive Landscape**

The dry bulk industry is highly competitive and fragmented, with ownership of general cargo and dry bulk vessels from 15,000 to 60,000 deadweight tonnes divided amongst approximately 1,591 independent owners with 5,464 vessels.

Dry bulk also remains highly commoditised, with rates set by the availability of supply. As the cyclical downturn has continued through 2012, a number of carriers, particularly those carrying excess, inefficient tonnage, have found themselves in circumstances whereby they are unable to fulfil their contracts and must consider bankruptcy.

### **Headwind and Tailwind Factors**

The first two quarters of 2013 are expected to remain relatively flat throughout the industry, flowed by a moderate upturn in the later part of the year. China and developing Asia are expected to lead the way with more imports of dry bulk cargoes.

Chinese steel production projections show growth as high as 4% next year, with iron ore imports pacing growth by as much as 6-7%. As such, from a demand perspective, there should be some upward rate pressure in the second half of the year, followed by relatively steady growth in 2014 onwards.

On the supply side, as deliveries slow down and scrapping remains high, particularly in the early part of the year during which time freight rates will stay low, the global dry bulk fleet is expected to grow by about 6.7% in 2013.

Thoresen Shipping expects to maintain break even or marginal profitability in 2013, and will continue to focus on cost management, efficient dry-docking activity, and fleet profitability in Atlantic routes through its new European office in Copenhagen.

### **Inter-island Petroleum and Gas Tankering**

In April 2010, TTA invested USD 27.96 million for 38.83% of Petrolift Inc. ("Petrolift"). Subsequently, in January 2011, TTA further invested USD 0.84 million, bringing its shareholding in Petrolift to 40.00%.

Petrolift is the market leader for double-hulled tankers in the Philippine domestic tanker industry, which is an integral part of the Philippine petroleum transportation infrastructure given the geographical landscape and limited petroleum pipeline feeding the country's thousands of islands. Domestic demand for petroleum products remains steady, giving Petrolift stable and predictable cash flows through strong customer relationships and regular charters. The steady performance of this business unit helps to cushion the Transport Group from some of the impacts of cyclicity in the dry bulk sector.

The fleet trades primarily within Philippine coastal waters and has a total capacity of approximately 41 million litres for transporting fuel products, such as refined petroleum, ethanol, and LPG. The ocean going tankers in the fleet have also traded regionally within Southeast Asia to serve the export and import transport requirements of its customers. Petrolift is an accredited contractor of tankering services for oil majors in the Philippines, and Majority of its existing fleet capacity is contracted under medium to long-term charters with these companies.

### **Ship Agency**

TTA owns four ship agency companies, making it the largest ship agency owner based in Thailand. First, Thoresen Shipping and Logistics Ltd. ("TSL") is one of the largest ship agency companies in Thailand, handling more than 972 calls in 2012. The Naxco Group, which is a French-based ship agency and logistics group, owns 51% of TSL, while TTA owns 49%. The company has begun to expand by leveraging Naxco's regional network across Indonesia, Vietnam, the Philippines, and Singapore to develop a freight forwarding business.

Second, Gulf Agency Company (Thailand) Ltd. ("GAC") is a medium-sized ship agency company in Thailand, vessel calls increased to nearly 600 in 2012. GAC is an associate company of TTA, of which TTA and Gulf Agency Company Limited (Liechtenstein), own 51.0% and 49.0%, respectively.

Third, Thoresen (Indochina) S.A. ("TI") is a joint venture company in which TTA owns 50% and the remaining 50% is owned by private investors. TI handled more than 400 calls in 2012 and specialises in project cargo handling. In 2011, TI was successful in increasing its warehouse and logistics services in the Phu My district of South Vietnam.

Fourth, PT Perusahaan Pelayaran Equinox ("Equinox") is a small ship agency based in Indonesia, handling general ship agency activities and crewing from its Jakarta based office. TTA owns 49% of Equinox as of September 2012.

These four 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.

### **Ship Brokerage**

Fearnleys (Thailand) Ltd. ("FTL") is an associate company of which TTA and Fearnleys A/S ("Fearnleys") of Norway own 49.00% and 51.00%, respectively. Fearnleys is one of the largest ship broking companies in the world with activities in dry cargo, sale and 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, and a 100% owned subsidiary, Fearnleys Dry Cargo (Singapore) Pte. Ltd., which provides dry cargo broking services in Singapore. FTL engages in a competitive ship broking business with different owners and cargo charterers in Southeast Asia, as well as worldwide.

## **Middle East Operations**

Thoresen Shipping FZE ("TSF"), a wholly owned subsidiary of TTA, was established to act as Thoresen Shipping's regional office in the Middle East and now acting as agents for various carriers. TSF provides cost effective cargo operations on vessels calling in the United Arab Emirates ("UAE") and other ports

in the Middle East. TSF attends to vessels in the UAE 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 4,000 cargo delivered to clients in the UAE, Oman, and other nearby destinations.



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# ENERGY GROUP

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## Energy Group

The Energy Group's key business is offshore oil and gas services. It also oversees two relatively smaller coal mining projects.

Mermaid Maritime Public Company Limited ("Mermaid"), in which TTA holds a 57.14% stake, provides subsea engineering and offshore drilling services to major oil and gas companies or their contractors primarily in the Asia-Pacific and Middle East regions. Mermaid's businesses tends to be cyclical in nature, with higher oil prices generally driving greater exploration and production spending and in turn, demand for offshore oil and gas services.

### A Brief on Mermaid

Mermaid commenced its operations in 1983 and was partially acquired by TTA in 1995. On 16 October 2007, Mermaid was successfully listed on the Singapore Stock Exchange ("SGX"), raising SGD 246 million from its initial public offering of shares. On 14 October 2009, Mermaid raised an additional SGD 156 million through a rights issue to its existing shareholders.

Today, Mermaid is one of a handful of Asian-based providers of offshore services. It operates principally through two business segments: offshore drilling services and subsea engineering services.

### Subsea engineering services

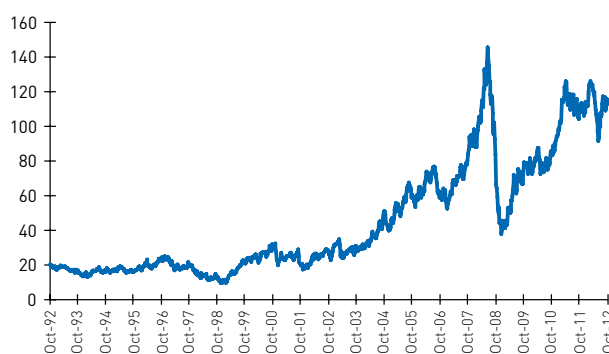
#### Industry overview

The demand for subsea and remotely operated vehicles ("ROV") services is driven primarily by the level of activity in the exploration, development, and production of crude oil and natural gas. Investment levels typically depend on oil companies' cash flows, revenue and financing, the availability of new areas for exploration and development, and oil and gas prices.

Oil prices ranged between USD 90 and USD 125 per barrel in 2012. Oil prices dropped about USD 35 per barrel during the second quarter of the year, but rebounded to about USD 100-115 per barrel, stabilising at a level above the typical threshold price that oil and gas companies use for their development projects. Uncertainty stemming from the global economy has not slowed down exploration and production activities. On the contrary, current oil prices have renewed the confidence of oil majors, who have initiated many new projects globally.

#### Chart : Historical Oil Price

Crude Oil Brent (\$/bbl) Price



Source : Fearnleys Securities

#### A year of gains for the industry

It has been a busy year for subsea contractors, with a flurry of tendering activity for new subsea contracts. The markets with the most momentum were the North Sea, Brazil, and the Gulf of Mexico, followed by Asia Pacific and West Africa, both of which are expected to improve when development of discovered fields commence.

The increased demand for subsea construction, and very few new subsea vessels entering the market in recent years, has put upward pressure on the vessel day rates.

	2007	2008	2009	2010	2011	2012	Trending
Type	USD	USD	USD	USD	USD	USD	
Offshore Construction Vessels	65 - 70 000	65 - 70 000	50 - 55 000	50 - 55 000	55 - 95 000*	65 - 110 000*	↗
Light Construction vessels	45 - 55 000	45 - 55 000	45 - 55 000	40 - 50 000	50 - 60 000	50 - 60 000	↗
Construction support vessel	35 - 45 000	35 - 45 000	40 - 45 000	40 - 50 000	40 - 55 000	45 - 55 000	→

**Comment:**

Rates are based on a mix of public made information/contract awards, rates received in confidence and a general feeling of the market. The index is based on long term T/C contracts, i.e. 3 to 5 years, direct from vessel owner to 1<sup>st</sup> tier charterer. Rates do not include ROV's or special top-side equipment.

\*A new breed of larger OCVs (150 m LOA+) entered the market in 2010 and as such we see a larger span between the low and high end of this vessel segment.

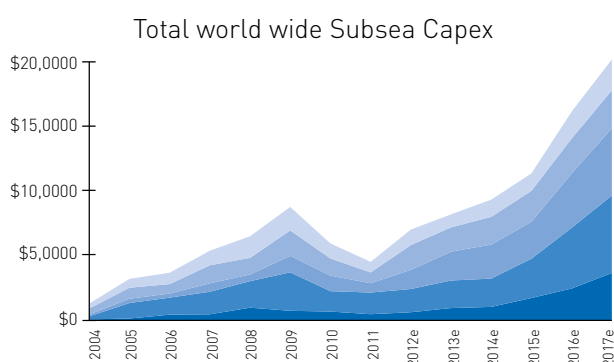
## Four development trends driving the market

Fearnleys Offshore Supply points at four different development trends mainly affecting the demand for subsea vessels. First of all, the recent year's large discoveries represent a pleasant "subsea market back-log". Secondly, in addition to the already discovered reserves, it is likely that an extensive drilling boom in the short to medium term will lead to more discoveries and increase the back-log further. The third positive influencing factor for increased subsea demand is new technologies enabling producing fields to look for life extension and further development. Especially in the North Sea, there will be several subsea tie-back and fast track solutions to increase recovery from existing fields and infrastructure. The fourth, and final, indicator for increased demand is that 70% of all the new subsea development is expected to be installed in deep water of at least 1,500 feet, implying longer subsea

campaigns and increased pressure on the current fleet. Africa and Brazil are taking the largest share of this deep water development, but areas, such as the North Sea, Gulf of Mexico, and South East Asia are also expected to benefit from this trend.

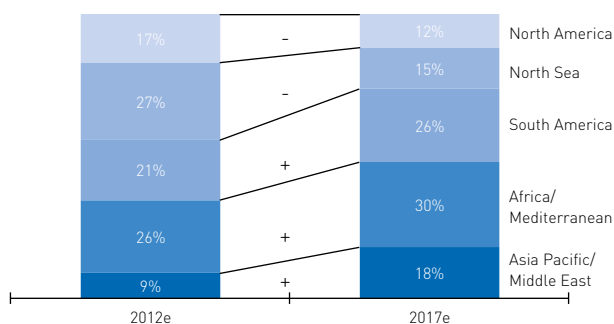
While data relating to number of rigs and geographical location of exploration and production activities is a good indicator for development activity, another commonly used indicator for subsea activity is the number of subsea trees to be installed in various regions. Each well-head is connected to a topside facility or export pipe line, via a riser, and different subsea structures. The development in expenditures related to subsea structures indicates the demand for subsea installation capabilities.

The chart above indicates expected growth in all offshore regions, with Asia/Middle East markets experiencing the largest growth. According to Quest Offshore, 18% of the world's annual subsea investment will be poured into this region by 2017.

**Chart : Subsea Capex forecast**

Source : Quest

Forecasted regional market share



Source : Quest

## Supply trends

In anticipation of sustained demand on the back of high oil prices, the subsea order book has grown substantially in the last 12 months. After a period with very few orders, more than 20 new subsea vessels have been ordered since September 2011, most of which will enter the market in 2013-2015.

## Demand trends

When analysing the fundamental drivers of exploration and production, the need for increased long-term spending becomes apparent. Following are key observations:

- Global demand for oil is expected to rise at a rate greater than global production. This creates a base for a stable and high oil price.
- Oil prices are expected to exceed the USD 100 per barrel trigger level, which could lead to an upward revision in companies' upstream budgets.
- Existing oil fields are expected to show a decline rate of 4.5%. This will need to be replaced by production from newly developed fields and/or enhanced oil recovery.
- Oil companies are forced into deeper waters and harsher environments in their search for oil and gas.
- The average size of new discoveries is steadily declining, which is likely to force oil companies to develop an increasing number of fields.

## Business Review

Subsea engineering services are provided through Mermaid Offshore Services Ltd. ("MOS"), Zamil Mermaid Offshore Services Company LLC, Subtech Limited, Subtech Qatar Diving & Marine Services LLC, Seascope Surveys Pte. Ltd., Seascope Surveys Ltd. and PT Seascope Surveys Indonesia (collectively, the "Subsea Division"). The Subsea Division's services comprise diving and remote intervention by unmanned submersibles ("ROV"). A wide range of subsea engineering services are provided, including inspection, repair and maintenance, construction and installation support, and commissioning projects.

As of 30 September 2012, the subsea fleet consists of nine subsea support vessels (including chartered-in vessels), three of which are specialised dive support vessels, and 12 ROV systems, including deepwater and ultra-deepwater heavy construction class systems. Apart from its key assets, the Subsea Division sub-contracts up to 400 specialist and marine

personnel to work on its subsea engineering projects in addition to a permanent workforce.

### Fleet and Diving Services

All vessels are classified by DNV or ABS, which are two of the leading classification societies. All vessels are subject to regular inspection by class surveyors, in addition to regular dry-docking and other planned maintenance.

Another core competency for the Subsea Division is running its diving operations to world class standards, especially those set by the International Oil and Gas Producers Association ("OGP"). A number of new bids, including the one that Mermaid recently won from Saudi Aramco, include OGP certification as a main precondition.

The following details the Subsea Division's core services:

<b>Exploration services</b>	Pre-installation surveys; rig positioning and installation assistance, subsea equipment maintenance.
<b>Development services</b>	Installation of subsea pipelines, flow lines, control umbilicals, manifolds, risers, pipe lay and burial, installation and tie-in of riser and manifold assembly; commissioning, testing, and inspection; and cable and umbilical lay and connection.
<b>Production Services</b>	Inspection, maintenance, and repair of production structure, risers, pipelines, and subsea equipment

**Table : Mermaid Subsea Fleet List**

No.	Name of Vessels	Vessel Type	Calendar Year	
			Build Year	Purchase Year
1.	Mermaid Commander	DP2 Dive Support Vessel	1987	2005
2.	Mermaid Endurer	DP2 Dive Support Vessel	2010	2010
3.	Mermaid Asiana	DP2 Dive Support Vessel	2010	2010
4.	Mermaid Siam	DP2 Construction Barge	2002	2010
5.	Mermaid Sapphire	DP2 ROV Support Vessel	2009	2009
6.	Mermaid Challenger	General Utility Vessel	2008	2008
7.	Mermaid Performer	General Utility Vessel	1982	2006
8.	Barakuda	General Utility Vessel	1982	2010
9.	Endeavour (Charter)	DP2 ROV Support Vessel	2008	2012 (charter)

## Clients

Clients include major and independent oil and gas producers and suppliers, pipeline transmission companies, and offshore engineering and construction firms. In 2012, subsea services were provided to over 20 clients.

## Employees

The Subsea Division relies on the high quality of its specialised workforce. As of 30 September 2012, MOS and its associated companies had over 500 personnel spread across Thailand, Qatar, Saudi Arabia and Indonesia.

## Competition

The marine contracting industry is highly competitive. While price is a factor, the ability to acquire specialised vessels, attract and retain skilled personnel, and demonstrate a proven safety record is also important. The Subsea Division's competitors include a number of local firms based in Asia and the Middle East as well as larger international companies based in Europe and the US, most of which are major Engineering, Procurement, Installation, and Commissioning ("EPIC") contractors.

## Headwind and Tailwind Factors

With 10% growth year-on-year expected in term of spending and investment, prospects look positive for subsea engineering services. TTA takes the view that oil prices will remain above USD 100 per barrel in the medium term, spurring further industry growth and development.

The strategy to expand beyond Thailand and South East Asia has begun to pay dividends. In early fiscal 2013, Mermaid announced a landmark diving contract which it will carry out as part of its new Middle East joint venture. The Middle East is expected to pace regional growth for the Subsea Division over the next few years.

## Offshore drilling services

### Industry Overview

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 (both exploration and production) are geographically dispersed throughout the world. The different types of drilling units employed depend on the water depths in which to drill, the stage of drilling (exploration/development/production) and the technical complexity of the well.

For tender rigs, South East Asia is by far the most important geographical region, employing over 70% of the global fleet. Modern tender rigs have recently reported utilisation rates as high as 100%, with older tender rigs slightly lower but still up to 85%. Day rates for newer tender rigs approached levels of around USD 130,000 in 2012.

With high oil prices and increasing offshore activity, global jack-up demand has soared during 2012. For the premium segment, utilisation rates have been stable above the 90% level, with day rates having established a foothold at around USD 150,000, up from a range of USD 100,000 to USD 120,000 the previous year.

## Business Review

Mermaid Drilling Ltd. ("MDL"), a 95%-owned subsidiary of Mermaid, owns two tender drilling rigs and provides drilling and accommodation barge related-services in Southeast Asia. One rig, MTR-2, was employed throughout most of 2012, while the other rig, MTR-1, was converted into an accommodation barge and contracted towards the second half of the fiscal year. As these two rigs are approaching the end of their

useful lives, Mermaid is exploring different options to renew its tender rig fleet.

Asia Offshore Drilling Ltd. ("AOD"), the Company founded by Mermaid to own and operate a modern fleet of high specification jack-up rigs, signed its inaugural contract for the first of its three rigs in October 2012 with total revenues of USD 236.5 million with Saudi Aramco. As of 30 September 2012, Mermaid held a 33.75% stake in AOD.

**Table : Drilling Rig Fleet List**

No.	Name of Rigs	Rig Type	Calendar Year	
			Build Year	Purchase Year
1.	MTR-1	Accommodation Barge	1978	2005
2.	MTR-2	Tender Assist Drilling Rig	1981	2005
3.	AOR-1*	Premium Jack-Up Rig	2013	2010
4.	AOR-2*	Premium Jack-Up Rig	2013	2010
5.	AOR-3*	Premium Jack-Up Rig	2013	2011

(\* Under construction at Keppel FELS Limited's yard in Singapore)

Both jack-up and tender drilling rigs require classification from a recognised classification society, which classify them based on structural integrity and safety. MDL's 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. Classification authorities inspect the tender drilling rigs annually. Tender drilling rigs are dry docked every five years and subject to a special periodic survey by these classification societies. AOR-1, which will be delivered to AOD in March 2013, will be subject to classification by ABS.

## Fleet Services

MDL's contracts to provide offshore drilling services are individually negotiated and vary in their terms and provisions. MDL obtains most of its contracts through competitive bidding against other contractors. Drilling contracts generally provide for payment on a day rate basis, with higher rates while the drilling unit is operating and lower rates for periods of mobilisation or when drilling operations are interrupted or restricted by equipment breakdowns, adverse environmental conditions, or other conditions often beyond MDL's control.

A day rate drilling contract generally extends over a period of time covering either the drilling of a single well or group of wells or covering a stated term. Some of MDL's contracts with clients may be cancellable at the option of the client upon payment of an early termination payment. Such payments may not, however, fully compensate MDL for the loss of the contract.

AOD's three jack-up rigs are from the Mod V – B Class design, which is understood to be the preferred jack-up rig design by major drilling companies and used by oil companies in all shallow water areas of the world. The rigs are designed for year round operations in the areas of Gulf of Mexico, Indian Ocean, Southern North Sea, Coast of Middle East, Offshore India, Offshore Australia, Offshore New Zealand, and Offshore South East Asia. In today's environment, rigs are typically contracted for durations of 300 days or longer, a trend that is expected to increase as demand soars while near term supply fades.

## Clients

MDL engages in offshore drilling for leading international oil companies, including those that are both government-controlled and independent. As of 30 September 2012, both MTR-1 and MTR-2 were employed by Chevron Indonesia, as an accommodation barge and a drilling rig, respectively. MTR-2's contract finished in November 2012, and the rig is undergoing its special periodic survey and will not be out of the yard until February 2013.

AOR-1 has been contracted to Saudi Aramco, the largest oil and gas company in the world, and will begin its employment in June 2013.

## Employees

MDL requires highly skilled personnel to operate its drilling rigs. As a result, MDL conducts extensive personnel recruiting, training and safety programmes. As of 30 September 2012, MDL had 168 staff and personnel.

## Competition

MDL's primary competitors include global or regional offshore drilling companies, including Malaysian offshore services company Sapura Kencana, which in November 2012 agreed to buy the tender rig business of Seadrill in a deal valued at USD 2.9 billion. The deal will make SapuraKencana the largest operator of tender rigs in the world.

The majority of the tender rigs operate in South East Asia, on contracts ranging between one to three years. The market for tender rigs is a niche market that generally experience the same cycles as the market for other mobile offshore drilling units in general, and with jack-ups in particular.

South East Asia is the biggest market for tender rigs, followed by West Africa. The level of activity for tender rigs in South East Asia has remained relatively high. Total active supply comprise 20 units, of which 17 are currently on contract (15 operating in South East Asia), one is currently at the yard and available, while two are cold stacked. In addition, a total of eight tender rigs are under construction.

The total active supply of semi-tenders is nine units, of which one is cold stacked, eight is currently working and three are under construction.

## Headwind and Tailwind Factors

There are over 604 fixed platform sites in South East Asia, many of which prefer tender rigs since the seabed around these platforms are often perforated

by jack-up footprints. As a result of limited supply, particularly of newer rigs, day rates and contract duration are all pegged to increase. More new-build orders are expected to surface due to favourable economics – an area MDL will explore closely in 2013.

As the premium jack-up fleet is closing in on full utilisation and the majority of the most technically capable conventional jack-ups have returned to work, day rates are expected to continue to trend higher. Premium jack-up rigs are receiving premiums of up to USD 50,000 per day, a trend that is also expected to continue with operators favouring modern assets. With these numbers in mind, Mermaid's investment in AOD proves to have been optimally timed, underscored by AOD's deal with Saudi Aramco at excellent day rates, closed five months in advance of rig delivery.

## Coal mining businesses

Given the critical importance of coal as a fuel source for developing Asia, and TTA's existing involvement in coal transport, the Company has invested in two early stage/start-up coal projects: one in the Philippines and another in Indonesia.

### Philippines Mine

TTA holds a minority interest of 24.31% in Merton Group (Cyprus) Ltd. ("Merton"), a Hong Kong based group founded by a veteran mining/metals industry professional to pursue early stage/start-up coal projects. Merton's joint venture with SKI Group, SKI Energy Resources Inc. ("SERI") controls over 12,000 hectares of coal concessions in Cebu, Philippines.

Domestic coal demand in the Philippines is expected to remain strong given the heavy reliance on coal for power generation. An approximate 1,300 MW in additional capacity has been committed, but this

number represents a mere fraction of anticipated demand growth. As over 80% of the coal consumed in the Philippines is imported, largely from Indonesia, domestic sources of quality thermal coal will find an enthusiastic market.

TTA's plan to directly invest in its Philippines coal venture by converting debt into equity (announced in November 2011) has not been approved by local regulators. As a result, SERI's financial position has weakened, and the venture is not able to produce sufficient coal to reach break-even cash flows.

As the outlook for the coal market in the Philippines is expected to say resilient, TTA remains committed to finding alternative ways to recapitalise the project in order to realise its potential.

### Indonesian Mine

In March 2011, TTA entered into a strategic partnership to establish a new company, Qing Mei Pte. Ltd. ("Qing Mei") to develop a green field coal-mining project in Indonesia. The partnership includes TTA, Merton and Britmar (Asia) Pte. Ltd. ("Britmar"). Each partner holds an equal 33.3% share of approximately USD 9.0 million initial capital of Qing Mei.

Qing Mei acquired a 70% interest in four coal concessions, totalling 33,000 hectares in Central Kalimantan. Domestic power demand is expected to soar, with state power monopoly PLN predicting domestic coal demand would increase by over 60% in the next three years, from 58 million tonnes in 2012 to 96 million tonnes in 2015, potentially limiting exports in favour of domestic use.

Exploration at Qing Mei's concessions continue to Joint Ore Reserves Committee ("JORC") standards, with a full-scale drilling programme almost completed on one of the concession's four blocks and preliminary drilling done on the concession's other three blocks.





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INFRASTRUCTURE GROUP

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## Infrastructure Group

The Infrastructure Group comprises a number of businesses that are ultimately engaged in logistics services. The two key businesses are Unique Mining Services Public Company Limited ("UMS") and Baconco Co., Ltd. ("Baconco").

## Coal logistics business

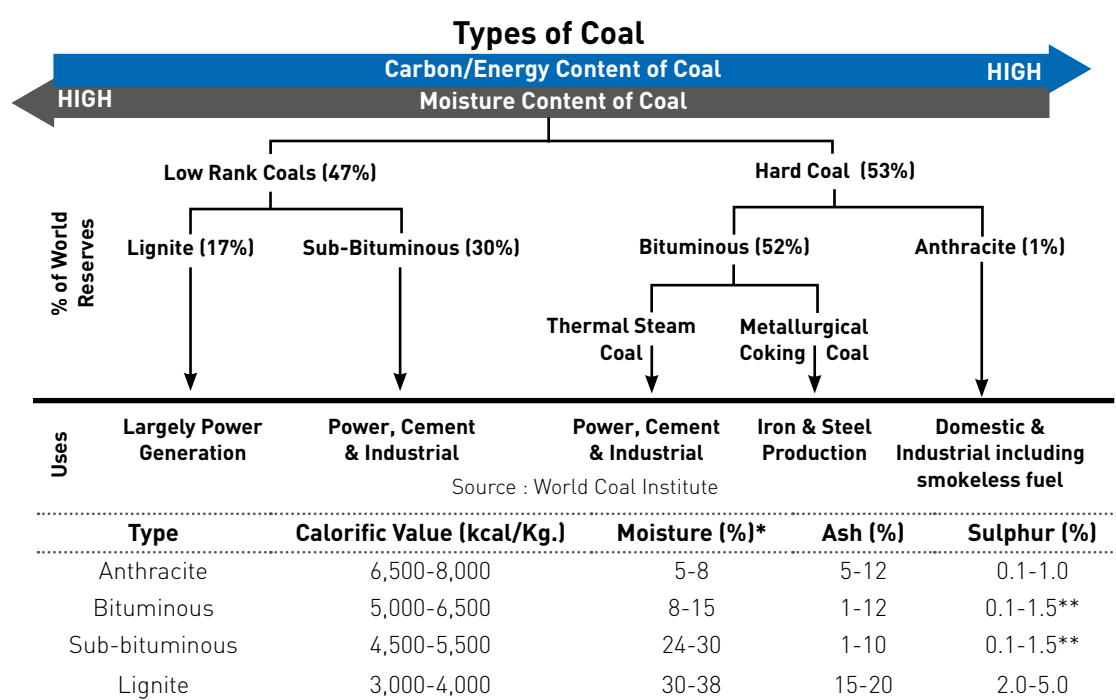
### Industry Overview

Thailand's projected economic growth and energy demands will increasingly be met by coal, as supplies of natural gas will decrease in the Gulf of Thailand. Although coal demand in Thailand has been historically lower than most South East Asian and North Asian countries, the country's coal demand for both industry and electricity generation is set to increase significantly over the next ten years.

As shown in the following chart, coal reserves fall into a number of classifications, each suited for a specific type of end user.

## Coal Information

### General Knowledge

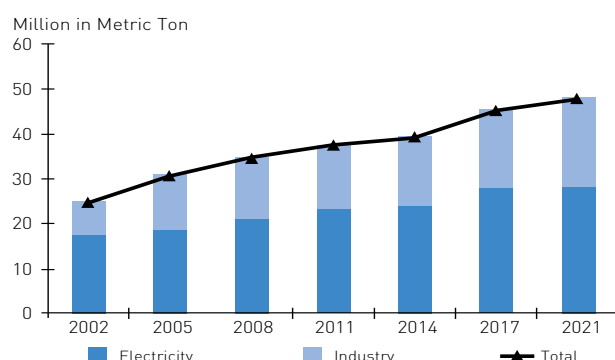


Remarks: \* Percentage by weight

\*\* 1% of sulphur would produce sulphur dioxide approximately 500 ppm.

On the strength of increased demand for both industrial use and electricity generation, coal consumption is expected to nearly double over the next 20 years.

**Chart : Actual and Projected Coal Demand in Thailand**



Source : EGAT

The use of coal as an energy source can significantly reduce production costs and there appears to be an increasing trend in manufacturing to convert from fuel oil to coal in order to enhance competitiveness over the long-term. With oil prices exceeding USD 100 per barrel, coal represents an efficient energy source. At the same time, natural gas is fairly limited in Thailand, and bio-fuel supplies have proven inconsistent. Taking these factors together, there is strong rationale for the growth of popularity of coal as an increasingly reliable, cost effective, and efficient source of energy.

## Business Review

UMS provides end-to-end and just-in-time coal logistics sales and distribution services in Thailand. It owns two coal screening facilities and 12 barges, which are used to serve the increasing local coal demand of small and medium-sized industrial clients

that use coal-fired boilers. It has integrated with businesses from TTA's Transport Group through the appointment of Fearnleys (Thailand) Ltd. ("FTL") as one of its primary brokers, the use of Thoresen Shipping to transport coal from Indonesia to Thailand and a close relationship with Thoresen Shipping and Logistics Ltd. ("TSL"), which handles a large part of UMS' freight activities as the Company's appointed shipping and logistics agent.

The just-in-time supply model means that UMS manages a coal supply chain including stock pile management and storage, ensuring coal supply security and continuous coal supply for its customers. Therefore, customers' lead time for ordering is only one day in advance on average and most importantly, customers are not required to manage their own stock piles and storage.

A significant challenge for the business has resulted from the closure of UMS' facility in Samut Sakorn by provincial authorities in July 2011 due to environmental protests targeted at coal operators in a nearby district. This order to cease coal operations has impacted all five coal operators in Samut Sakorn. As a result of this issue, UMS has been operating from its alternative plant in Ayudhya, while working with the Samut Sakorn authorities on a resolution for re-opening its second plant.

A major pre-condition to the reopening of the plant is for UMS to clear out its remaining 0-5 mm coal inventory no later than February 2013. This has resulted in aggressive sales to cement plants located in Saraburi province, thereby forcing UMS to incur much higher transportation costs.

The situation has been further complicated by the fact that much of the 0-5 mm coal in the Samut Sakorn plant was purchased during -2009-2011, when coal

prices were considerably higher than they are today. That coal had previously been earmarked as part of UMS' strategy to implement a granular coal solution from its 0-5 mm coal, enabling it to reap higher returns and wider margins.

While UMS continues to work towards meeting the conditions set out by the authorities to reopen its Samut Sakorn plant, which also include improving waste water management and carrying out port renovations to enhance dust control, contingency plans are being explored, including the opening of a third site. Once the situation is resolved, UMS is expected to return to profitability quickly, serving the large number of coal users in the province. During the fiscal year, UMS managed to sell 283,000 metric tonnes of 0-5 mm coal from its Samut Sakorn plant, and as of 30 September 2012, had a remaining inventory of 180,000 metric tonnes.

## Clients

UMS' core clients typically use low calorific value (sub-bituminous with heating value 4,000–4,200 kcal/kg at gross as received) coal, which it secures from no less than 10 reputable suppliers in Indonesia.

UMS sells coal to several domestic industries, including pulp and paper, textile, food processing, and cement. UMS' coal import and production strategies have been adapted to match the engineering specifications of the boilers used by each type of industrial client it serves. The Company's strategic objective is to be the leader in domestic coal distribution for medium and small sized manufacturers.

## Competition

Thailand's coal distribution business has approximately 20 operators. Of these, approximately 15 compete directly with UMS in the small and medium sized enterprise ("SME") segment. UMS is the market leader in this area with a market share of approximately 35%.

## Headwind and Tailwind Factors

The impacts of the European and US economic slumps did not have a noticeable effect on domestic coal demand, which is expected to continue to trend upward as a result of the manufacturing industry converting from fuel oil to coal.

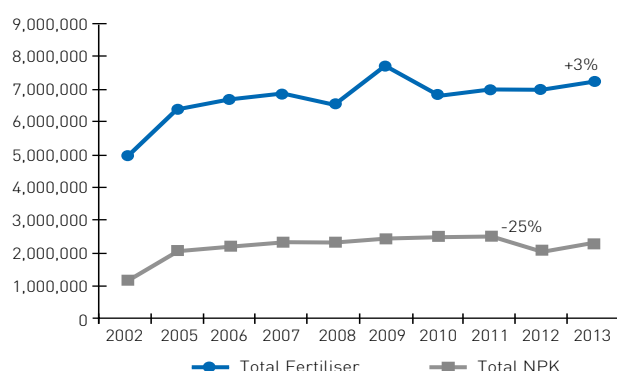
UMS has also observed a trend in upward demand for coal alternatives such as palm kernel shell, which UMS has started to import from Indonesia to market to domestic customers who burn bio-mass for energy. This product has the potential for higher margins and is expected to at least partially offset losses from 0-5 mm coal sales during the first two quarters of 2013.

Ultimately, UMS' outlook will depend on its ability to negotiate a solution with the provincial authorities for a timely reopening of the plant, which if all pre-conditions are met, can resume full operations no earlier than April 2013.

## Fertiliser and Warehousing Business

### Industry Overview: Fertiliser Business

It is estimated that Vietnam consumes approximately seven million tonnes of fertiliser per annum, a level that industry experts believe will remain stable for the next two to three years, with modest increases of 2-3%. The growth potential of NPK consumption should be doubling over 8 years.

**Chart : Vietnam Fertiliser Consumption**

Fertiliser is mainly composed of nitrogen, phosphate and potassium: Nitrogen (N) – used to produce leafy growth and formation of stems and branches; Phosphate (P) – essential for seed germination and root development, needed particularly by young plants to form their root systems and by fruit and seed crops; Potassium (K) – required to promote flower and fruit production and for maintaining growth while helping plants resist diseases. Vietnam can now produce and supply Nitrogen adequately for the domestic market. Phosphate raw materials are sourced both domestically and through imports, while 100% of Potassium raw materials need to be imported.

### Market Situation: Warehousing Business

The industrial market in Vietnam is divided into three key economic zones, the Northern Key Economic Region (“NKER”), the Central Key Economic Region (“CKER”) and the Southern Key Economic Region (“SKER”), with the greatest concentration of industrial parks found in the latter. There are 10 industrial parks in the vicinity of Ba Ria and Phu My Port alone.

Vietnam’s port systems are going through significant upgrading, particularly those that are state owned but infrastructure remains a barrier for yards and warehousing systems to accommodate both containers and bulk cargos.

Warehouse development and availability, as well as professional logistics management, are expected to be key factors in supporting Vietnam’s port infrastructure and industrial sector. Within the SKER, warehouses in strategic locations like airports and ports can command in excess of USD 5.0 per square metre per month excluding VAT and other fees. This is in comparison to warehouses with lower standards residing outside of strategic locations, which generate as little as USD 1.5 to USD 2.5 per square metre per month.

### Business Review

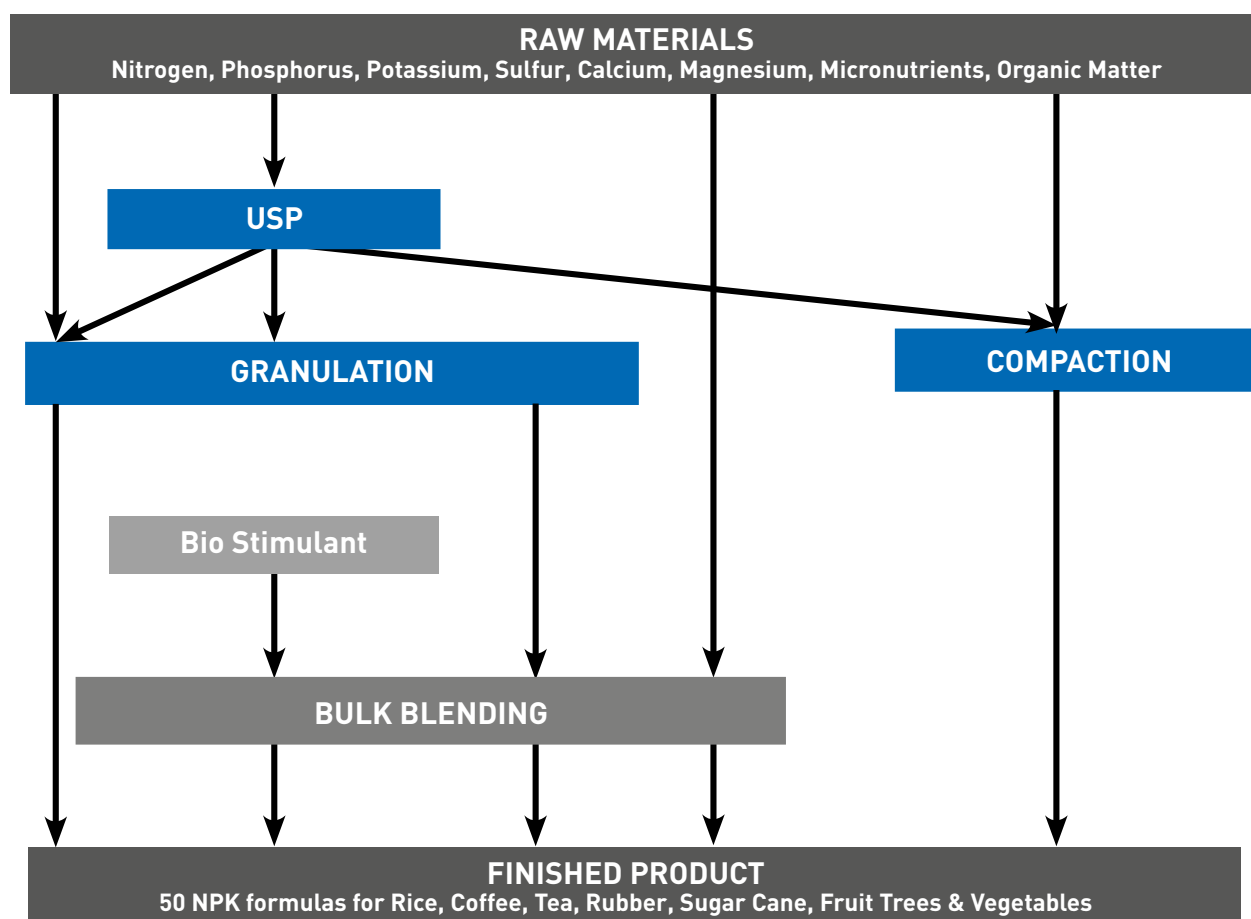
The 2009 investment in Baconco Co., Ltd. (“Baconco”) represented TTA’s first strategic move towards building an integrated logistics business in South Vietnam. Baconco is located on a 56,000-square-metre site in Phu My and is adjacent to Baria Serece. Besides fertiliser production, Baconco also provides warehousing services.

Baconco operates a 350,000 metric tonne per annum blending and NPK fertiliser granulation/compaction production unit. In addition to the sale and distribution of its own products, Baconco also exports and is a supplier of pesticides and seeds. Baconco has recently made a push to boost exports, which more than doubled year-on-year to 60,700 tonnes, establishing a strong reputation for its distinctive “Stork” brand in markets such as Africa, Taiwan, Korea, Cambodia and Laos.

Baconco continues to innovate and diversify its products utilising chemical, physical and biological processes in fertiliser production. As of 30 September

2012, Baconco marketed over 80 distinct formulas and provided customised formulas for its top five customers.

### Baconco Fertiliser Production Processes



Source : World Coal Institute

Baconco is located next to Phu My Port allowing the Company to leverage its strategic location to expand into warehousing. With TTA's acquisition of a 20% stake in Baria Serece which controls the port, Baconco has emerged as a strong partner to Phu My port.

Baconco operated 10,000 square metres of warehouse space in 2012 at approximately 90% capacity, and in the second quarter of fiscal 2012, acquired a new 50,000 square metre piece of land using its own cash reserves. By the second quarter of fiscal 2013, about 27,000 square metres of brand new warehouse space will be unveiled.

Thoresen (Indochina) S.A.'s subsidiary company, Thoresen-Vinama Agencies Co., Ltd ("TVA"), has established itself as Baconco's third party logistics provider, closing the loop on near complete integration of the entire value chain. As an example, cargo from a client's factory can be picked by TVA's trucks and trailers, stored in Baconco's warehouses, loaded onto a vessel at Baria Serece utilising labour provided by TVA, and with ship agency services supplied by Thoresen (Indochina) S.A.

## Clients

For its fertiliser business, Baconco continues to consolidate its network to approximately 200 wholesalers and 4,000 retailers. Its warehouse clients are made up of its own fertiliser wholesalers, bottlers, raw material importers and steel pipe manufacturers.

## Competition

Competition is significant in the Vietnam market with over 500 producers, many of them state owned. The largest, Petro Vietnam has completed building its urea production facility in Phu My industrial park. Previous plans by Petro Vietnam to build an NPK factory in South Vietnam have been discontinued.

## Headwind and Tailwind Factors

While the Vietnam fertiliser market remains fairly consistent from a growth perspective, the increased use of single fertiliser (direct application) as opposed to NPK is dependent on raw material prices. If there is an increasing trend in raw material prices, prices of NPK would increase, thus driving some farmers towards single fertiliser use. However, single/direct application does not provide the required nutrients for the land and crop yields may not be as high.

Baconco maintains low levels of raw material inventories and produces in controlled capacities. It is therefore able to stabilise prices and margins resulting in continued demand of its products.

## Port operations business

In November 2010, Soleado acquired a 20% stake in Baria Joint Stock Company of Service for Import and Export of Agro Forestry Products and Fertilisers ("Baria Serece") from Yara Asia Pte. Ltd. Baria Serece owns and operates Phu My port in South Vietnam.

Phu My port is situated on the Thi Vai River, approximately 17 miles from the open sea and is adjacent to Phu My industrial park. The port is Vietnam's largest dry cargo deep-water port, is able to receive up to seven million tonnes of agricultural products, coal, and fertiliser per year.

The port's fifth shore crane was installed in 2012 and is now operational. In addition, Baria Serece has completed its 453 metre quay upgrade project and has received a license to operate domestic and international general cargo vessels of up to 12 metres and 80,000 DWT. As such, the facility is favoured among Handymax, Supramax and Panamax operators, as no lightering is needed prior to arrival.

## 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 in Thailand. CMSS also provides ship stevedoring and transportation services, including cargo loading and unloading, cargo handling, and transportation.

### Third Party Logistics Services

In October 2006, GAC Thoresen Logistics Ltd. ("GTL") was established to serve the Thai domestic logistics market. TTA owns 51.00% of GTL, with the remaining 29.00% and 20.00% owned by GACL (for purposes of compliance with warehouse regulations) and Mr. Lars Safverstrom, the president of the Gulf Agency Company, respectively. The company

owns a 10,000 square metre warehouse facility at Amata Nakorn Industrial Estate and leases a 6,000 square metre warehouse facility at Bang Pa in Industrial Zone.

GTL is a third party logistics ("3PL") service provider that engages in warehousing, warehouse management, and domestic distribution for both local and multinational clients. The company operates in a niche environment and has secured mid to long-term contracts with a selected number of clients. The warehouse facilities operated at full capacity throughout 2012.

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## CORPORATE SOCIAL RESPONSIBILITY POLICY

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# Corporate Social Responsibility Policy

TTA is determined to uphold its status as a responsible corporate citizen and has always operated with transparent governance as its core principle. We have defined clear standards for transparency, and there are procedures in place for tracking, evaluating, and improving what we do. Our goal is to integrate the concept of social responsibility into every aspect of our operations, covering all internal and external activities.

We believe that corporate social responsibility ("CSR") cannot be defined simply as the act of organising activities to benefit society. Rather, we see CSR as a vital part of our corporate culture, which is structured around the core values of morality, excellence, teamwork and commitment. In turn, these values have given us a solid base for transparency and governance.

Additionally, TTA provides full support for all subsidiaries in the transport, energy and infrastructure business groups to engage with communities that are within the vicinity of their operations. We remain fully dedicated to the betterment of society in every aspect, including education, environmental management, health and hygiene or community development.

## CSR Activities in 2012

### Education

TTA and its member companies view education as a cornerstone of building a sustainable future. Led in particular by staff at TTA coal logistics subsidiary UMS, the following key activities were carried out during the year.

- A post-flood community support activity on 18 February 2012 helped to complete renovations at Wat Chao Pad Song Trai School, Wat Kaewsuwan School and Wat U Tapao School in Sena district, Ayudhya.

- On 11 May 2012, UMS and the Association of Port and Warehouse Operators in Nakorn Luang (comprising six companies) together organised an activity called "Big Cleaning Day", aimed at helping to clean up local schools ahead of the opening day of the 2012 academic year.

- On 30 May 2012, an activity dubbed "UMS: Passing on the Knowledge" provided students at Wat Thong Song Tham School in Khlong Sakae, Nakorn Luang, Ayudhya with a chance to create science projects.

- On 29 June 2012, grade 4 to 6 students from Wat Pho Thong Tham School in Nakorn Luang, Ayudhya, were brought to Bangkok for a tour of the Science Centre for Education (aka Bangkok Planetarium). The tour gave students a chance to pick up scientific, astronomical, and technological knowledge usually not found in classes.

- On 21 July 2012, Baht 20,000 was donated to fund the hiring of new teachers at Wat Song Thong Dharm School (Samakkee Narumitr) in Nakorn Luang, Ayudhya. The donation, which also marked the school's 80th anniversary, was received by school director Khun Theerasak Yimsin.

### Environmental Management

TTA and its subsidiaries are committed to doing their part to improve environmental protection and to operate sustainably. As part of its CSR efforts, TTA and a number of its subsidiaries participated in key initiatives in 2012.

- The Occupational Health, Safety and Environment in the Workplace Committee (OHSC) of TTA and subsidiaries including TSC, TCB, TSL, and GAC joined the Media Center for Development Foundation's "Recycle Paper for Trees" program, which allows corporate citizens to save trees by dropping used paper into the Foundation's collection boxes on each floor of the office. The program welcomes paper of all types and sizes – including ATM slips or bills.

- UMS and fellow members of the Port and Warehouse Operators Association, Western Division jointly organised another instalment of the "Big Cleaning Day" activity on 28 July 2012, to clean the streets from Wat Pho Thong intersection to Bang Duea intersection in Nakorn Luang, Ayudhya. The effort was backed by machinery from UMS' Nakorn Luang facility.

### Health and Hygiene

Volunteer efforts and donations to improve the health and access to services of people in our communities continue to be an important part of our CSR efforts.

- On 15 November 2011, TTA employees gathered to prepare emergency survival kits for flood victims. The next morning, 30 volunteers from companies under the TTA umbrella together marched alongside soldiers into the flooded areas around Ekachai Bangbon to deliver survival kits to those affected. Initiated by TTA's CSR team, the aim of this flood assistance activity was to provide a degree of relief to fellow Thais suffering from the disaster.

- In addition, UMS pitched in for flood victims with the contribution of 84,000 EM briquettes made at the company's factory in Samut Sakorn. The briquettes, handed out to flood victims to help clean up pools of floodwater, also served as UMS's tribute in honour of His Majesty the King's 84th birthday.

- In July 2012, elderly residents in Baan Paew, Samut Sakorn and Nakorn Luang, Ayudhya were visited by UMS staff members, who briefed them on proper eyesight self-testing and eye care.

### Community Development

TTA remains committed to spearheading improvements in the communities in which it operates through donations and volunteering hours. In 2012, these staff at TTA coal logistics subsidiary UMS took the lead.

- On 14 January 2012, UMS organised a Children's Day event at its Samut Sakorn facility. The event featured an exhibition about coal, various games, and a wide range of prizes for children.

- On 13 April 2012, a Baht 10,000 donation was made to support annual Songkran festivities at the Baan Paew, Samut Sakorn.

- On 1 May 2012, a contribution of Dharma books and bio-fermented fertiliser was made to the elderly living at The Center for the 3 Ages under the patronage of HRH Princess Srirasmi in Baan Paew, Samut Sakorn.

- On 8 May 2012, UMS and Lanna Resources PCL donated light snacks and herbal drinks to residents at Tambon Health Promoting Hospital in Khlong Sakae, Nakorn Luang, Ayudhya. In addition to the donation, UMS also staged a magic show to bring smiles to the residents in attendance.

- The annual Thoresen Maritime Awards event once again honoured Thoresen Shipping's top performers from among ship crews and office staff. This year, 23 crew members brought home their well-deserved prizes, with scholarships awarded to ship crewmen's children with outstanding academic records. The awards ceremony was held at the TTA head office on Chidlom Road, Bangkok on 20 July 2012. Four award categories including No Off-Hire, Port State Zero Deficiency; Best Cargo Care and Highest assessments score were presented to crew members while 15 scholarships were presented to their children.



## FINANCIAL HIGHLIGHTS

# Financial Highlights

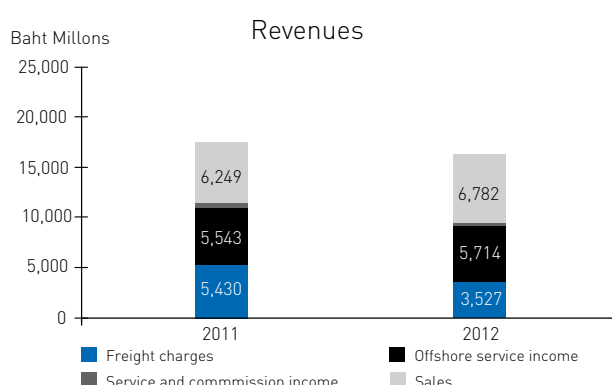
	Year Ended 30 September		
	2012	2011	2010
	(Restated)		
	(Baht in millions, except share, per share data and ratios)		
<b>Income Statement Data:</b>			
Voyage revenues	3,527.16	5,430.10	9,272.55
Voyage expenses*	1,777.90	2,819.35	4,885.73
Vessel operating expenses - owner expenses*	829.67	1,501.81	2,153.14
Offshore services revenues	5,714.14	5,542.74	3,476.37
Offshore services expenses	3,770.20	3,911.52	2,641.82
Sales	6,781.51	6,249.37	4,667.09
Cost of sales	6,021.35	5,278.76	3,844.31
Revenues from service companies and other sources*	478.12	778.40	674.90
Depreciation and amortisation	1,718.73	2,084.15	1,962.03
General and administrative expenses*	1,496.83	1,694.00	1,817.31
Interest expenses	572.20	619.61	510.62
Interest income	67.09	139.89	94.65
Equity income (loss) from associates and joint venture	129.43	110.23	80.31
Foreign exchange gains (losses)	120.88	91.78	24.34
<b>Net income</b>	<b>(4,618.83)</b>	<b>173.20</b>	<b>795.57</b>
<b>Per Share Data:</b>			
Net income - basic	(6.52)	0.24	1.12
Cash dividends declared	0	1.00	0.26
Net book value	36.17	43.53	44.54
<b>Balance Sheet Data (at end of year):</b>			
Cash and marketable securities	4,387.93	4,781.31	10,414.49
Vessels, rigs, machinery, and equipment - net of depreciation	21,963.00	22,769.65	22,662.90
Total assets	42,560.43	48,032.39	48,873.46
Total liabilities	16,949.72	17,216.42	17,341.32
Issued share capital	708,004,413	708,004,413	708,004,413
Total shareholders' equity	25,610.71	30,815.97	31,532.14
<b>Other Financial Data:</b>			
Net cash flows provided by (used in) operating activities	1,973.58	144.99	1,652.50
Net cash flows provided by (used in) investing activities	(1,611.63)	(3,955.33)	(10,883.10)
Net cash flows provided by (used in) financing activities	(674.79)	(884.89)	7,202.92
Capital expenditures :			
Property, plant and equipment, and intangible assets	1,695.25	4,426.07	8,611.32
<b>Financial Ratios:</b>			
Return on shareholders' equity (%)	(20.19%)	0.67%	3.04%
Return on total assets (%)	(10.20%)	0.36%	1.76%
Net profit margin (%)	(28.27%)	0.99%	4.44%
Total debt to total capitalisation	0.35	0.32	0.31
Net debt (cash) to total net capitalisation	0.27	0.24	0.11

Note \*: Exclude one-off items

# Management Discussion & Analysis

TTA reported net losses of Baht 4,619 million and losses per share of Baht 6.52 for the year that ended on 30 September 2012 ("FY12"). This compares with net profit and earnings per share of Baht 173 million and Baht 0.24, respectively for the year that ended on 30 September 2011 ("FY11").

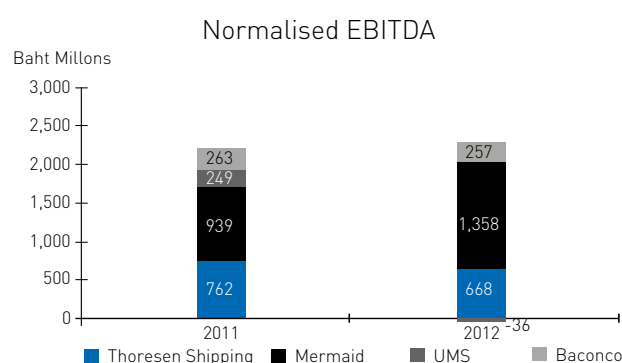
TTA has four main business units today, Thoresen Shipping Singapore Pte. Ltd. ("Thoresen Shipping", dry bulk shipping), Mermaid Maritime Public Company Limited ("Mermaid", offshore oil and gas services), Unique Mining Services Public Company Limited ("UMS", coal distribution), and Baconco Ltd. ("Baconco", fertiliser production and logistics). From an operating fundamentals perspective, TTA showed significant signs of improvement in its two largest business units:



- Thoresen Shipping delivered positive operating profits, even though average freight rates in FY12 dropped 30% versus FY11, including hitting a 25-year low. Normalised EBITDA for the twelve-month period was Baht 668 million while normalised EBIT jumped to Baht 118 million from a negative Baht 15 million in FY11. Strategic moves during the past 12-18 months (i.e. fleet reconfiguration, organisation changes, and tight cost discipline) have all proven successful in delivering a strong EBIT rebound of 886% yoy.

- Mermaid generated Baht 1,358 million of normalised EBITDA and Baht 603 million of normalised EBIT (138% growth yoy) through better asset utilisation and strong focus on vessel and project cost efficiency.

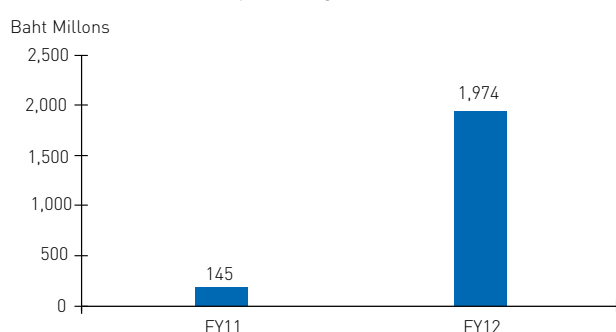
- UMS undertook various strategic moves in an attempt to reopen the Samut Sakorn plant as quickly as possible. Approximately 283,000 tonnes of 0-5 mm coal inventory at Samut Sakorn were sold to cement plants in Saraburi. Thus, UMS reported negative EBITDA and EBIT of Baht 36 million and 103 million, respectively. While the extra transport costs severely hurt the margins, roughly 62% of the inventory stockpile was turned into sales, paving the way for the plant's expected recommencement in 2013.



- Baconco generated sales growth of 14% yoy, but gross margins came under pressure. Thus, Baconco closed FY12 with lower, but still solid, EBITDA and EBIT of Baht 257 million and Baht 243 million, respectively.

- Equity income from associates increased 17% yoy. Petrolift and Baria Serece continue to generate strong profits.

### Net operating cash flow



- Given the fundamental improvements at Thoresen Shipping and Mermaid, net cash flow from operating activities was Baht 1,974 million during FY12, compared to the net cash flow of Baht 145 million in FY11, a 1,261% improvement.

The heavy consolidated net losses were a result of various extraordinary items. The Board of Directors mandated reviews of investments and assets during FY12 and applied very conservative forward assumptions. These reviews resulted in specific provisions and impairments of Baht 4,577 million during FY12. The main extraordinary items are as follows.

#### Thoresen Shipping:

- Baht 209 million write-off of management and commitment fees on a syndicated loan secured in 2007 as the loan availability period expired in 1QFY12
- Baht 199 million impairment charges on assets under construction at a supplier
- Baht 501 million fixed assets impairment charges and write-offs in 4QFY12

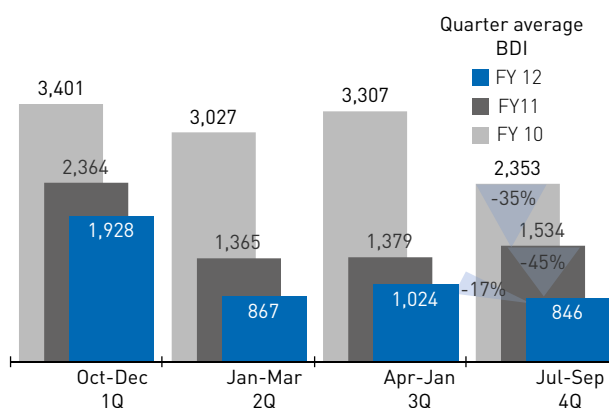
#### UMS:

- Baht 107 million allowance for net realisable value of inventories

#### Corporate:

- Baht 2,319 million impairment charge in 3QFY12 on TTA's investment in UMS, as it has been working through significant challenges in its business for the past two years
- Baht 908 million doubtful debts provision, as the Philippines coal mine project is under restructuring negotiations

These impairments and provisions were taken in line with best corporate governance practices that call for transparent and conservative financial reporting. The



balance sheet has become more conservative than previously, well positioning TTA for higher profitability over the next few years, given the significant signs of improvement in key business units.

### Transport Group

Transport Group contributed Baht 775 million of losses primarily due to the above write-offs and impairment charges. Excluding these extraordinary items, the Transport Group would have contributed Baht 133 million of normalised net profits, which is a strong result given prolonged weakness in the global dry bulk industry.

### **Global fleet growth continued to pressure BDI**

The FY12 average Baltic Dry Index ("BDI") was 1,156 points, down 30% and 62% compared to 1,657 points in FY11 and 3,011 points in FY10, respectively. The trend was actually down for most of the year, as the BDI averaged only 846 points during the July-September quarter, down 45% from the same period last year and down 17% from 3QFY12. The dry bulk shipping market continues to be plagued by vessel oversupply, as evidenced by a new 25-year low BDI in February 2012.

At the end of September 2012, Fearnleys estimated a global fleet of 9,520 vessels with a total capacity of 674 million dead-weight tonnes ("DWT"). Compared to 8,949 vessels and 614 million DWT at the end of 2011, another 60 million DWT of net new tonnage was added to the global fleet, equivalent to 13% annualised growth, primarily centred on the largest Capesize vessels.

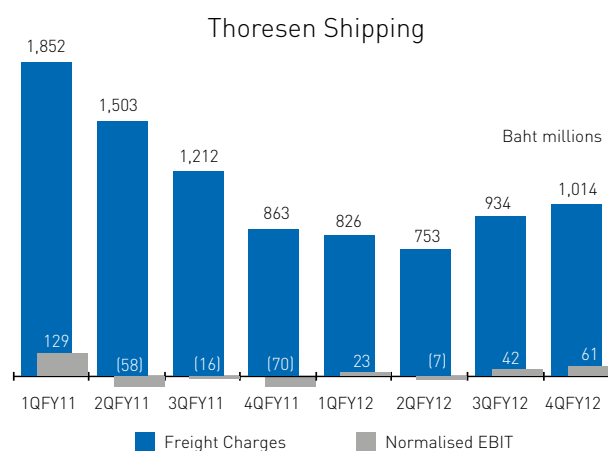
Preliminary trade figures indicated relatively healthy demand during 2012. Marsoft estimates that global dry bulk trade increased around 6.1% annually. Transport demands were dwarfed by the 17.8% growth in Capesize vessels during January-September 2012. As a result, the Baltic time charter average rate for Capesize vessels ("TC Avg BCI") underperformed even the Handysize segment for the most part of 2012. The TC Avg BCI dipped below USD 2,700/day in August 2012 (compared to a twelve-month high of nearly USD 33,000/day in December 2011) before a modest rebound to around USD 8,000/day at the end of September 2012.

Some modest recovery of the BDI in 2012, particularly in the April-June quarter, was mainly driven by the smaller vessel segments. The South American grain trade season coinciding with fewer prompt tonnages

in the Atlantic resulted in higher Panamax and Supramax freight rates for transatlantic routes during April. Supramax and Handysize rates remain relatively higher and less volatile, outperforming the larger segments throughout the year.

### **Thoresen Shipping generating increasingly healthy operating results**

Thoresen Shipping's revenues continued an upward trend for two consecutive quarters. 4QFY12 freight revenues of Baht 1,014 million (+17% yoy and +9% qoq) were sufficient to generate a respectable operating profit (normalised EBIT) of Baht 61 million. The freight revenues in FY12 totalled Baht 3,527 million with normalised EBIT of Baht 118 million, compared to Baht 5,430 million of freight revenues and a negative normalised EBIT of Baht 15 million in FY11. This can be regarded as a remarkable turnaround, given that the overall shipping market is operating through a sustained cyclical downturn.



The relatively stronger 4QFY12 revenue was mainly a result of a larger fleet. One second-hand Supramax was added in early July 2012, bringing the owned fleet up to 16 vessels during the quarter. And with increased

chartering-in activities, Thoresen Shipping operated a total fleet of 23.5 vessels during 4QFY12, compared to 17.9 and 21.2 vessels during 4QFY11 and 3QFY12, respectively. While the owned fleet's Time Charter Equivalent ("TCE") softened along with the market, the chartered-in TCE turned in a positive contribution of USD 843/day. As discussed in the last quarter report, the vessels chartered in during 3QFY12

were successfully positioned to higher yielding geographies, earning higher rates, and thus contributing to a 4% growth in the overall TCE. Thoresen Shipping continues with its proven and successful strategy to maximise revenues and position about half of its fleet to exploit the relatively higher rates for the transatlantic routes.

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

USD/Day	4Q FY11**	3Q FY12	4Q FY12	%yoy	%qoq	FY11	FY12	%yoy
USD/THB Rate (Daily Average)	30.12	31.29	<b>31.36</b>	4%	0%	30.24	<b>31.17</b>	3%
Time charter equivalent (TCE Rate)*	\$11,272	\$9,912	<b>\$10,284</b>	-9%	4%	\$11,713	<b>\$10,204</b>	-13%
TCE Rate of Owned Fleet	\$11,840	\$10,425	<b>\$9,441</b>	-20%	-9%	\$12,133	<b>\$10,217</b>	-16%
TCE Rate of Chartered-In	-\$567	-\$513	<b>\$843</b>	249%	264%	-\$420	<b>-\$13</b>	97%
Vessel operating expenses (owner expenses)	\$6,001	\$3,401	<b>\$4,094</b>	-32%	20%	\$5,378	<b>\$3,952</b>	-27%
Dry-docking expenses	\$978	\$844	<b>\$813</b>	-17%	-4%	\$1,363	<b>\$888</b>	-35%
General and administrative expenses	\$2,604	\$1,611	<b>\$741</b>	-72%	-54%	\$1,736	<b>\$1,460</b>	-16%
Financial costs	\$338	\$222	<b>\$326</b>	-4%	47%	\$236	<b>\$244</b>	3%
Depreciation	\$4,582	\$3,979	<b>\$3,870</b>	-16%	-3%	\$4,075	<b>\$4,017</b>	-1%
Operating earnings*	-\$3,231	-\$145	<b>\$440</b>	114%	402%	-\$1,076	<b>-\$356</b>	-67%

\* The per day basis is calculated based on available service days.

\*\* Restated in compliance with IFRS

On the cost side, Thoresen Shipping continues to stress high efficiency. With effective cost control initiatives, vessel operating expenses were sharply lower by 32% yoy. Improved inventory management of spares, implementation of pool purchasing, and reduction in lube oil consumptions are among the primary initiatives that reduced costs. The 20% increase qoq was mainly an effect of year-end adjustments (i.e. crew performance incentives adjustments, late invoices, etc.) On the full-year basis, the vessel

operating expenses averaged about USD 3,952/day in FY12, which places Thoresen Shipping in the top quartile of owner expenses as surveyed by Moore Stephens' Opcost2012. Dry-docking costs are lower due to the modern fleet and on-board maintenance initiatives. The sharply lower general and administrative ("G&A") expenses were due to a reversal of over-accrued staff retirement benefits. FY12 G&A expenses averaged around USD 1,460/day, 16% improvement from FY11.

Through a combination of revenue maximisation strategies and cost control efforts, Thoresen Shipping managed to stabilise its operating profits. EBITDA during FY12 averaged about Baht 8-9 million per vessel per quarter and generated positive operating cash flow. As freight rates rise over the next few years, these operating fundamentals should result in higher profit margins.

### ***Endeavour to rebuild fleet***

Anticipating a cyclical downturn, Thoresen Shipping timely executed a fleet reconfiguration strategy. During the three-year period between 2009 and 2011, a total of 34 smaller, older, and loss-making vessels were sold and replaced by 5 larger, modern, and efficient Supramaxes (some of which were new-built vessels ordered prior to the 2008 downturn). The fleet reconfiguration has proven to be a crucial move to improve operating efficiency and help Thoresen Shipping turn in positive operating profits during the current prolonged downturn.

The prolonged downturn pushed freight rates well under breakeven point for many operators. There are more debt restructuring cases in the global shipping industry, putting additional downward pressure on second-hand vessel prices. Thoresen Shipping has indicated since late 2011 that it is keeping a close watch on any good opportunities to acquire vessels as the industry is bottoming out.

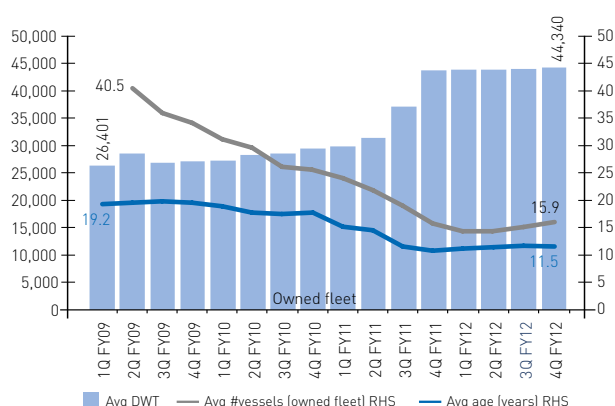
In July 2012, Thoresen Shipping acquired and took delivery of M.V. Thor Insuvi. With a price tag of USD 19.2 million, the Thor Insuvi is a 52,489-DWT Supramax built by Tsuneshi Heavy Industries in November 2005. At 6.5 years of age, she is the younger sister to three of Thoresen Shipping's current fleet: Thor Integrity, Thor Independence, and Thor Infinity. All three were built by the same shipyard to the same specifications in the Philippines. With the M.V. Thor Insuvi addition, the owned fleet at the end of FY12 was 16 vessels with an average size of 44,340 DWT and an average age of 11.5 years.

### **Fleet data summary**

	<b>4Q FY11</b>	<b>3Q FY12</b>	<b>4Q FY12</b>	<b>%yoy</b>	<b>%qoq</b>
Average DWT	43,798	43,985	<b>44,340</b>	1%	1%
Calendar days for owned fleet <sup>(1)</sup>	1,505	1,365	<b>1,467</b>	-3%	7%
Available service days for owned fleet <sup>(2)</sup>	1,463	1,365	<b>1,467</b>	0%	7%
Operating days for owned fleet <sup>(3)</sup>	1,443	1,360	<b>1,466</b>	2%	8%
Owned fleet utilisation <sup>(4)</sup>	98.6%	99.6%	<b>99.9%</b>	1%	0%
Voyage days for chartered-in fleet	199	568	<b>695</b>	248%	22%
Average number of vessels <sup>(5)</sup>	17.9	21.2	<b>23.5</b>	32%	11%

Note:

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



In November 2012, Thoresen Shipping announced the delivery of a new-build vessel, M.V. Thor Brave, from Vietnam Shipbuilding Industry Group ("Vinashin"). Thor Brave is a 53,506-DWT Supramax, ordered back in September 2007. The addition brings Thoresen Shipping's owned fleet up to 17 vessels in 1QFY13. Another sister ship is expected to be delivered around the second quarter of 2013. We purchased the contracts for three new-build vessels ordered at Vinashin from Grieg Group, a UK-based ship design and management company, and paid a novation fee of around USD 16 million. The novation fee was equivalent to a vessel resale premium at the height of the market. A decision was made by the Board of Directors to write off this portion rather than depreciating it over the life of the vessel, thereby increasing its breakeven point. Thus, a total of Baht 501 million was written down during 4QFY12.

Besides the resale premium write-off, there were two other non-cash write-off and impairment charges in 1QFY12. First, a write-off of Baht 209 million was taken against arrangement and commitment fees paid on a syndicated loan whose availability period ended in November 2011. The syndicated loan was arranged to finance fleet expansion. Although the

BDI nosedived in 2008, the price of Supramax vessels (both new and second-hand) generally held up in the USD 30-35 million range. Therefore, Thoresen was very conservative in its expansion plans and only drew down USD 60 million of the USD 360 million loan. The arranging and commitment fees are normally amortised over the loan life, so the fee related to the undrawn portion was expensed during 1QFY12. The effective interest rate on the drawn portion, even combining this write-off, is below current market rates.

Thoresen Shipping also set an impairment reserve of Baht 199 million against the remaining investment towards its engine supply deal. In November 2007, an order for four main engines was made as part of a cancelled newbuild vessel programme. Approximately USD 15 million was paid to the supplier in instalment payments. The sub-contractor of the supplier, however, has run into financial difficulties and has not been able to build and deliver the engines as agreed upon. While continuing to negotiate with the supplier on an equitable solution, it was more conservative to take this additional impairment to reflect the expected net realisable value. Excluding these one-off items, Thoresen Shipping would have reported a breakeven bottom line result.

### ***Petrolift: slightly softer but still strong***

Petrolift performance softened slightly during FY12. Revenues during the second half were lower due to the delayed dry-docking of two vessels as a consequence of poor weather conditions. One more vessel was on a scheduled dry docking in 4QFY12.

As a result, the overall FY12 revenues were lower. EBITDA both in absolute terms and margins, however, remained strong. Petrolift remains as one

of the best diversified investments, contributing the largest portion of the equity income with a return on investments of 12% during FY12.

## Energy Group

Energy Group contributed Baht 24 million of profits, compared to losses of Baht 110 million last year, as Mermaid has turned around its business and has generated strong positive momentum in both subsea and offshore drilling businesses over the next few years.

### ***Mermaid showing strong signs of turnaround***

During FY12, total revenue was Baht 5,714 million, an increase of 3% yoy. The revenue from subsea segment was up 3% yoy in spite of lower subsea vessel utilisation rate of 68.2% in 4QFY12. In fact, the subsea revenues grew slightly qoq implying that the vessels were deployed at higher day rates. The drilling segment revenue was up 5% mainly, because MTR-1 accommodation barge commenced its work in Indonesia since mid-May after being off-hire for over a year.

Mermaid's margins, however, improved significantly in FY12. Gross profit went up 19% to Baht 1,944 million as a result of aggressive vessel and project cost management. The significant improvement in gross profit, coupled with relatively lower depreciation costs, resulted in positive EBITDA to net profit.

### ***Good progress in participating the industry's cyclical upturn***

Mermaid has been working towards a subsea fleet optimisation strategy to focus on higher vessel yields and increased market penetration in growth areas, such as the Middle East and Africa.

In a deal concluded in October 2012, a new joint venture between Mermaid and Zamil Offshore Services Company ("Zamil"), the largest offshore and marine services provider in the Middle East, was awarded a five-year Inspection, Repair, and Maintenance ("IRM") contract, worth at least USD 530 million over five years (with a two year extension option) by Saudi Arabian Oil Company ("Saudi Aramco"), the world's largest oil and gas company. Mermaid's share of revenue from the IRM contract is expected to be in the range of 60% to 70% over five years. The contract scope of work calls for full diving services, including air/mixed gas diving, saturation diving, ROV intervention, inspection, and routine offshore field repair and maintenance. Saudi Aramco has contracted for the deployment of four offshore support vessels and one dedicated saturation dive support vessel. Mermaid will relocate M.V. Mermaid Asiana to Saudi Arabia to service the contract. In addition, Mermaid and its Middle East-based subsidiary, Subtech Ltd., will provide up to 110 highly skilled divers, three remotely operated vehicles, and scuba replacement packages.

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

***Positive momentum for tender rigs market***

Due to a tender rig's typical build specifications, tender rigs generally only operate in the benign weather conditions of South East Asia and West Africa, with 75% of the fleet reportedly located in South East Asia itself. With regard to the tender rig market outlook, modern tender rigs have recently reported utilisation rates as high as 95%, with older tender rigs reportedly achieving utilisation rates as high as 85%. The MTR-1 continues to operate as an accommodation barge support unit in Indonesia with its current contract expiring in 2QFY13. The MTR-2 finished its drilling contract in Indonesia in mid-November 2012 and is now undergoing a special periodic survey for a period of three to four months. Mermaid has already started to market the MTR-2 for continued work upon the completion of the survey. Mermaid is exploring opportunities in the tender drilling segment where global, modern tender rigs are reporting high utilisation rates amidst a supply shortage that will likely keep this rate steady for at least in the medium term.

***Continuing good prospects for jack-up rig market***

The overall demand for premium jack-ups rigs has remained strong in all relevant regions. The utilisation rate for newer jack-up rigs, built after 1990 with more than 300 feet water depth capacity, remains above 95% globally. Oil companies continue to show a preference for newer equipment due to their superior technical capacities and operational flexibility. In this sector, the overall market development suggests a positive trend in terms of rig demand, utilisation rates, contract terms, and day rate levels.

In October 2011, Mermaid's 33.75% owned affiliate, Asia Offshore Drilling Ltd ("AOD"), announced its inaugural drilling contract for the first of its three high

specification jack-up rigs, AOR-1. The deal worth USD 197 million (implying a day rate of USD 180,000) plus a USD 39.5 million mobilisation fee, over three years, with an additional one-year option was signed with Saudi Aramco. The drilling deployment will be managed by Seadrill Limited ("Seadrill") on behalf of AOD. AOR-1 is currently under construction with Keppel FELS in Singapore and is scheduled to arrive in the Middle East and begin operations by June 2013. The other two jack-up rigs, AOR-2 and AOR-3, also under construction with Keppel FELS and are scheduled for delivery in 2013 as well.

Mermaid's investment in AOD was perfectly timed. It is now well positioned to reap the rewards, with the new-build assets arriving at a time when demand for modern, high specification jack-up rigs is high and supply is limited. Realising these potential future values, Seadrill announced on 25 October 2012 that it has acquired additional shares of AOD, bringing its shareholding up to 64.23%. Seadrill has launched a mandatory cash offer for the remaining shares at a price at NOK 28.70 per share (approx. USD 5 per share) and concluded the offer on 10 December 2012 with a shareholding of 66.16% in AOD.

***Coal mine project in the Philippines needs restructuring***

Given SERI's high quality coal reserves and its growth potential, TTA (through Soleado) in late 2011 decided to invest USD 25.3 million directly in SERI by injecting USD 5 million cash and converting USD 20.3 million of debt into equity. The move, which would have resulted in Soleado (as a foreign shareholder) owning 40% of the total number of common voting shares with 47% economic interests, was intended to put SERI in a stronger position to unlock future values.

However, the plan did not materialise as intended, as the Philippines Securities Exchange Commission has

ruled that the share restructuring proposed by SERI, Soleado, and SERI's shareholders must be changed due to pending legal motions about foreign share ownership restrictions for Philippine companies engaged in mining. Given that the two existing shareholders of SERI are unable to properly finance its operations, SERI is producing insufficient coal to reach break-even cash flow. To be conservative, a full provision has been taken against the loan, as we work to restructure SERI to allow its intended growth to resume.

## Infrastructure Group

Infrastructure Group contributed Baht 23 million of losses in FY12 primarily because of UMS' aggressive sales of its 0-5 mm coal stockpile and the allowance for net realisable value of inventories. Excluding the allowance (which is adjusted annually and could be reversed once coal prices improve), Infrastructure Group would have turned in a profit, as Baconco and Baria Serece continued their strong performance.

### **UMS recording losses due to attempts to reopen Samut Sakorn Plant**

UMS has faced a series of significant challenges over the past two years, most of which have been external factors beyond its control. First, a lawsuit was filed against the Samut Sakorn Governor by an environmental activist that resulted in the shutdown of all coal operators in the province since July 2011 regardless of their locations or their adherences to environmental standards. It is a case where a few operators who do not meet environmental standards have adversely affected all operators, in effect, giving everyone in the area a "bad name". Other issues behind UMS' poor performance include a downward trend in coal prices since late 2011 and a temporary shutdown of its Ayudhya plant during and in the aftermath of last year's flooding.

In December 2011, the Samut Sakorn provincial government mandated three pre-conditions for the reopening of UMS' Samut Sakorn facility: 1) complete removal of 0-5 mm coal inventory, 2) upgrades to the port and flooring of its warehouse, and 3) improvements to the waste water treatment system. As a result of these pre-conditions, UMS was aggressively selling off its 0-5 mm coal inventory to cement plants in Saraburi during December 2011-July 2012. At the same time, Samut Sakorn clients are being served from the Ayudhya plant. These activities caused much higher transport costs, resulting in continuing net losses for the past three quarters. In effect, UMS has been operating on only "one leg" rather than its normal "two legs" which would be much more cost efficient.

### **Temporary narrower operating losses as 0-5 mm sales slowdown**

UMS sold approximately 319,000 tonnes of coal in 4QFY12, about 26% less than the volume sold in 3QFY12. EBIT losses, however, sharply narrowed qoq to a negative Baht 12 million. The main reason for the lower revenues and narrower losses was that only about 56,000 tonnes of 0-5 mm coal was trucked to Saraburi and sold during 4QFY12, compared to over 126,000 tonnes in 3QFY12. Thus, much less negative margins sales (i.e. less transport costs) were incurred during the quarter.

In 4QFY12, a decision was made to temporary slowdown the sales of 0-5 mm coal from the Samut Sakorn plant, as a special taskforce negotiated alternative solutions with the local community and Samut Sakorn government. Barge transport was explored as it could carry larger volumes in one trip while incurring less transport costs. However, following a series of discussions with the Provincial Governor and multiple government bodies, it was

resolved that UMS should not transport its 0-5 mm coal via barges at this time. Thus, to meet the original pre-conditions as set forth by the Governor originally, UMS must remove its remaining 0-5 mm stockpile, approximately 180,000 tonnes, by trucks within February 2013, following which, the re-opening process would commence.

Although the operating losses narrowed in 4QFY12, UMS reported deeper net losses during the quarter. An additional Baht 107 million allowance for net realisable value of inventories was recorded during 4QFY12. As the world coal price have been on a declining trend during 2012, the allowance was conservatively taken to reflect the current selling prices.

#### ***Still determined to reopen Samut Sakorn Plant***

The taskforce will continue to work closely with the Board to negotiate a solution with the Samut Sakorn provincial government to reopen the plant. Once the Samut Sakorn plant is reopened or some other alternative solution is implemented, UMS is expected to return to profitability quickly. There are a large number of coal users in the province, i.e. food processing factories, and their needs must be served.

On a positive note, the aggressive 0-5 mm coal sales program did significantly improve working capital management, as inventories turned into cash. As of 30 September 2012, UMS had net inventories of Baht 1,087 million, 42% lower than the peak of Baht 1,880 million on 30 June 2011. The trade receivables were Baht 639 million, down from Baht 859 million at the end of June 2012.

#### ***Solid contribution from Baconco***

Baconco reported another strong quarter in 4QFY12. Baconco reported 53% EBIT growth yoy. The qoq drop mainly was due to abnormally high sales volume in 3QFY12 because of pent up demand from 2QFY12, as the South Vietnamese farmers were waiting until the last minute to purchase fertilisers.

Despite the flood and long holiday impacts in 1HFY12, Baconco managed to drive fertiliser sales volume to 189,900 tonnes, only slightly less than the 190,500 tonnes achieved in FY11. Baconco emphasised exports to compensate for the softer local NPK fertilisers demand. As such, the export volume more than doubled from 28,600 tonnes to 60,700 tonnes in FY11 and FY12, respectively.

Baconco has been trying to improve its gross margins. Price of raw materials continues to soar. Baconco was able to raise selling prices slightly to help absorb the rising raw materials costs. Furthermore, Baconco took advantage of the currently lower raw material costs and continued to source about 60% of raw materials domestically. Both initiatives have contributed to restore the gross margins.

For FY12, Baconco contributed Baht 204 million of net profits to TTA with about 55% returns on investment, remaining one of TTA's best diversified investments.

#### ***More warehouse space on track to open in January 2013***

In 2QFY12, Baconco acquired a new 50,000-sq.m. piece of land out of its own cash. The land transfer was completed in May. About 27,000 sq.m. of new additional warehouse space is on schedule to open in January 2013. The total capacity would be 100,000 metric tonnes: 80,000 tonnes of bagged and bulk cargoes and 20,000 tonnes of containers, pipes, and steel. Customers have already started pre-booking the facilities. Meanwhile, the current warehouse space at all facilities under TTA Group companies in Vietnam continues to enjoy 90%+ capacity utilisation.

This is testimony of rising demand for professional logistics services in South Vietnam. It is our strategic drive to create a fully-integrated professional logistics services in South Vietnam. Thoresen Vinama Logistics, Baconco, and Baria Serece are uniquely positioned to offer a full logistics solution with sea

and land transport, warehousing, bagging, forwarding, and customs clearance. These logistics services will support the continuing expansion of Baria Serece, in which TTA owns a 20% stake. In FY12, Baria Serece contributed Baht 29 million of equity income with about 8% returns on investment.

## Corporate Group

As TTA is a holding company with six major business units (four core business units plus Petrolift Inc. and Baria Serece as associated companies), our policy is to regularly consider whether each major investment is fairly valued on our financial statements. The Board of Directors regularly reviews the value of our various businesses.

UMS, one of TTA's major investments, has faced a series of significant challenges over the past two years, most of which have been outside factors beyond our control. The key issue behind UMS' poor performance is the continuing shutdown of its production facility in Samut Sakorn, which has lasted for more than 12 months and may continue for some time. In effect, UMS has been operating on only one plant, instead of two.

This situation is not one that management or the Board could have predicted when TTA acquired UMS in 2009. UMS continues to meet or exceed all environmental standards in its operations, so it is unfair that it is subjected to this mass work stoppage order.

Given the continuing risks over a permanent reopening of the Samut Sakorn facility, the Board of Directors asked for a mid-year review of this investment. Accounting standards dictate that goodwill not exceed the recoverable amount of an investment (value-in-use or disposal value – whichever is higher). As a company that places great importance on corporate governance, transparency, and conservative financial reporting, the Board

of Directors mandated a number of forward operating assumptions to calculate value-in-use that capture the adverse external conditions UMS is operating under. Based on the Board's forward operating assumptions, we determined that the value-in-use of UMS has decreased significantly, and a non-cash impairment loss against goodwill of Baht 2.32 billion was recognised in 3QFY12.

The calculation of value-in-use was performed using projected free cash flows covering the next five years. Cash flows beyond the five-year period were extrapolated using the estimated growth rates and a discount rate of 3.6% and 14%, respectively. UMS is working diligently on different alternatives to address the continuing plant shutdown to return UMS to consistent profitability as soon as possible.

As for the Philippines coal mine project, the Philippines Securities Exchange Commission's ruling has delayed the loan-to-equity conversion process. With SERI producing coal below breakeven cash flow level, a provision of Baht 908 million against our existing loan was recognised in 4QFY12. We are working hard to restructure this project and allow it to achieve its intended growth profile.

From our shareholders' point of view, we hope that this step will be seen as positive to show our transparency and conservative financial reporting. This will allow profitability to improve rapidly in 2013 and beyond, as TTA has made significant improvements in its operations, as evidenced by the 1,261% increase in cash flow from operations compared to the same period of FY11. Market conditions look favourable in the offshore oil and gas services business over the next few years, and freight rates should start to improve in 2014 onwards. We expect to report better performance in FY13 after taking these impairment charges and provisions into this year's financial statements.



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## STATEMENT OF THE BOARD OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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# Statement of the Board of Directors

## Responsibilities for the Financial Statements

24 December 2012

To : The Shareholders of Thoresen Thai Agencies Public Company Limited

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 2012 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.L. Chandchutha Chandratat  
President & Chief Executive Officer



Mr. Chalermchai Mahagitsiri  
Executive Director

# Auditors' Report

To the Shareholders of Thoresen Thai Agencies Public Company Limited

I have audited the accompanying consolidated and company statements of financial positions as at 30 September 2012 and 2011, and the related consolidated and company statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended of Thoresen Thai Agencies Public Company Limited and its subsidiaries, and of Thoresen Thai Agencies Public Company Limited. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial positions as at 30 September 2012 and 2011, and the consolidated and the company results of operations and cash flows for the years then ended of Thoresen Thai Agencies Public Company Limited and its subsidiaries, and of Thoresen Thai Agencies Public Company Limited, in accordance with generally accepted accounting principles.



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

Bangkok  
29 November 2012

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# CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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# Statements of Financial Positions

Thoresen Thai Agencies Public Company Limited

As at 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011	2012	2011
			(restated)		
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	3,585,007,293	3,797,377,842	123,271,039	765,714,754
Short-term investments	6	802,919,813	983,931,626	88,617,684	291,919,327
Trade accounts receivable, net	7	2,663,447,974	2,719,102,606	-	-
Other receivables, net	8	676,008,561	717,132,436	2,301,059	27,883,756
Amounts due from related parties, net	31.2	62,061,924	291,059,976	592,175,089	434,193,192
Short-term loans to related parties, net	31.4	-	-	4,030,978,058	5,356,407,461
Current portion of long-term loans to related parties	31.4	34,574,000	34,253,000	3,323,000	174,422,999
Inventories, net	9	1,601,787,154	2,270,947,157	-	-
Vessel supplies and spareparts, net		615,420,967	375,144,693	-	-
Prepayments		139,555,997	142,632,521	6,040,530	5,754,560
Other current assets, net		327,074,127	304,184,283	764,096	10,513,169
<b>Total current assets</b>		<b>10,507,857,810</b>	<b>11,635,766,140</b>	<b>4,847,470,555</b>	<b>7,066,809,218</b>
<b>Non-current assets</b>					
Long-term loans to related parties, net	31.4	-	586,030,720	1,911,819,941	4,746,157,675
Investments in subsidiaries, net	10	-	-	18,947,210,056	15,723,960,446
Investments in associates	11	2,537,200,111	3,675,470,002	42,368,170	53,581,170
Investments in joint ventures	12	1,256,471,611	63,893,035	19,984,109	8,771,110
Goodwill, net	13	1,498,793,679	3,817,459,991	-	-
Property, plant, and equipment, net	14	25,768,942,547	27,002,183,962	204,183,618	232,278,726
Intangible assets, net	15	498,283,437	607,527,231	90,738,902	125,566,204
Other assets, net	16	492,877,399	644,059,931	246,747	1,676,288
<b>Total non-current assets</b>		<b>32,052,568,784</b>	<b>36,396,624,872</b>	<b>21,216,551,543</b>	<b>20,891,991,619</b>
<b>Total assets</b>		<b>42,560,426,594</b>	<b>48,032,391,012</b>	<b>26,064,022,098</b>	<b>27,958,800,837</b>

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Statements of Financial Positions

Thoresen Thai Agencies Public Company Limited

As at 30 September 2012 and 2011

		Consolidated		Company	
		2012	2011 (restated)	2012	2011
	Notes	Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	17	7,230,181	2,292,200	-	-
Short-term loans	18	1,263,003,830	1,410,276,698	-	-
Trade accounts payable - others		1,270,298,569	838,129,723	13,341,310	30,474,311
Amounts due to related parties	31.3	11,631,570	7,173,391	97,052,847	19,271,033
Other accounts payable		64,550,071	139,149,422	1,120,932	1,238,861
Advances from customers		225,776,353	375,787,029	-	-
Short-term loans from related parties	31.4	-	4,500,000	5,660,905,163	4,367,527,094
Current portion of long-term loans	19	3,322,585,480	1,062,214,742	40,000,000	-
Current portion of bonds	21	-	1,205,740,748	-	1,205,740,748
Current portion of finance lease liabilities		5,372,781	4,271,792	-	-
Current portion of employee benefit obligations	20	-	61,030,823	-	-
Current portion of share subscription payable	10	33,822,635	-	-	-
Accrued income taxes		63,197,947	151,281,872	-	-
Accrued expenses		881,516,842	887,365,116	59,732,863	55,504,946
Other current liabilities		219,458,074	268,757,921	13,362,047	8,563,585
<b>Total current liabilities</b>		<b>7,368,444,333</b>	<b>6,417,971,477</b>	<b>5,885,515,162</b>	<b>5,688,320,578</b>
<b>Non-current liabilities</b>					
Long-term loans	19	5,431,452,569	6,693,963,469	1,160,000,000	-
Bonds, net	21	3,995,529,627	3,994,284,092	3,995,529,627	3,994,284,092
Finance lease liabilities		11,410,069	3,879,778	-	-
Long-term portion of share subscription payable	10	42,207,203	-	-	-
Employee benefit obligations	20	100,672,658	106,321,105	20,370,951	16,366,550
<b>Total non-current liabilities</b>		<b>9,581,272,126</b>	<b>10,798,448,444</b>	<b>5,175,900,578</b>	<b>4,010,650,642</b>
<b>Total liabilities</b>		<b>16,949,716,459</b>	<b>17,216,419,921</b>	<b>11,061,415,740</b>	<b>9,698,971,220</b>

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Statements of Financial Positions

Thoresen Thai Agencies Public Company Limited

As at 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011 (restated)	2012	2011
		Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b> (Continued)					
<b>Shareholders' equity</b>					
Share capital					
Authorised share capital					
- ordinary shares					
783,004,413 shares of par					
Baht 1 each (2011: ordinary shares					
833,004,413 shares of par					
Baht 1 each)	22	783,004,413	833,004,413	783,004,413	833,004,413
Issued and paid-up share capital					
- ordinary shares					
708,004,413 shares of paid-up					
Baht 1 each	22	708,004,413	708,004,413	708,004,413	708,004,413
Premium on ordinary shares	22	1,540,410,208	1,540,410,208	1,540,410,208	1,540,410,208
Retained earnings					
Appropriated - legal reserves	28	93,500,000	93,500,000	93,500,000	93,500,000
Unappropriated		16,420,854,351	21,393,688,862	12,674,629,045	15,928,611,305
Other components of equity		1,533,857,366	1,727,305,420	(13,937,308)	(10,696,309)
<b>Equity attributable to owners</b>					
<b>of the parent</b>		20,296,626,338	25,462,908,903	15,002,606,358	18,259,829,617
Non-controlling interests		5,314,083,797	5,353,062,188	-	-
<b>Total shareholders' equity</b>		25,610,710,135	30,815,971,091	15,002,606,358	18,259,829,617
<b>Total liabilities and shareholders' equity</b>		42,560,426,594	48,032,391,012	26,064,022,098	27,958,800,837

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Statements of Income

Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011 (restated)	2012	2011
		Baht	Baht	Baht	Baht
<b>Revenues</b>					
Revenues from services					
Freight charges		3,527,163,844	5,430,099,724	-	-
Offshore service income		5,714,142,115	5,542,740,233	-	-
Service and commission income		316,078,544	342,862,854	-	-
Revenues from sales		6,781,505,019	6,249,367,256	-	-
<b>Total revenues</b>		16,338,889,522	17,565,070,067	-	-
<b>Costs</b>					
Cost of providing services					
Vessel operating expenses		3,286,241,123	5,220,013,740	-	-
Offshore service expenses		4,511,568,897	4,785,936,590	-	-
Service and commission expenses		109,042,201	119,281,887	-	-
Cost of sales		6,067,731,626	5,366,504,967	-	-
<b>Total costs</b>		13,974,583,847	15,491,737,184	-	-
<b>Gross profits</b>		2,364,305,675	2,073,332,883	-	-
Other operating income	30	372,340,242	1,698,555,479	1,421,585,380	1,575,193,251
<b>Profits before expenses</b>		2,736,645,917	3,771,888,362	1,421,585,380	1,575,193,251
Selling expenses		362,478,885	265,972,503	-	-
Administrative expenses		1,898,447,904	1,947,331,724	380,670,993	341,880,361
Impairment charges and write-offs		4,277,362,479	553,898,560	3,576,605,432	118,191,145
<b>Total expenses</b>		6,538,289,268	2,767,202,787	3,957,276,425	460,071,506
<b>Operating profits (losses)</b>	25	(3,801,643,351)	1,004,685,575	(2,535,691,045)	1,115,121,745
Share of profits in associates and joint ventures	11, 12	129,425,841	110,228,847	-	-
<b>Profits (losses) before finance costs and income taxes</b>		(3,672,217,510)	1,114,914,422	(2,535,691,045)	1,115,121,745
Finance costs		(757,771,969)	(669,740,035)	(364,290,058)	(342,206,509)
<b>Profits (losses) before income taxes</b>		(4,429,989,479)	445,174,387	(2,899,981,103)	772,915,236
Income taxes	26	(166,964,174)	(342,276,902)	-	-
<b>Net profits (losses) for the year</b>		(4,596,953,653)	102,897,485	(2,899,981,103)	772,915,236
<b>Net profits (losses) attributable to:</b>					
Owners of the parent		(4,618,833,354)	173,198,930	(2,899,981,103)	772,915,236
Non-controlling interests		21,879,701	(70,301,445)	-	-
		(4,596,953,653)	102,897,485	(2,899,981,103)	772,915,236
<b>Earnings (losses) per share</b>					
Basic earnings (losses) per share	27	(6.52)	0.24	(4.10)	1.09

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Statements of Comprehensive Income

Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2012 and 2011

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	(restated) Baht	Baht	Baht
<b>Net profits (losses) for the year</b>	(4,596,953,653)	102,897,485	(2,899,981,103)	772,915,236
<b>Other comprehensive income (expenses)</b>				
Translation adjustments for investments in overseas subsidiaries	(130,956,400)	149,913,356	-	-
Fair value reserves	14,570,010	(55,688,374)	(3,240,999)	(23,612,877)
Additional interests of minority investors from warrant exercise	-	12,863,375	-	-
Deconsolidation of subsidiary	-	(62,940,704)	-	-
<b>Other comprehensive income (expenses) for the year</b>	(116,386,390)	44,147,653	(3,240,999)	(23,612,877)
<b>Total comprehensive income (expenses) for the year</b>	(4,713,340,043)	147,045,138	(2,903,222,102)	749,302,359
<b>Total comprehensive income (expenses) attributable to:</b>				
Owners of the parent	(4,721,425,071)	236,712,572	(2,903,222,102)	749,302,359
Non-controlling interests	8,085,028	(89,667,434)	-	-
	(4,713,340,043)	147,045,138	(2,903,222,102)	749,302,359

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Statements of Changes in Shareholders' Equity

Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2012 and 2011

	Notes	Consolidated												Bant.
		Attributable to owners of the parent												
		Other components of equity												
		Other comprehensive income (expense)												
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	reserves - adjustment arising under pooling of interest	Translation adjustments for investments in overseas subsidiaries	Fair value reserves	Change in parent's ownership interests in subsidiaries	Share-based payment reserves	Total other components of equity	Total owners of the parent	Non-controlling interests	Total shareholders' equity	
				Legal reserves	Unappropriated									
Beginning balance as at 1 October 2011														
Retrospective adjustments	2.2	708,004,413	1,540,410,208	93,500,000	21,490,998,606	(50,029,892)	(781,493,331)	(4,716,647)	2,564,206,648	-	1,727,966,778	25,560,880,005	5,353,062,188	30,913,942,193
		-	-	-	(97,309,744)	-	(661,358)	-	-	(661,358)	(97,971,102)	-	-	(97,971,102)
Beginning balance after retrospective adjustments														
Translation adjustments for investments in overseas subsidiaries		708,004,413	1,540,410,208	93,500,000	21,393,688,862	(50,029,892)	(782,154,689)	(4,716,647)	2,564,206,648	-	1,727,305,420	25,462,908,903	5,353,062,188	30,815,971,091
Fair value reserves	6	-	-	-	-	-	(117,161,727)	-	-	(117,161,727)	(117,161,727)	(13,794,673)	(13,794,673)	(130,956,400)
Change in parent's ownership interests in subsidiaries	10	-	-	-	-	-	-	-	(91,222,145)	-	(91,222,145)	(91,222,145)	(43,589,414)	(134,811,559)
Share-based payment reserve	23	-	-	-	-	-	-	-	365,808	365,808	365,808	365,808	-	365,808
Net profits (losses) for the year		-	-	-	(4,618,833,354)	-	-	-	-	-	(4,618,833,354)	(4,618,833,354)	21,879,701	(4,596,953,653)
Dividends paid	29	-	-	-	(354,001,157)	-	-	-	-	-	(354,001,157)	(354,001,157)	(3,474,005)	(357,475,162)
Ending balance as at 30 September 2012														
		708,004,413	1,540,410,208	93,500,000	16,420,854,351	(50,029,892)	(899,316,416)	9,853,363	2,472,984,503	365,808	1,533,857,366	20,296,626,338	5,314,083,797	25,610,710,135
Beginning balance as at 1 October 2010														
Retrospective adjustments	2.2	708,004,413	1,540,410,208	93,500,000	21,888,632,476	(50,029,892)	(901,356,705)	50,971,727	2,564,206,648	-	1,663,791,778	25,894,338,875	5,637,802,972	31,532,141,847
		-	-	-	(131,035,308)	-	-	-	-	-	-	(131,035,308)	-	(131,035,308)
Beginning balance after retrospective adjustments														
Translation adjustments for investments in overseas subsidiaries		708,004,413	1,540,410,208	93,500,000	21,757,597,168	(50,029,892)	(901,356,705)	50,971,727	2,564,206,648	-	1,663,791,778	25,763,303,567	5,637,802,972	31,401,106,539
Fair value reserves	6	-	-	-	-	-	119,202,016	-	-	-	119,202,016	119,202,016	30,711,340	149,913,356
Additional interests of minority investors from warrant exercise		-	-	-	-	-	-	(55,688,374)	-	(55,688,374)	(55,688,374)	(55,688,374)	-	(55,688,374)
Deconsolidation of subsidiary	10	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profits (losses) for the year		-	-	-	173,198,930	-	-	-	-	-	-	173,198,930	(70,301,445)	102,897,485
Dividends paid	29	-	-	-	(537,107,236)	-	-	-	-	-	(537,107,236)	(537,107,236)	(195,073,350)	(732,180,566)
Ending balance as at 30 September 2011														
		708,004,413	1,540,410,208	93,500,000	21,393,688,862	(50,029,892)	(782,154,689)	(4,716,647)	2,564,206,648	-	1,727,305,420	25,462,908,903	5,353,062,188	30,815,971,091

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Statements of Changes in Shareholders' Equity

Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2012 and 2011

		Company					Baht	
		Other components of equity						
		Other comprehensive income (expenses)						
		Excess of carrying						
		value over purchase						
		consideration of						
		acquisition under						
		common control						

# Statements of Cash Flows

## Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011 (restated)	2012	2011
		Baht	Baht	Baht	Baht
<b>Net cash receipts (payments) from operating activities</b>	24	1,973,575,961	144,991,642	(432,964,572)	(446,668,440)
<b>Cash flows from investing activities</b>					
Purchases of property, plant, and equipment and intangible assets		(1,453,846,677)	(4,122,402,443)	(1,547,711)	(26,850,660)
Payments for dry-docking		(241,400,772)	(303,666,459)	-	-
Payments for short-term loans to related parties		(125,666,450)	-	(452,440,191)	(6,581,146,963)
Payments for long-term loans to related parties	31.4	-	(232,062,810)	-	-
Payments for investments in subsidiaries, associates, and joint ventures	10,11,12	(87,639,305)	(2,376,517,691)	-	(5,635,000)
Dividends received from short-term investments		5,844,989	4,021,900	5,844,989	4,021,900
Dividends received from subsidiaries	10	-	-	-	580,821,718
Dividends received from associates	11	31,668,112	33,924,374	25,015,104	-
Dividends received from joint ventures	12	47,895,578	6,726,657	-	6,726,657
Proceeds from disposals of property, plant, and equipment and intangible assets		9,043,532	2,199,247,464	682,243	66,233
Net proceeds from short-term investments		170,955,931	797,916,029	195,674,032	579,147,895
Proceeds from disposals of investments in subsidiaries	10	-	33,480,000	-	33,480,000
Proceeds from disposals of investments in an associate		584,272	-	-	-
Proceeds from settlement of short-term loans to related parties		-	-	77,311,425	5,021,849,798
Proceeds from settlement of long-term loans to related parties	31.4	30,930,000	4,000,000	-	102,622,182
<b>Net cash payments from investing activities</b>		(1,611,630,790)	(3,955,332,979)	(149,460,109)	(284,896,240)
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans from related parties		-	-	269,383,516	1,560,431,975
Proceeds from long-term loans	19	2,945,188,455	4,210,109,288	1,200,000,000	-
Proceeds from minority investors for issuance of new shares in subsidiaries		-	12,863,375	-	-
Net repayments of short-term loans		(147,668,565)	(192,742,036)	-	-
Repayments of short-term loans from related parties		(4,500,000)	(3,000,000)	-	(104,135,537)
Repayments of long-term loans and finance lease liabilities		(1,873,963,432)	(2,985,618,702)	-	-
Payments for convertible bond redemption	21	(1,130,280,653)	(1,194,287,799)	(1,130,280,653)	(1,194,287,799)
Payments for convertible bond cancellation	21	(106,088,001)	-	(106,088,001)	-
Dividends paid from a subsidiary to minorities		(3,474,005)	(195,073,350)	-	-
Dividends paid to shareholders	29	(354,006,542)	(537,143,446)	(354,006,542)	(537,143,446)
<b>Net cash payments from financing activities</b>		(674,792,743)	(884,892,670)	(120,991,680)	(275,134,807)

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Statements of Cash Flows

## Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011 (restated)	2012	2011
		Baht	Baht	Baht	Baht
<b>Net decrease in cash and cash equivalents</b>		(312,847,572)	(4,695,234,007)	(703,416,361)	(1,006,699,487)
Cash and cash equivalents at the beginning of the year		3,795,085,642	8,452,642,192	765,714,754	1,737,995,202
		3,482,238,070	3,757,408,185	62,298,393	731,295,715
Effect of deconsolidation	10	-	(36,652,929)	-	-
Effect of exchange rate changes on cash		95,539,042	74,330,386	60,972,646	34,419,039
Cash and cash equivalents at the end of the year		3,577,777,112	3,795,085,642	123,271,039	765,714,754
<b>Cash and cash equivalents as at 30 September comprise:</b>					
Cash and cash equivalents	5	3,585,007,293	3,797,377,842	123,271,039	765,714,754
Bank overdrafts		(7,230,181)	(2,292,200)	-	-
		3,577,777,112	3,795,085,642	123,271,039	765,714,754

### Non-cash transactions

Significant non-cash transactions during the years that ended on 30 September 2012 and 2011 are as follows:

	Note	Consolidated		Company	
		2012	2011 (restated)	2012	2011
		Baht	Baht	Baht	Baht
Unpaid liabilities from dry-docking		444,538	8,574,850	-	-
Unpaid liabilities from purchase of property, plant, and equipment and intangible assets		11,709,251	21,834,356	1,120,932	1,238,862
Dividend receivables from associates and joint ventures		58,297,420	54,914,893	-	-
Dividend income offsetting with short-term loans from subsidiaries		-	-	1,093,958,102	511,002,773
Dividend payables		4,073,480	4,078,865	4,073,480	4,078,865
Additional investment in a subsidiary by offsetting with short-term loans to a subsidiary	10	-	-	4,060,122,000	-
Payment of short-term loan from related parties by offsetting with short-term and long-term loan to related parties		-	-	836,724,855	-

The accompanying notes are an integral part of these consolidated and Company financial statements.

# Notes to Consolidated and Company Financial Statements

Thoresen Thai Agencies Public Company Limited

For the years that ended on 30 September 2012 and 2011

## 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 as follows:

26/26-27 Orakarn Building, 8<sup>th</sup> Floor  
Soi Chidlom, Ploenchit Road  
Lumpinee, Pathumwan  
Bangkok 10330

The Company’s ordinary shares are listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the “Group”.

The principal business operations of the Company and its subsidiaries (the “Group”) involve the ownership of dry bulk vessels, certain shipping services, offshore oil and gas services, coal mining, sales of fertilisers, coal trading, and logistics. The Group’s activities can be separated into four main categories, namely transport, infrastructure, energy, and the holding company.

These consolidated and Company financial statements are authorised for issue by the Board of Directors on 29 November 2012.

## 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 Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission (“SEC”) under the Securities and Exchange Act.

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.3.

## 2 Accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

Comparative figures have been reclassified to conform with changes in presentation in the current year and to comply with the announcement of Department of Business Development Regulation dated 28 September 2011 in relation to the format of Financial Statements B.E. 2554, effective from 1 January 2011. The effects of the reclassification are as follows:

	Consolidated	Company
	2011	2011
	Baht'000	Baht'000
Other receivables		
As previously reported:		
Other current assets		
- Advance for business expenses	517,335	-
- Other account receivables	175,766	26,835
- Advances to employees	23,153	171
- Accrued interest income	78,609	878
- Accrued dividend income	6,583	-
Reclassified to:		
Other receivables	717,132	27,884
Amount due from related parties	84,314	-

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.

### 2.2 New accounting standards, new financial reporting standards and amendments to accounting standards

Commencing 1 October 2011, the Group has applied new Thai accounting standards (TAS), new financial reporting standards, and amendments to accounting standards (collectively referred to as "the accounting standards") that are mandatory for the accounting periods beginning on or after 1 January 2011. However, the application of those accounting standards does not have a significant impact to the financial statements being presented, except the following accounting standards.

- TAS 1 (Revised 2009) - Presentation of Financial Statements

The revised standard requires an entity to present a statement of comprehensive income. Entities can choose whether to present one statement (a statement of comprehensive income) or two statements (the statement of income and statement of comprehensive income). The Group chooses to present two statements. Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning of the comparative period in addition to the current requirement to present a statement of financial position at the end of the current period and comparative period. However, for the financial statements whose period begins on or after 1 January 2011, and which period is the first to apply this standard, an entity can choose to present a statement of financial position without the statement of financial position as at the beginning of the comparative period. The Group has adopted TAS 1 (Revised 2009) with effect from 1 October 2011.

## 2 Accounting policies (Continued)

### 2.2 New accounting standards, new financial reporting standards and amendments to accounting standards (Continued)

- TAS 16 (Revised 2009) - Property, Plant, and Equipment

The revised standard requires that an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value, and depreciation method at least at each financial year-end. The Group has applied TAS 16 (revised 2009) retrospectively in respect of the component accounting of ocean vessels. Dry-docking costs are considered a separate significant component of the ocean vessels that have a different pattern of economic benefits and are therefore depreciated using a different useful life from other components. The impacts of the changes on the consolidated statement of financial position as at 30 September 2011 and the consolidated statement of income for the year that ended on 30 September 2011 are as follows:

	<b>Consolidated</b>
	<b>Baht'000</b>
	<b>Increase (decrease)</b>
<i>Statement of financial position as at 30 September 2011</i>	
- Property, plant, and equipment, net	
Cost	685,827
<u>Less</u> Accumulated depreciation	(480,584)
Allowance for impairment	(2,800)
	202,443
- Other assets, net	
Cost	(865,297)
<u>Less</u> Accumulated amortisation	562,083
Allowance for impairment	2,800
	(300,414)
- Retained earnings as at 30 September 2011	(97,310)
- Retained earnings as at 30 September 2010	(131,035)
- Translation adjustments for investments in overseas subsidiaries as at 30 September 2011	(661)
<i>Statement of income for the year that ended on 30 September 2011</i>	
- Vessel operating expenses	8,923
- Other operating income	42,649
- Net profits for the year	33,726
- Basic earnings per share (Baht)	0.05

## 2 Accounting policies (Continued)

### 2.2 New accounting standards, new financial reporting standards and amendments to accounting standards (Continued)

- TAS 16 (Revised 2009) - Property, Plant, and Equipment (Continued)

In addition, the Group has reviewed the residual value and the estimated useful lives of assets. The estimated useful lives of certain support vessel components, barges and machinery have been revised as follows:

	Estimated useful lives (years)	
	For the years that ended on 30 September	
	2012	2011
Support vessel components	5 - 30	5 - 20
Barges	15 - 29	5 - 10
Machinery	1 - 10	5 - 10

The effect from the changes in the residual value and the estimated useful lives of assets was reflected prospectively commencing for this financial year. The depreciation based on previous and new accounting estimates can be summarised as follows:

	Consolidated	
	Previous accounting estimate Baht'000	New accounting estimate Baht'000
Depreciation charged for the year that ended on 30 September 2012	2,089,649	1,875,854

- TFRS 2 - Share-based payment

This deals with accounting for transactions in which an entity receives goods or services as consideration for either:

- Equity instruments of the entity (equity-settled) which is recognised as equity; or
- Cash or other assets, the amount of which is based on the price or value of the entity's share (cash-settled) that is recognised as a liability.

The measurement of the transaction is based on the fair value of the goods or services received. The equity-settled transactions are not re-measured once the grant date fair value has been determined. The cash-settled transactions are required to be re-measured at the date of each statement of financial position and at the date of settlement, with changes in fair value recognised in profit or loss. In addition, the standard requires extensive disclosure. The Group has adopted this standard with effect from 1 October 2011. The application of the standard is accounted for grant dates on or after 1 October 2011.

## **2 Accounting policies (Continued)**

### **2.2 New accounting standards, new financial reporting standards and amendments to accounting standards (Continued)**

New Thai accounting standards and amendments to accounting standards, which are mandatory for the accounting periods beginning on or after 1 January 2013, and are currently applicable to the Group but the Group has not early adopted them are as follows:

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
IFRS 8	Operating Segments

The Group will apply those standards retrospectively with effect from 1 October 2013. The management is currently assessing the impact of those standards.

### **2.3 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.

#### **2.3.1 Allowance for inventories**

Management estimates allowance for slow-moving goods by considering average historical prices and trend of future selling prices. The expected selling price in the future may vary based on market prices, market demand, and domestic competition.

#### **2.3.2 Property, plant, and equipment and intangible assets**

Management determines the carrying value of property, plant, and equipment and intangible assets 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.

#### **2.3.3 Impairment of property, plant, and equipment and intangible assets**

The Group assesses impairment of property, plant, and equipment and intangible assets whenever events or changes in circumstances indicate the carrying amount of assets may not be recoverable in accordance with the accounting policies stated in Note 2.12 and 2.14. The recoverable amount is estimated by management.

#### **2.3.4 Impairment of investments in subsidiaries and goodwill**

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.13. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates by management.

## 2 Accounting policies (Continued)

### 2.3 Critical accounting estimates, assumptions, and judgements (Continued)

#### 2.3.5 Employee benefits

The Group has a commitment to pay benefits to employees on retirement. The present value of employee benefit liabilities recognised in the statements of financial position 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.

### 2.4 Investments in subsidiaries, associates, and joint ventures

#### *Investments in subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies and generally means a shareholding of more than one half of the entity. The existence and effect of potential voting rights in another entity are considered when assessing whether the Group controls that 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 by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is considered negative goodwill and recognised directly in the statement of income. See Note 2.13 for the accounting policy on 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.

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method.

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 statements of financial position.

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

## **2 Accounting policies (Continued)**

### **2.4 Investments in subsidiaries, associates, and joint ventures (Continued)**

#### *Investments in associates*

Associates are all entities over which the Group has significant influence but not outright control. The equity method of accounting for associate companies is adopted in the consolidated financial statements. In applying the equity method, the Group's share of accumulated retained earnings and movements in reserves from the effective date on which the company became an associate and up to the effective date of disposal is recorded in the consolidated financial statements.

Goodwill arising on the acquisition of associates is included in the carrying amount of the investment in associates and is treated in accordance with the Group's accounting policy for goodwill. The share of associated retained earnings and reserves is generally determined from the associate's latest annual financial statements or interim financial statements when appropriate. Dividends received from associates are deducted from the carrying value of the investment. Where the Group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at zero value. Additional losses are only recognised to the extent that the Group has incurred obligations or made payments on behalf of the associates.

In the Company's separate financial statements, investments in associates are accounted using the cost method.

A list of the Group's principal associates and the financial effects of acquisitions and disposals of associates are shown in Note 11.

#### *Investments in joint ventures*

The Group has accounted for the investment in joint ventures by using the equity method in the consolidated financial statements.

In the Company's separate financial statements, investments in joint ventures are accounted for using the cost method.

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 ventures and the financial effects of acquisitions and disposals of the joint ventures are shown in Note 12.

## 2 Accounting policies (Continued)

### 2.5 Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the reporting currency of each entity's country of incorporation. The consolidated and Company 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 statement of income as incurred. Monetary assets and liabilities denominated in foreign currencies at the statements of financial position date are translated into Thai Baht at the rate prevailing on that date. Unrealised gains and losses on foreign exchange are recognised in the statement of income as incurred.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the average exchange rates for the year, and statements of financial position are translated at the exchange rates prevailing on the statements of financial position 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 statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated at the exchange rates prevailing on the statements of financial position date.

### 2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks but do not include deposits with banks which are held to maturity, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts (if any). Bank overdrafts are included in current liabilities on the statements of financial position.

### 2.7 Short-term investments

Short-term investments are classified as 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 statements of financial position date or unless they will be needed to be sold to raise operating capital, in which case they are included in current assets.

Investments in marketable equity securities which are classified as available-for-sale securities are fair valued at the statements of financial position 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. The unrealised gains and losses of available-for-sale investments are recognised in equity.

## **2 Accounting policies (Continued)**

### **2.7 Short-term investments (Continued)**

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 statement of income.

### **2.8 Trade accounts receivable**

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount 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 and recognised in the statement of income within administrative expenses.

### **2.9 Inventories**

Inventories mainly represent materials, goods, and supplies relating to fertiliser, pesticide, and coal products which are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances, or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs, and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving, and defective inventories.

### **2.10 Vessel supplies and spare parts**

Vessel supplies and spare parts mainly comprise bunker, vessel supplies, and spare parts. Bunker supplies are stated at cost, determined on the first-in, first-out basis. Vessel supplies and vessel spare parts are stated at cost, determined on the weighted-average basis. Rig supplies and rig spare parts are stated at historical cost, determined on the specific identification basis. The vessel and rig supplies and spare parts purchased to replace those used during the year are reported as vessel operating expenses and offshore service expenses in the statement of income.

## 2 Accounting policies (Continued)

### 2.11 Long-term investments

Long-term investments which are classified as general investments are carried at cost less impairment (if any).

Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

A test for impairment by the Group is carried out when there is a factor indicating that such investment might be impaired. If the carrying value of the investment is lower than its recoverable amount, an impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the statement of income.

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

If an investment with fair value adjustments in equity is sold or impaired, accumulated fair value adjustments are included in the statement of income.

### 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 statements of financial position at cost less accumulated depreciation and impairments (if any).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the consolidated and Company statements of income during the financial period in which they are incurred.

Dry-docking is an expenditure incurred during inspections and major repairs of the vessels. Dry-docking is recognised in the carrying amount of property, plant, and equipment as a replacement if the recognition criteria are satisfied. Dry-docking costs are considered a separate component of the vessels' cost that have a different pattern of economic benefits and are therefore amortised separately 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 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	3 - 20 years
New build support vessels	5 - 30 years
Ocean vessels (second-hand and new)	7 - 25 years
Second-hand support and supply vessels	5 - 22 years
Second-hand tender rigs	1 - 10 years
Dry-docking	2 - 5 years
Machinery and equipment	1 - 15 years
Furniture, fixtures, and office equipment	2 - 10 years
Motor vehicles	5 - 6 years
Motor launches	10 years
Barges	15 - 29 years

The estimated useful lives of ocean vessels, support and supply vessels, tender rigs, and barges are based on the remaining useful lives at the acquisition date. Depreciation is calculated on the cost of the ocean vessels, support and supply vessels, tender rigs, or barges less their estimated residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Group records depreciation as an expense for the year. 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 statement of income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statement of income.

The borrowing costs 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.

### 2.13 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 or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported as a separate line in the consolidated statements of financial position. Goodwill on acquisitions of associates and joint ventures is included in investments in associates and joint ventures and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

## 2 Accounting policies (Continued)

### 2.14 Intangible assets

#### *Computer software*

Acquired computer software licenses 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, 7 and 10 years).

#### *Other intangible assets*

Trademarks and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment (if any). Amortisation is calculated using the straight-line method over their estimated or expected useful lives (5 - 8.2 years).

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use.

### 2.15 Other assets

Other assets mainly comprise insurance claims and prepaid long-term leases of land use rights. Prepaid long-term leases of land use rights is amortised to the statement of income on a straight-line basis over a period of 6.4 years.

### 2.16 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2 Accounting policies (Continued)**

### **2.17 Accounting for leases**

#### *Where the Group is the lessee*

Leases of assets, which substantially transfer all the risks, and rewards of ownership to the lessee 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 assets or the present value of the minimum lease payments. Each lease payment contains principal and interest charges to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease period.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Lease expenses (net of any incentive received from the lessor), which are primarily rental and interest expenses, are charged to the statement of income on a straight-line basis over the lease period.

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.

#### *Where the Group is the lessor*

Assets leased out under operating leases are included in property, plant, and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant, and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### **2.18 Bonds**

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

### **2.19 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 Accounting policies (Continued)

### 2.20 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the statement of income.

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transact costs and the related income tax effects is included in equity attributable to the Company's equity holders.

### 2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of output tax, rebates, and discounts, and after eliminating sales within the Group for the consolidated financial statements. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities as described below.

#### *Rendering of services*

Freight charges of each voyage are generally recognised as revenues at the completion of the voyage. Where a voyage is incomplete as of the statements of financial position date, freight charges are recognised as revenue in proportion to the lapsed time of the voyage. Freight charges shown in the statement of income 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 obligation, 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.

#### *Sales of goods*

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

## **2 Accounting policies (Continued)**

### **2.21 Revenue recognition (Continued)**

#### *Interest income*

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

#### *Rental income*

Rental income is recognised as revenue on an accrual basis at the amount as specified under each lease agreement.

#### *Dividend income*

Dividend income is recognised when the right to receive payment is established.

### **2.22 Dividend distribution**

Dividend to the Company's shareholders is recognised as a liability in the consolidated and Company financial statements in the period in which the interim dividends are approved by the Board of Directors and the annual dividends are approved by the Company's shareholders.

### **2.23 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 statement 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 benefits is recognised in the consolidated and Company statements of financial position using the present value of the obligations at the statements of financial position date and past service costs. The retirement benefit is calculated 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 liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of income.

## 2 Accounting policies (Continued)

### 2.23 Employee benefits (Continued)

#### (c) Retention incentives

The drilling companies provide retention incentives to certain employees. The entitlement to these incentives is conditional on the staff remaining in service up to the completion of the minimum entitlement service periods. The expected costs of these incentives are accrued over the period of the entitlement service periods without discount to their present value, as there is no significant impact from a discounted value calculation approach.

### 2.24 Share-based payment

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Group of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

### 2.25 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.

## **2 Accounting policies (Continued)**

### **2.26 Segment reporting**

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

### **2.27 Financial instruments**

The Group's financial assets carried on the statements of financial position include cash and cash equivalents, short-term investments, trade accounts receivable, other receivables, amounts due from related parties, and loans to related parties. The Group's financial liabilities carried on the statements of financial position include bank overdrafts and short-term loans, trade accounts payable, other accounts payable, amounts due to related parties, accrued expenses, accrued income tax, finance lease liabilities, employee benefit obligations, bonds, 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 rates, foreign exchange, bunker prices, and freight rates. These instruments, which are cross currency and interest rate swap contracts, foreign currency forward contracts, bunker swap contracts and freight forward agreements, respectively, are not recognised in the financial statements on inception.

Cross currency and interest rate swap contracts protect the Group from movements in exchange rates and interest rates. Any differential to be paid or received on a currency and interest rate swap contracts is recognised as a component of interest revenue or expense over the period of the contracts. Gains and losses on early termination of currency and interest rate swap contracts or on repayment of the borrowing are taken to the statement of income.

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 recognised in the statement of income on the settlement date.

Bunker swap contracts with financial institutions are entered into to partially protect the Group from movements in bunker prices by limiting the price. Gains or losses from the bunker swap contracts will be recognised in the statement of income on the settlement date.

Freight forward agreements are entered into to protect the Group from movements in freight rates by limiting the rate. Any differential to be paid or received from the contracts will be recognised in the statement of income on the settlement date.

## **3 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares or bonds.

## 4 Segment information

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

Consolidated						Baht'000
For the year that ended on 30 September 2012						
	Transport	Infrastructure	Energy	Holding	Elimination of inter-segment transaction	Total
Revenues from operations	4,015,405	7,031,586	5,714,142	783,726	(1,205,969)	16,338,890
Revenues from inter-segment	(422,243)	-	-	(783,726)	1,205,969	-
Revenues from outside customers	3,593,162	7,031,586	5,714,142	-	-	16,338,890
Operating profits (losses)	(785,614)	91,441	498,897	(3,391,883)	(214,484)	(3,801,643)
Share of profits in associates and joint ventures						129,426
Finance costs						(757,772)
Income taxes						(166,964)
Net losses for the year						(4,596,953)
Property, plant, and equipment and intangible assets, net	13,217,657	1,527,186	10,731,960	789,008	1,415	26,267,226
Total assets						42,560,427

Consolidated						Baht'000
For the year that ended on 30 September 2011						
	Transport	Infrastructure	Energy	Holding	Elimination of inter-segment transaction	Total
Revenues from operations	5,860,359	6,487,686	5,542,823	700,570	(1,026,368)	17,565,070
Revenues from inter-segment	(325,715)	-	(83)	(700,570)	1,026,368	-
Revenues from outside customers	5,534,644	6,487,686	5,542,740	-	-	17,565,070
Operating profits (losses)	376,726	471,300	162,869	1,543,060	(1,549,270)	1,004,685
Share of profits in associates and joint ventures						110,229
Finance costs						(669,740)
Income taxes						(342,277)
Net profits for the year						102,897
Property, plant, and equipment and intangible assets, net	14,007,488	1,472,870	10,996,874	928,013	2,023	27,407,268
Restated (Note 2.2)	202,443	-	-	-	-	202,443
Property, plant and equipment and intangible assets after restatement, net	14,209,931	1,472,870	10,996,874	928,013	2,023	27,609,711
Total assets						48,032,391

**5 Cash and cash equivalents**

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Cash on hand	147,769	6,391	60	92
Deposits at banks	3,437,238	3,290,987	123,211	265,623
Bills of exchange	-	500,000	-	500,000
<b>Cash and cash equivalent</b>	<b>3,585,007</b>	<b>3,797,378</b>	<b>123,271</b>	<b>765,715</b>

As at 30 September 2012, deposits at banks bear interest at the rates between 0% to 9% per annum (2011: 0% to 14% per annum).

**6 Short-term investments**

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Equity securities	390,737	421,114	83,543	110,418
Debt securities	1,297	175,000	1,297	175,000
Fixed deposits	383,318	375,338	-	-
Other investments	17,715	17,197	17,715	17,197
	793,067	988,649	102,555	302,615
Changes in fair value	9,853	(4,717)	(13,937)	(10,696)
<b>Short-term investments</b>	<b>802,920</b>	<b>983,932</b>	<b>88,618</b>	<b>291,919</b>

**7 Trade accounts receivable, net**

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Trade accounts receivable	2,660,479	2,526,579	-	-
Accrued income	227,109	373,840	-	-
	2,887,588	2,900,419	-	-
<u>Less</u> Allowance for doubtful accounts	(224,140)	(181,316)	-	-
<b>Trade accounts receivable, net</b>	<b>2,663,448</b>	<b>2,719,103</b>	<b>-</b>	<b>-</b>

## 7 Trade accounts receivable, net (Continued)

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Current	1,541,146	1,372,511	-	-
Overdue below 3 months	954,102	795,534	-	-
Overdue 3 - 6 months	23,700	6,140	-	-
Overdue 6 - 12 months	9,737	197,857	-	-
Overdue more than 12 months	131,794	154,537	-	-
Total	2,660,479	2,526,579	-	-
<u>Less</u> Allowance for doubtful accounts	(224,140)	(181,316)	-	-
	2,436,339	2,345,263	-	-

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

## 8 Other receivables, net

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Advances for business expenses	641,137	526,983	-	-
Other account receivables	15,778	175,766	-	26,835
Advances to employees	26,247	23,153	9	171
Accrued interest income	4,689	878	2,292	878
	687,851	726,780	2,301	27,884
<u>Less</u> Allowance for impairment	(11,842)	(9,648)	-	-
Other receivables, net	676,009	717,132	2,301	27,884

As at 30 September 2012, an advance payment of USD 9.3 million (equivalent to Baht 286.7 million) was made to General Technology & Systems Co. Ltd. ("Gentas"), which owns 30% of Subtech Saudi Arabia Limited ("Subtech Saudi Arabia"), a subsidiary of Mermaid Maritime Public Company Limited ("MMPLC"). The USD 9.3 million payment to Gentas comprises: (a) USD 0.3 million as consideration for the acquisition of Gentas' 30% equity interest in Subtech Saudi Arabia, and (b) USD 9.0 million as: (i) compensation for loss of expected profit to Gentas, if not for the sale of its 30% equity interest in Subtech Saudi Arabia, pertaining to a recently awarded five-year inspection, repair, and maintenance contract with Saudi Aramco ("IRM Contract") worth more than USD 530 million of revenues and (ii) as an advance payment for Gentas assistance to secure the IRM Contract.

**9 Inventories, net**

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Inventories	1,799,329	2,362,630	-	-
Tools and supplies	40,084	38,825	-	-
Total	1,839,413	2,401,455	-	-
<u>Less</u> Allowance for net realisable value of inventories	(237,626)	(130,508)	-	-
Inventories, net	1,601,787	2,270,947	-	-

As at 30 September 2012, a subsidiary mortgaged its inventories with a bank to secure a loan for a total value of Baht 460.5 million as mentioned in Note 19 (2011: Baht 1,028 million).

**10 Investments in subsidiaries, net**

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

Name of subsidiaries	Nature of business	Country of incorporation	% Ownership Interest	
			30 September 2012	30 September 2011
<b>Holdings</b>				
- Soleado Holdings Pte. Ltd.	Holding company	Singapore	100.0	100.0
With subsidiaries as follows:				
- Atlantis Offshore Construction Pte. Ltd.	"	Singapore		
- Baconco Co., Ltd.	Fertiliser production	Vietnam		
With associates as follows:				
- Merton Group (Cyprus) Ltd.	Coal mining	Philippines		
- Baria Serece	Port operations	Vietnam		
With joint ventures as follows:				
- Petrolift Inc.	Maritime transportation services	Philippines		
- Qing Mei Pte. Ltd.	Coal mining	Singapore		
- Athene Holdings Ltd.	Holding company	Thailand	99.9	99.9

## 10 Investments in subsidiaries, net (Continued)

Name of subsidiaries	Nature of business	Country of incorporation	% Ownership interest	
			30 September 2012	30 September 2011
Transport				
- Thoresen & Company (Bangkok) Limited	Ship management	Thailand	99.9	99.9
- Thor Dynamic Shipping Co., Ltd.	International maritime transportation	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
- 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 Jupiter 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
- 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		
- Thoresen Chartering (HK) Ltd.*	"	Hong Kong	99.9	99.9
- Thoresen Shipping Germany GmbH*	"	Germany	100.0	100.0
- Thor Orchid Shipping Co., Ltd.*	"	Thailand	99.9	99.9
- Thor Mercury Shipping Co., Ltd.*	"	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
- 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
- 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 Alliance Shipping Co., Ltd.*	"	Thailand	99.9	99.9
- Thoresen Service Center Ltd. (Formerly "T.S.C. Maritime Ltd.")	Service provider	Thailand	99.9	99.9
- Asia Coating Services Ltd.*	Coating services	Thailand	99.9	99.9
- Thoresen Shipping FZE	Ship agency	UAE	100.0	100.0
With an associate as follows:				
- Sharjah Ports Services LLC	Port operations	UAE		

## 10 Investments in subsidiaries, net (Continued)

Name of subsidiaries	Nature of business	Country of incorporation	% Ownership interest	
			30 September 2012	30 September 2011
<b>Energy</b>				
- Mermaid Maritime Public Company Limited	Offshore services investments	Thailand	57.1	57.1
With subsidiaries as follows:				
- Mermaid Offshore Services Ltd.	Turn-key diving ROV and NDT services to offshore industries	Thailand		
With subsidiaries as follows:				
- Nemo Subsea AS**	Vessel owner	Norway		
- Nemo Subsea IS**	"	Norway		
- Seascope Surveys (Thailand) Ltd.	Test and explore environmental impact of petroleum exploration and telecommunication	Thailand		
- Seascope Surveys Pte. Ltd.	"	Singapore		
With a subsidiary as follows:				
- PT Seascope Surveys Indonesia	"	Indonesia		
- Subtech Ltd.	Diving and subsea contractor	Seychelles		
With subsidiaries as follows:				
- Subtech Qatar Diving and Marine Services LLC	Diving Services	Qatar		
- Subtech Saudi Arabia Limited	"	Saudi Arabia		
- Mermaid Offshore Services Pty. Ltd.	Turn-key diving ROV and NDT services to offshore industries	Australia		
- Mermaid Offshore Services Pte. Ltd.	"	Singapore		
- 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		
- MTR-1 (Singapore) Pte. Ltd.	"	Singapore		
- MTR-2 (Singapore) Pte. Ltd.	"	Singapore		
- Mermaid Drilling (Singapore) Pte. Ltd.	Production and exploration drilling services and support to offshore industries	Singapore		
With a subsidiary as follows:				
- MTR-3 (Singapore) Pte. Ltd.	"	Singapore		
- Mermaid Training and Technical Services Ltd.**	Sub-sea engineering training and examination services	Thailand		
With an associate as follows:				
- Asia Offshore Drilling Limited	Drilling services	Bermuda	33.8	33.8
With subsidiaries as follows:				
- Asia Offshore Rig 1 Limited	"	"		
- Asia Offshore Rig 2 Limited	"	"		
- Asia Offshore Rig 3 Limited	"	"		
- Asia Offshore Drilling Pte. Ltd.***	"	Singapore		

## 10 Investments in subsidiaries, net (Continued)

Name of subsidiaries	Nature of business	Country of incorporation	% Ownership interest	
			30 September 2012	30 September 2011
Infrastructure				
- Chidlom Marine Services & Supplies Ltd.	Supply cargo lashing materials	Thailand	99.9	99.9
- GAC Thoresen Logistics Ltd.	Warehousing	Thailand	51.0	51.0
- Unique Mining Services Public Company Limited (invested by Athene Holdings Ltd.)	Sale of coal	Thailand	88.7	88.7
With subsidiaries as follows:				
- UMS Logistics Management Co., Ltd. (Formerly "UMS Coal Briquette Co., Ltd.")	Logistics management (Formerly : Production and sale of coal briquette)	Thailand		
- UMS Lighter Co., Ltd.	Boat conveyance	Thailand		
- UMS Transport Co., Ltd.*	Road transport	Thailand		
- UMS Port Services Co., Ltd.	Port service	Thailand		
- Baconco Co., Ltd. (invested by Soleado Holdings Pte. Ltd.)	Fertiliser production	Vietnam	100.0	100.0

\* Ceased operation as of 30 September 2012.

\*\* In the process of being voluntarily dissolved.

\*\*\* Was voluntarily dissolved.

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

	Company	
	2012 Baht'000	2011 Baht'000
Opening balance	15,723,960	15,863,624
Additional investments	4,060,122	5,635
Disposals	-	(26,099)
Changes of investments from subsidiaries to associates (Note 11)	-	(42,368)
Impairment charge	(836,872)	(76,832)
Closing balance	18,947,210	15,723,960

Significant additional investments during the year that ended on 30 September 2012 are as follows:

*The Company*

On 25 September 2012, the Company acquired an additional 161,528,400 shares of Thoresen Shipping Singapore Pte. Ltd. ("TSS"), a wholly owned subsidiary, for USD 132.0 million, or Baht 4,060.1 million. In consideration for this additional investment, the Company agreed to terminate the debt of the same amount and to release TSS from all obligations and liabilities in connection with such terminated debt, effective on 25 September 2012. After this additional investment, the ownership in TSS remains the same at 100.0%.

**10 Investments in subsidiaries, net (Continued)**

**Significant additional investments during the year that ended on 30 September 2012 are as follows:**  
(Continued)

*Subsidiaries - MMPLC*

On 10 July 2012, Mermaid Offshore Services Ltd. ("MOS"), a subsidiary of MMPLC, entered into a share purchase agreement with the shareholders of Seascope Surveys Pte. Ltd. ("SSPL") (the "SSPL Acquisition") and Seascope Surveys (Thailand) Ltd. ("SSTL") (the "SSTL Acquisition") for the purchase of the shares as follows:

- Purchase of 20 ordinary shares representing 20% of the issued and paid-up share capital of SSPL. The total purchase value was Baht 126.6 million (or USD 4.0 million);
- Purchase of 680,000 ordinary shares representing 20% of the issued and paid-up share capital of SSTL. The total purchase value was Baht 14.1 million (or USD 0.4 million);

Following completion of the SSPL Acquisition and the SSTL Acquisition (collectively, the "Share Acquisitions"), SSPL and SSTL have each become a wholly owned subsidiary of MOS.

The first payment of USD 1,806,000 was paid on 20 July 2012. The second and final payments will be paid within 30 days after release of the audited financial results of Seascope Surveys Group for the 2013 and 2014 financial years based upon a certain percentage of earnings before interest expenses, income taxes, depreciation, and amortisation. However, it has been agreed that the initial guaranteed minimum consideration shall not be below USD 2,500,000.

The effect of the additional proportion of investment in subsidiaries is as follows:

	<b>As at 10 July 2012 Baht'000</b>
Consideration transferred	57,084
Contingent consideration	76,030
Unrealised gain on exchange rate	1,697
Non-controlling interest acquired	(43,589)
<b>Effect on additional proportion of investment in subsidiaries</b>	<b>91,222</b>

Contingent consideration of Baht 76.0 million comprises potential payments due in the financial years 2013 and 2014 amounting to Baht 33.8 million and Baht 42.2 million, respectively. The excess of consideration over the acquired net book value is recognised as an item under other components of equity.

## 10 Investments in subsidiaries, net (Continued)

Significant disposals of investments during the year that ended on 30 September 2011 are as follows:

### *The Company*

On 19 November 2010, the Company entered into a Share Sale and Purchase Agreement with its partner, Fearnleys A/S, to sell and transfer 2% shares of Fearnleys (Thailand) Ltd. Consequently, Fearnleys (Thailand) Ltd. is classified as an associate company and its financial statements have been deconsolidated accordingly.

Details of the disposal are as follows:

	<b>19 November 2010</b>	
	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
Sales consideration	2,880	2,880
Net book value of investments in subsidiary	2,365	600
Gains on disposal of investments in subsidiary	515	2,280

On 18 March 2011, the Company entered into a Share Sale and Purchase Agreement with third parties to sell and transfer 51% shares of ISS Thoresen Agencies Ltd. Consequently, ISS Thoresen Agencies Ltd. is classified as an associate company and its financial statements have been deconsolidated accordingly.

Details of the disposal are as follows:

	<b>18 March 2011</b>	
	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
Sales consideration	30,600	30,600
Net book value of investments in subsidiary	31,601	25,499
Gains (losses) on disposal of investments in subsidiary	(1,001)	5,101

From this change of shareholding structure, the excess of carrying value over purchase consideration of acquisition under common control amounting to Baht 124.5 million was recognised through retained earnings during the year.

### *Subsidiaries - MMPLC*

On 29 November 2010, MMPLC entered into a Share Sale and Purchase Agreement with Mermaid Drilling Ltd., a subsidiary of MMPLC, to sell 1 share of MTR - 2 (Singapore) Pte. Ltd. ("MTR2 - S"), constituting 100% of the total issued and paid-up share capital of MTR2 - S. The total purchase value was USD 1.

**10 Investments in subsidiaries, net (Continued)****Impairment charge**

During the year that ended on 30 September 2012, the impairment losses were recognised for investments in subsidiaries which ceased their operations in 2012.

**Dividend income**

During the year that ended on 30 September 2012, the Company received dividend income from subsidiaries amounting to Baht 1,094.0 million (2011: Baht 1,091.8 million).

**11 Investments in associates**

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

Name of associates	Nature of business	Country of incorporation	% Ownership interest	
			30 September 2012	30 September 2011
<b>Company</b>				
<b>Transport</b>				
- Fearnleys (Thailand) Ltd.	Ship brokerage	Thailand	49.0	49.0
With subsidiaries as follows:				
- PT. Fearnleys Indonesia	"	Indonesia		
- Fearnleys Shipbroking Private Limited	"	India		
- Thoresen Shipping and Logistics Ltd. (Formerly "ISS Thoresen Agencies Ltd.")	Ship agency	Thailand	49.0	49.0
<b>Infrastructure</b>				
- Gulf Agency Company (Thailand) Ltd.*	Ship agency	Thailand	-	51.0
<b>Consolidated</b>				
<b>Transport</b>				
- PT Usaha Putra Bersama (invested by PT Perusahaan Pelayaran Equinox)	Land transportation	Indonesia	-	25.6
- Sharjah Ports Services LLC (invested by Thoresen Shipping FZE)	Port operations	UAE	49.0	49.0
- Petrolift Inc.* (invested by Soleado Holdings Pte. Ltd.)	Maritime transportation services	Philippines	-	40.0
<b>Energy</b>				
- Asia Offshore Drilling Limited (invested by MMPLC)	Drilling services	Bermuda	33.8	33.8
With subsidiaries as follows:				
- Asia Offshore Rig 1 Limited	"	"		
- Asia Offshore Rig 2 Limited	"	"		
- Asia Offshore Rig 3 Limited	"	"		
- Asia Offshore Drilling Pte. Ltd.**	"	Singapore		
- Merton Group (Cyprus) Ltd. (invested by Soleado Holdings Pte. Ltd.)	Coal mining	Philippines	24.3	24.3
- Qing Mei Pte. Ltd.* (invested by Soleado Holdings Pte. Ltd.)	"	Singapore	-	33.3
<b>Infrastructure</b>				
- Baria Serece (invested by Soleado Holdings Pte. Ltd.)	Port operations	Vietnam	20.0	20.0

\* During the year, the Group reclassified investments in Gulf Agency Company (Thailand) Ltd., Petrolift Inc., and Qing Mei Pte. Ltd. from investments in associates to investments in joint ventures, as the Group has joint control over these companies.

\*\* Was voluntarily dissolved.

## 11 Investments in associates (Continued)

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Opening balance	3,675,470	1,182,453	53,581	11,213
Additional investments	2,663	2,376,517	-	-
Changes of investments from subsidiaries to associates (Note 10)	-	88,266	-	42,368
Changes of investments from associates to joint ventures (Note 12)	(1,105,376)	-	(11,213)	-
Disposal of investments in an associate	(589)	-	-	-
Share of profits in associates	12,087	93,924	-	-
Dividends received	(33,917)	(65,690)	-	-
Translation adjustments	(13,138)	-	-	-
Closing balance	2,537,200	3,675,470	42,368	53,581

Significant additional investments during the year that ended on 30 September 2011 are as follows:

### *Subsidiaries - Soleado Holdings Pte. Ltd. ("Soleado")*

- On 19 November 2010, Soleado acquired 407,816 ordinary shares, representing 20% of paid-up capital of Baria Serece, a company incorporated in Vietnam, for USD 11.0 million, or Baht 331.3 million.
- On 25 January 2011, Soleado acquired an additional 14,684,025 shares, representing 1.2% ownership in Petrolift, from an existing shareholder at a total purchase price of USD 839,520, or Baht 25.2 million.
- On 22 March 2011, Soleado together with Merton Group (Cyprus) Ltd., an associate, entered into a strategic partnership with a business partner, Britmar (Asia) Pte. Ltd. ("Britmar"), to establish a new company, Qing Mei Pte. Ltd. ("Qing Mei"). Soleado, Merton Group (Cyprus) Ltd., and Britmar each invested 33.33% or USD 1.6 million, which is equivalent to Baht 48.3 million, in Qing Mei. On 24 May 2011, all parties participated in a rights offering of Qing Mei. Soleado subscribed for an additional 500,000 ordinary shares of Qing Mei at a total purchase price of USD 500,000, or Baht 15.1 million. The ownership in Qing Mei remains the same.
- On 24 June 2011, Soleado participated in a rights offering of Merton Group (Cyprus) Ltd. Soleado acquired an additional 1,019 ordinary shares, representing 3.1% ownership in Merton Group (Cyprus) Ltd., at a total purchase price of USD 1,528,500, or Baht 46.2 million. The percentage of shareholdings by Soleado in Merton Group (Cyprus) Ltd. increased from 21.18% to 24.31%.

## 11 Investments in associates (Continued)

**Significant additional investments during the year that ended on 30 September 2011 are as follows:**  
(Continued)

### *Subsidiaries - MMPLC*

- On 1 November 2010, MMPLC subscribed to 100 ordinary shares in Asia Offshore Drilling Limited ("AOD") with a par value of USD 1 per share, at a subscription price of USD 1 per share, totalling USD 100 or Baht 2,983.8. On 16 November 2010, MMPLC acquired another 9,800,000 ordinary shares in AOD with a par value of USD 1 per share, at a subscription price of USD 5 per share, totalling USD 49.0 million or Baht 1,456.6 million. The total subscribed shares represent 49% of the total paid-up share capital of AOD.
- On 1 November 2010, AOD subscribed to each of 100 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of Asia Offshore Rig 1 Limited ("AOR1") and Asia Offshore Rig 2 Limited ("AOR2"). The total subscription value was USD 100 each for AOR1 and AOR2.
- On 28 March 2011, AOD subscribed to 100 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of Asia Offshore Drilling Pte. Ltd. The total subscription value was USD 100.
- On 30 March 2011, AOD subscribed to each of 35,999,900 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of AOR1 and AOR2. The total subscription value was USD 35,999,900 each for AOR1 and AOR2.
- On 1 July 2011, AOD subscribed to 100 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of Asia Offshore Rig 3 Limited ("AOR3"). The total subscription value was USD 100.
- On 1 July 2011, AOD issued 20,000,000 new shares of which the subscription price is USD 4 per share through the Private Placement. MMPLC subscribed for an additional 3,700,000 shares totalling USD 14.8 million or equivalent to Baht 447.2 million in AOD, resulting in MMPLC's shareholding in AOD to be reduced from 49% to 33.75%.
- On 15 July 2011, AOD's shares were listed on the Oslo Axess in Norway.

## 11 Investments in associates (Continued)

The Group's share of the result of its principal associates, and its share of the assets including goodwill and liabilities are as follows:

2012						
Name	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profits (losses) Baht'000	% Interest held	Profit (loss) sharing Baht'000
Thoresen Shipping and Logistics Ltd. (Formerly "ISS Thoresen Agencies Ltd.")	151,474	84,986	124,351	12,594	49.0	6,171
Merton Group (Cyprus) Ltd.	399,666	26,908	71,804	(80,218)	24.3	(19,501)
Baria Serece	1,121,591	279,408	520,188	144,300	20.0	28,860
Asia Offshore Drilling Limited	5,332,274	178,733	-	(28,632)	33.8	(9,663)
						5,867
Add Others						6,220
						12,087
2011						
Name	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profits (losses) Baht'000	% Interest held	Profit (loss) sharing Baht'000
Petrolift Inc.	3,563,789	1,632,689	1,078,446	287,690	40.0	114,496
ISS Thoresen Agencies Ltd.	164,231	88,717	136,045	28,655	49.0	5,846
Merton Group (Cyprus) Ltd.	1,021,667	568,720	69,450	(96,240)	24.3	(19,416)
Baria Serece	1,015,362	283,897	434,356	116,715	20.0	23,343
Asia Offshore Drilling Limited	5,502,059	263,284	-	(117,252)	33.8	(41,773)
						82,496
Add Others						11,428
						93,924

## 12 Investments in joint ventures

The joint venture entities are:

			% Ownership interest	
Name of joint ventures	Nature of business	Country of incorporation	30 September 2012	30 September 2011
<b>Company</b>				
<b>Transport</b>				
- Thoresen (Indochina) S.A. With a subsidiary as follows:	Ship agency	Panama	50.0	50.0
- Thoresen-Vinama Agencies Co., Ltd.	Ship agency and related services	Vietnam		
<b>Infrastructure</b>				
- Gulf Agency Company (Thailand) Ltd.*	Ship agency	Thailand	51.0	-
<b>Consolidated</b>				
<b>Transport</b>				
- Petrolift Inc.* (invested by Soleado Holdings Pte. Ltd.)	Maritime transportation	Philippines	40.0	-
<b>Energy</b>				
- Qing Mei Pte. Ltd.* (invested by Soleado Holdings Pte. Ltd.)	Coal mining	Singapore	33.33	-

\* Gulf Agency Company (Thailand) Ltd., Petrolift Inc., and Qing Mei Pte. Ltd. are reclassified as joint ventures, because the Group jointly controls these companies through their equity interests. The equity method of accounting is applied to these investments in the consolidated financial statements.

**12 Investments in joint ventures (Continued)**

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Opening balance	63,893	54,315	8,771	8,771
Additional investments	27,892	-	-	-
Change of investments from associates to joint ventures (Note 11)	1,105,376	-	11,213	-
Share of profits in joint ventures	117,339	16,305	-	-
Dividends received	(58,626)	(6,727)	-	-
Translation adjustments	598	-	-	-
Closing balance	1,256,472	63,893	19,984	8,771

Significant additional investments during the year that ended on 30 September 2012 are as follows:

*Subsidiaries - Soleado*

- During the year, Soleado, together with Merton Group (Cyprus) Ltd., an associate, and Britmar (Asia) Pte. Ltd., a business partner, subscribed for an additional 887,968 ordinary shares of Qing Mei at a total purchase price of USD 887,968, or Baht 27.9 million each. The Group's ownership in Qing Mei remains the same at 33.33%.

The Group's share of the result of its principal joint ventures, all of which are unlisted, and its share of the assets including goodwill and liabilities are as follows:

Name	2012				% Interest held	Profit sharing (loss) Baht'000
	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profits Baht'000		
Thoresen (Indochina) S.A.	237,627	77,019	511,124	53,500	50.0	26,750
Petrolift Inc.	4,008,696	1,994,136	1,063,764	267,745	40.0	107,098
						133,848
Add Others						(16,509)
						117,339

Name	2011				% Interest held	Profit sharing Baht'000
	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profits Baht'000		
Thoresen (Indochina) S.A.	208,402	93,566	363,427	32,610	50.0	16,305

### 13 Goodwill, net

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening net book value	3,817,460	3,834,040
<u>Less</u> Allowance for impairment	(2,318,666)	(16,580)
Closing net book value	1,498,794	3,817,460

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segment.

A segment-level summary of the goodwill allocation is presented as follows.

	<b>Energy business</b>	<b>Infrastructure</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Goodwill allocation	982,763	2,834,697	3,817,460
<u>Less</u> Impairment charge	-	(2,318,666)	(2,318,666)
Goodwill, net	982,763	516,031	1,498,794

Unique Mining Services Public Company Limited ("UMS"), a CGU under the infrastructure business, has faced significant challenges in its business environment. The key adverse factor has been the shutdown of its production facility in Samut Sakhon for the past 12 months due to environmental issues. In November 2011, the Samut Sakhon province ordered UMS to deplete its 0-5 mm. coal inventory within a certain deadline, resulting in net losses. Furthermore, with only one production facility in use, higher logistics costs and lower volumes of a newly developed product line have resulted in below plan performance. Given the ongoing situation, the Company's Board of Directors has assessed that there are continuing risks to the ability to permanently reopen the Samut Sakhon production facility due to factors beyond the Company's control. Therefore, the value-in-use of UMS decreases significantly and an impairment loss against goodwill of Baht 2.32 billion was recognised in the statement of income.

The calculation of value-in-use was performed using projected free cash flows covering the next five years based on conservative approach. Cash flows beyond the five-year period are extrapolated using the estimated growth rates and a discount rate of 3.6% and 14%, respectively.

## 14 Property, plant, and equipment, net

	Consolidated										(Baht'000)
	Land	Buildings and factories	Building improvements	Ocean vessels, support vessels, and tender rigs	Furniture, fixtures, machinery, and equipment	Motor vehicles	Motor launches	Barges	Construction in progress	Total	
At 30 September 2011											
Cost	622,891	1,215,169	179,777	26,917,184	3,319,871	115,927	2,209	138,574	2,810,832	35,322,434	
Less Accumulated depreciation	-	(393,043)	(107,008)	(6,106,662)	(1,427,033)	(78,583)	(992)	(38,680)	-	(8,152,001)	
Allowance for impairment	(3,164)	-	-	(136,154)	-	-	-	-	(231,374)	(370,692)	
Net book value	619,727	822,126	72,769	20,674,368	1,892,838	37,344	1,217	99,894	2,579,458	26,799,741	
Restated (Note 2.2)	-	-	-	(152,523)	354,966	-	-	-	-	202,443	
Net book value - Restated	619,727	822,126	72,769	20,521,845	1,892,838	37,344	1,217	99,894	2,579,458	27,002,184	
For the year that ended on 30 September 2012											
Opening net book value	619,727	822,126	72,769	20,521,845	1,892,838	37,344	1,217	99,894	2,579,458	27,002,184	
Additions	-	23,276	1,094	607,154	233,271	16,615	-	950	679,769	1,659,113	
Disposals and write-offs, net	(4,724)	-	(577)	(53)	(7,838)	(398)	(202)	-	(376,744)	(390,536)	
Transfer in (out)	-	69,742	7,625	-	120,060	-	-	39	(200,253)	(2,787)	
Depreciation charge	-	(64,555)	(17,515)	(1,151,258)	(272,386)	(10,312)	(442)	(212)	-	(1,875,854)	
Reversal (impairment charge)	3,164	-	-	30,860	1,145	-	-	-	(530,827)	(527,662)	
Translation adjustments	-	-	5,387	(73,763)	1,572	(126)	(9)	-	(27,358)	(95,515)	
Closing net book value	618,167	850,589	68,783	19,934,785	1,709,648	43,123	564	100,671	2,124,045	25,768,943	
At 30 September 2012											
Cost	618,167	1,308,186	192,461	27,980,292	3,497,305	119,067	1,982	139,908	2,879,480	37,814,758	
Less Accumulated depreciation	-	(457,597)	(123,678)	(7,941,358)	(1,756,000)	(75,944)	(1,418)	(39,237)	-	(11,152,937)	
Allowance for impairment	-	-	-	(104,149)	(1,637)	-	-	-	(755,435)	(892,878)	
Net book value	618,167	850,589	68,783	19,934,785	1,709,648	43,123	564	100,671	2,124,045	25,768,943	

- Significant additions during the year that ended on 30 September 2012 were i) purchases of one ocean vessel, ii) installment payments for a new-build ocean vessel, iii) payments for dry-docking of ocean and support vessels and a drilling rig, and iv) payments for support vessels and rig equipment.
- Significant disposals and write-offs during the year that ended on 30 September 2012 were i) write-off of capitalised finance costs of ocean vessel, and ii) write-off of novation fee for a new-build ocean vessel.
- Impairment charges during the year that ended on 30 September 2012 represent impairment on vessels and main engines under construction to reflect their expected net realisable values.

## 14 Property, plant, and equipment, net (Continued)

	Company					(Baht'000)
	Land	Buildings	Building improvements	Furniture, fixtures, and equipment	Motor vehicles	Total
<b>At 30 September 2011</b>						
Cost	82,847	201,846	90,547	67,037	3,380	445,657
Less Accumulated depreciation	-	(110,755)	(60,583)	(39,562)	(2,478)	(213,378)
Net book value	82,847	91,091	29,964	27,475	902	232,279
<b>For the year that ended on 30 September 2012</b>						
Opening net book value	82,847	91,091	29,964	27,475	902	232,279
Additions	-	-	-	1,313	-	1,313
Disposals, net	-	-	-	-	(65)	(65)
Depreciation charge	-	(9,656)	(6,893)	(12,183)	(611)	(29,343)
Closing net book value	82,847	81,435	23,071	16,605	226	204,184
<b>At 30 September 2012</b>						
Cost	82,847	201,846	90,547	67,695	2,806	445,741
Less Accumulated depreciation	-	(120,411)	(67,476)	(51,090)	(2,580)	(241,557)
Net book value	82,847	81,435	23,071	16,605	226	204,184

**14 Property, plant, and equipment, net (Continued)**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>(restated) Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Depreciation charge:				
- cost providing services				
- vessel operations	830,074	1,201,677	-	-
- offshore services	853,778	979,203	-	-
- service expenses	14,444	15,136	-	-
- costs of sales	57,606	87,748	-	-
- selling expenses	2,594	675	-	-
- administrative expenses	117,358	102,722	29,343	30,441
	<b>1,875,854</b>	<b>2,387,161</b>	<b>29,343</b>	<b>30,441</b>

Property, plant, and equipment as of 30 September 2012 used as collateral for loan facilities can be summarised as follows:

- Two ocean vessels have been mortgaged with financial institutions as collateral for loan facility at a total value of USD 7.5 million (2011: USD 396 million).
- Six ocean vessels have been mortgaged with financial institutions as collateral for their loans at a total value of USD 95.0 million (2011: USD 93.0 million).
- Two subsea vessels and a tender rig are mortgaged with various banks as collateral for bank overdraft and loan facilities for a total value of Baht 1,359.5 million and USD 110.0 million (2011: Baht 1,353.0 million and USD 117.6 million).
- Twelve barges have been mortgaged with a bank as collateral for its bank overdrafts and long-term loans for a total value of Baht 125.0 million (2011: Baht 125.0 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 925.0 million (2011: Baht 925.0 million).

## 15 Intangible assets, net

Consolidated					
	Customer relationship Baht'000	Other intangible assets Baht'000	Computer software Baht'000	Computer software under installation Baht'000	Total Baht'000
<b>At 30 September 2011</b>					
Cost	563,852	8,255	303,452	26,713	902,272
<u>Less</u> Accumulated amortisation	(134,920)	(2,412)	(145,061)	-	(282,393)
Allowance for impairment	-	-	(12,352)	-	(12,352)
Net book value	428,932	5,843	146,039	26,713	607,527
<b>For the year that ended on 30 September 2012</b>					
Opening net book value	428,932	5,843	146,039	26,713	607,527
Additions	-	-	12,699	-	12,699
Transfer in (out)	-	-	23,405	(20,618)	2,787
Disposals, net	-	-	(1,248)	-	(1,248)
Amortisation charge	(69,985)	(1,112)	(44,163)	-	(115,260)
Impairment charge	-	-	(8,207)	-	(8,207)
Translation adjustments	-	-	(15)	-	(15)
Closing net book value	358,947	4,731	128,510	6,095	498,283
<b>At 30 September 2012</b>					
Cost	563,852	8,255	340,050	6,095	918,252
<u>Less</u> Accumulated amortisation	(204,905)	(3,524)	(190,981)	-	(399,410)
Allowance for impairment	-	-	(20,559)	-	(20,559)
Net book value	358,947	4,731	128,510	6,095	498,283

**15 Intangible assets, net (Continued)**

	<b>Company</b>		
	<b>Computer software Baht'000</b>	<b>Computer software under installation Baht'000</b>	<b>Total Baht'000</b>
<b>At 30 September 2011</b>			
Cost	165,259	26,713	191,972
<u>Less</u> Accumulated amortisation	(54,054)	-	(54,054)
Allowance for impairment	(12,352)	-	(12,352)
<b>Net book value</b>	<b>98,853</b>	<b>26,713</b>	<b>125,566</b>
<b>For the year that ended on 30 September 2012</b>			
Opening net book value	98,853	26,713	125,566
Additions	117	-	117
Transfer in (out)	20,618	(20,618)	-
Amortisation charge	(26,737)	-	(26,737)
Impairment charge	(8,207)	-	(8,207)
<b>Closing net book value</b>	<b>84,644</b>	<b>6,095</b>	<b>90,739</b>
<b>At 30 September 2012</b>			
Cost	185,994	6,095	192,089
<u>Less</u> Accumulated amortisation	(80,791)	-	(80,791)
Allowance for impairment	(20,559)	-	(20,559)
<b>Net book value</b>	<b>84,644</b>	<b>6,095</b>	<b>90,739</b>

**16 Other assets, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011 (restated)</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Prepaid long-term leases - land use rights, net	9,392	12,964	-	-
Insurance claims	280,166	431,452	-	-
Deferred arrangement fee for loan	26,460	29,375	-	-
Restricted deposit at a financial institution over 1 year	122,777	124,110	-	-
Other assets	54,082	46,159	247	1,676
<b>Total other assets</b>	<b>492,877</b>	<b>644,060</b>	<b>247</b>	<b>1,676</b>

The restricted deposit at a financial institution, which matures over one year from now, is pledged against long-term loans with a local financial institution. The restricted deposit must be maintained at a minimum amount of the next two principals and interest payments after the two-year grace period expires on 30 September 2013.

## 17 Bank overdrafts

Bank overdraft facilities of the Group amounting to Baht 233 million (2011: Baht 274 million) are guaranteed by the Company and subsidiaries, and a mortgage of the Group's land and buildings (Note 14).

As at 30 September 2012, the Group has unused bank overdraft facilities amounting to Baht 225.8 million (2011: Baht 271.7 million).

## 18 Short-term loans

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Short-term loans	324,841	164,000	-	-
Trust receipts	938,163	1,246,277	-	-
<b>Total short-term loans</b>	<b>1,263,004</b>	<b>1,410,277</b>	<b>-</b>	<b>-</b>

As at 30 September 2012, UMS, a subsidiary, has unused facilities of unsecured short-term loans in form of promissory notes and bills of exchange obtained from local financial institutions and trust receipts amounting to Baht 155.0 million and Baht 1,190.8 million, respectively (2011: Baht 365.0 million and Baht 1,412.7 million, respectively).

## 19 Long-term loans

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Beginning balance	7,756,178	6,327,239	-	-
Additions during the year	2,945,188	4,210,109	1,200,000	-
Repayments during the year	(1,869,233)	(2,951,197)	-	-
Realised gains on exchange rate	(5,491)	(16,390)	-	-
Unrealised (gains) losses on exchange rate	(41,782)	87,110	-	-
Translation adjustments	(30,822)	99,307	-	-
<b>Ending balance</b>	<b>8,754,038</b>	<b>7,756,178</b>	<b>1,200,000</b>	<b>-</b>

**19 Long-term loans (Continued)**

Maturity of long-term loans is as follows:

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Due within 1 year	3,322,585	1,062,215	40,000	-
Due between 1 year and 5 years	2,719,253	3,316,181	1,160,000	-
Due after 5 years	2,712,200	3,377,782	-	-
Long-term portion	5,431,453	6,693,963	1,160,000	-
	8,754,038	7,756,178	1,200,000	-

Long-term loans comprise the following:

*Consolidated*

- a) Loans for the purchases and constructions of ocean vessels, a tender rig, support vessels and equipment, and barges
  - Loans for the purchase and construction of ocean vessels are granted by foreign syndicated banks and are denominated in US Dollars with a total outstanding balance of USD 94.6 million as at 30 September 2012 (30 September 2011: USD 92.7 million) with repayment terms within 5 - 17 years from the vessel delivery date. As at 30 September 2012, interest rates and securities on the loans are as follows:
    - The loan balance of USD 35.8 million (30 September 2011: USD 39.3 million): fixed rate and BBA-LIBOR plus a certain margin and is secured by a mortgage of two vessels and a corporate guarantee given by the Company.
    - The loan balance of USD 58.8 million (30 September 2011: USD 53.4 million): LIBOR plus a certain margin and is secured by mortgages of six of the Group's ocean vessels and subsequently by the new build or second-hand vessels that have been acquired, assignment of insurance for the collateral vessels, pledge or change over bank accounts, and a corporate guarantee by the Company.
  - Loan for the purchase of a tender rig is granted by a local commercial bank and is denominated in US Dollars with a total outstanding balance of USD 5.5 million as at 30 September 2012 (30 September 2011: USD 8.2 million) with repayment term within 9 years. This loan bears interest at the rate of USD-LIBOR plus a certain margin, is secured by mortgages of the tender rig as mentioned in Note 14, and guaranteed by a subsidiary.

## 19 Long-term loans (Continued)

### a) Loans for the purchases and constructions of ocean vessels, a tender rig, support vessels and equipment, and barges (Continued)

- Loans for the purchase of support vessels and equipment are granted by local commercial banks and are denominated in US Dollars, having a total outstanding balance of USD 126.1 million as at 30 September 2012 (30 September 2011: Baht 653.9 million and USD 97.6 million) with repayment terms within 8 - 10 years. As at 30 September 2012, interest rate is USD-LIBOR plus a certain margin (30 September 2011: The loan balances of Baht 653.9 million and USD 97.6 million carried interest at the three-month fixed deposits rates plus a certain margin and USD-LIBOR plus a certain margin, respectively).

These loans are currently secured by mortgages of support vessels as mentioned in Note 14 and are guaranteed by a subsidiary.

- Loans for the purchase of barges are granted by a local commercial bank and are denominated in Thai Baht with a total outstanding balance of Baht 33.4 million as at 30 September 2012 (30 September 2011: Baht 45.4 million) with repayment term within 7 years. This loan bears interest at the rate of MLR minus certain margins, and is secured by mortgages of barges as mentioned in Note 14.

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 obtaining 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 local commercial banks and are denominated in Thai Baht with a total outstanding balance of Baht 97.2 million as at 30 September 2012 (30 September 2011: Baht 122.6 million) and repayment terms within 6.5 - 8 years. As at 30 September 2012, interest rates and the detail of mortgages are as follows:

- The loan balance of Baht 81.4 million (30 September 2011: Baht 96.9 million): MLR minus a certain margin. The loans are secured by mortgages of the subsidiary's land & buildings and guaranteed by the Company.
- The loan balance of Baht 15.8 million (30 September 2011: Baht 25.7 million): the 1 - year fixed deposit rate for personal account plus a certain margin. The loans are secured by mortgages of the subsidiary's land & buildings and guaranteed by the Company.

### c) Loans for the construction of machinery and warehouses and working capital are granted by local commercial banks and are denominated in Thai Baht with a total outstanding balance of Baht 430.2 million as at 30 September 2012 (30 September 2011: Baht 734.1 million) and repayment terms within 3 - 7 years. These loans bear interest at the rate of MLR minus certain margins, are secured by mortgages of subsidiary's partial land and construction on that land and a part of UMS's inventories as mentioned in Note 9.

**19 Long-term loans (Continued)***The Company*

Loan for convertible bond redemption is granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 1,200 million as at 30 September 2012 (30 September 2011: Nil) with repayment term over 5 years and is unsecured. The loan bears interest rate at a floating reference rate plus a margin.

As at 30 September 2012, the Company as a guarantor for loans undertaken by subsidiaries, and the Company and UMS as borrowers had breached certain loan covenants. According to Thai Accounting Standard No. 1 (Revised 2009) - Presentation of Financial Statements, the entity has to present the liability as current if an entity has breached an undertaking under a long-term loan agreement on or before the reporting date, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. As a result, the long-term portion of loans amounting to Baht 2,438.0 million was presented as current liabilities as of 30 September 2012. However, the Company and UMS have subsequently received lenders' written consents for a waiver of covenant breaches. The classified loans of Baht 1,087.5 million will be presented as non-current liabilities in accordance with loan repayment schedule in the financial statements of subsequent period. Currently, the management is discussing with the rest relevant banks and has the opinion that the outcome will not result in a material adverse effect.

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Currency				
- USD	6,993,209	6,200,213	-	-
- Baht	1,760,829	1,555,965	1,200,000	-
	8,754,038	7,756,178	1,200,000	-

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
At fixed rates	551,725	612,193	-	-
At floating rates	8,202,313	7,143,985	1,200,000	-
Total loans	8,754,038	7,756,178	1,200,000	-

*Credit facilities*

As at 30 September 2012, the available credit facilities from financial institutions are USD 7.5 million, which will mainly be used for revolving credit (2011: USD 401.8 million for acquisitions of ocean vessels and revolving credit).

## 20 Employee benefit obligations

Maturities of employee benefit obligations are as follows:

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Current portion of employee benefit obligations	-	61,031	-	-
Long-term portion of employee benefit obligations	100,673	106,321	20,371	16,367
Employee benefit obligations	100,673	167,352	20,371	16,367
Charge to statement of income	12,891	80,185	4,323	8,118

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000

### Statements of financial position obligations for:

Retirement benefits	100,673	106,321	20,371	16,367
Retention incentives	-	61,031	-	-
	100,673	167,352	20,371	16,367

#### a) Retirement benefits

The movement in the defined benefit obligations during the year is as follows:

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Beginning balance	106,321	89,475	16,367	11,693
Deconsolidation due to disposals of investments in subsidiaries	-	(8,735)	-	-
Current service costs	34,688	29,392	6,802	7,783
Interest costs	1,885	2,241	497	335
Actuarial gains	(23,682)	(1,201)	(2,976)	-
Benefits paid	(17,893)	(7,575)	(319)	(3,444)
Translation adjustment	(646)	2,724	-	-
Ending balance	100,673	106,321	20,371	16,367

**20 Employee benefit obligations (Continued)***a) Retirement benefits (Continued)*

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current service costs	34,688	29,392	6,802	7,783
Interest costs	1,885	2,241	497	335
Amortisation of actuarial gains	(23,682)	(1,201)	(2,976)	-
<b>Total (included in staff costs)</b>	<b>12,891</b>	<b>30,432</b>	<b>4,323</b>	<b>8,118</b>

The principal actuarial assumptions used were as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Discount rate	3.7% - 4.3%	3.5% - 5.0%	3.8%	3.5%
Future salary increases	4% - 6%	4% - 6%	6%	6%
Mortality rate	0.01% - 1.32%	0.01% - 1.48%	0.10% - 1.32%	0.11% - 1.48%
Resignation rate	0% - 31%	0% - 50%	0% - 18%	0% - 20%

*b) Retention incentives*

The amounts recognised in the statements of financial position are determined as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Present value of obligations	-	61,031	-	-

The movement in the retention incentive obligations during the year is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Beginning of the year	61,031	76,083	-	-
Current service cost (reversal)	(14,458)	49,753	-	-
Paid during the year	(45,919)	(66,354)	-	-
Realised gains on exchange rate	(654)	(251)	-	-
Unrealised losses on exchange rate	-	1,800	-	-
<b>Ending balance</b>	<b>-</b>	<b>61,031</b>	<b>-</b>	<b>-</b>

## 20 Employee benefit obligations (Continued)

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Current service cost (reversal)	(14,458)	49,753	-	-

These amounts are included in service, selling, and administrative expenses.

## 21 Bonds, net

The balance of bonds as at 30 September is as follows:

	Consolidated and Company					
	Convertible bonds		Thai Baht bonds		Total	
	2012	2011	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Bonds	-	1,216,372	4,000,000	4,000,000	4,000,000	5,216,372
<u>Less</u> Issuing costs	-	(10,631)	(4,470)	(5,716)	(4,470)	(16,347)
Bonds, net	-	1,205,741	3,995,530	3,994,284	3,995,530	5,200,025
<u>Less</u> Current portion	-	(1,205,741)	-	-	-	(1,205,741)
Long-term portion	-	-	3,995,530	3,994,284	3,995,530	3,994,284

### Convertible bonds

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.

**21 Bonds, net (Continued)****Convertible bonds (Continued)**

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

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

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

The movement of convertible bonds during the years that ended on 30 September is as follows:

	<b>Consolidated and Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening net balance	1,205,741	2,261,482
Premium	36,808	59,959
Amortisation of issuing cost	9,777	20,060
Convertible bonds cancellation	(94,721)	-
Reversal on premium accruals and issuing costs	(12,208)	-
Redemption	(1,130,281)	(1,194,288)
Realised gains on exchange rates	(15,116)	(98,752)
Unrealised losses on exchange rates	-	157,280
Closing net balance	-	1,205,741

Convertible bonds are due for redemption as follows:

Redemption within one year	-	1,205,741
Redemption after one year	-	-
	-	1,205,741

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

***Bond cancellation and redemption***

In September 2011, the Company redeemed a half of the outstanding principal amount of USD 68.6 million or USD 34.3 million by cash at the redemption price of USD 113,220 per bond. Therefore, the initial principal amount of each bond after the second redemption is USD 100,000. The aggregate principal amount of the convertible bonds after the second redemption is USD 34.3 million with the conversion price of Baht 50.35 per share.

In November 2011, the Company repurchased and cancelled a portion of the outstanding bonds amounting to USD 3.1 million, representing 9.04% of the outstanding principal amount of the bonds. The aggregate principal amount of the convertible bonds outstanding after the repurchase and cancellation of the convertible bonds is USD 31.2 million with the conversion price of Baht 50.35 per share.

In September 2012, the Company redeemed the last tranche of the outstanding principal amount of USD 31.2 million by cash at the redemption price of USD 117,000 per bond. The bonds were fully redeemed and subsequently delisted from the official list of the Singapore Exchange Securities Trading Limited (SGX-ST) on 19 October 2012.

## 21 Bonds, net (Continued)

### Thai Baht bonds

In July 2010, the Company issued and sold two tranches of unsubordinated and unsecured Thai Baht bonds at face value worth Baht 4 billion. The details of bonds are as follows:

Bond No.	Number of units	Face value /unit (Baht)	Interest rate (% per annum)	Maturity dated
Tranche 1	2,000,000	1,000	3.60	9 July 2015
Tranche 2	2,000,000	1,000	3.82	29 June 2017

The Thai Baht bonds were issued at par with a face value of Baht 1,000 per unit. The term of the first tranche is five years from issue date and the term of the second tranche is six years, eleven months and twenty days from the issue date. The Company will pay interest every three months and will pay the entire principal amount at the maturity date.

The movement of Thai Baht bonds during the years that ended on 30 September is as follows:

	Consolidated and Company	
	2012 Baht'000	2011 Baht'000
Opening net balance	3,994,284	3,993,042
Amortisation on deferred issuing costs	1,246	1,242
Closing net balance	3,995,530	3,994,284

## 22 Share capital and premium on ordinary shares

	Number of authorised shares	Consolidated and Company		
		Issued and paid-up share capital (Baht'000)	Premium on ordinary shares (Baht'000)	Total (Baht'000)
At 1 October 2010	933,004,413	708,004	1,540,410	2,248,414
Reduction of authorised shares	(150,000,000)	-	-	-
Increase of authorised shares	50,000,000	-	-	-
At 30 September 2011	833,004,413	708,004	1,540,410	2,248,414
Reduction of authorised shares	(50,000,000)	-	-	-
At 30 September 2012	783,004,413	708,004	1,540,410	2,248,414

## 22 Share capital and premium on ordinary shares (Continued)

### Share capital

#### a) For the year that ended on 30 September 2012

##### *The Company*

At the Annual General Meeting of Shareholders held on 31 January 2012, shareholders approved the reduction of registered share capital from Baht 833,004,413 to Baht 783,004,413 by cancelling the 50,000,000 unissued shares reserved for private placement shares and an amendment to Clause 4 of the Memorandum of Association regarding this matter.

The registration of share capital reduction was completed on 14 February 2012.

#### b) For the year that ended on 30 September 2011

##### *The Company*

At the Annual General Meeting of Shareholders held on 2 March 2011, shareholders approved the following matters:

- Reduction of registered share capital from Baht 933,004,413 to Baht 783,004,413 by cancelling the 50,000,000 unissued shares reserved for private placement shares and 100,000,000 authorised but unissued shares which have been reserved for the conversion of some portion of the existing convertible bonds issued in 2007 that have been repurchased and cancelled as well as redeemed by the Company and an amendment to Clause 4 of the Memorandum of Association regarding this matter.
- An increase of registered share capital from Baht 783,004,413 to Baht 833,004,413, an increase of 50,000,000 shares with a par value of Baht 1 per share, to be reserved for private placement shares and an amendment to Clause 4 of the Memorandum of Association regarding this matter.
- Allocation of new 50,000,000 ordinary shares to be reserved for private placement.
- The issue and offer up to 4,000,000 free warrants to directors and employees of MMPLC or its subsidiaries under ESOP Scheme.

The registrations of share capital reduction and increase were completed on 10 March 2011 and 11 March 2011, respectively.

As at 30 September 2012, the total authorised share capital of the Company is Baht 783,004,413 divided into 783,004,413 ordinary shares (2011: 833,004,413 shares) with a par value of Baht 1 per share (2011: Baht 1 per share). The paid-up share capital is Baht 708,004,413 divided into 708,004,413 ordinary shares (2011: 708,004,413 shares) with a par value of Baht 1 per share (2011: Baht 1 per share).

## 23 Share-based payment

MMPLC had four share option schemes in operation during the financial year, all of which are equity-settled schemes:

- i) Employee share option plan 2008 ("ESOP 2008") was approved by the MMPLC's shareholders on 11 July 2007. This scheme permits the grant of options in respect of ordinary shares to the offshore Group's executive directors. Options are normally exercisable every six months commencing from the third anniversary from the date of grant of the option and will expire on the fifth anniversary from the date of grant of the options, upon which the options shall expire automatically. No further options will be granted under this scheme.
- ii) Employee share option plan 2009 ("ESOP 2009") was approved by the MMPLC's shareholders on 29 January 2009. This scheme permits the grant of options in respect of ordinary shares to the offshore Group's executive directors. Options are normally exercisable every six months commencing from the third anniversary from the date of grant of the option and will expire on the fifth anniversary from the date of grant of the options, upon which the options shall expire automatically. No further options will be granted under this scheme.
- iii) Employee share option plan 2010 ("ESOP 2010") was approved by the MMPLC's shareholders on 28 January 2010. This scheme permits the grant of options in respect of ordinary shares to the offshore Group's executive directors and non-executive directors. Options are normally exercisable every six months commencing from the third anniversary from the date of grant of the option and will expire on the fifth anniversary from the date of grant of the options, upon which the options shall expire automatically. No further options will be granted under this scheme.
- iv) Employee share option plan 2011 ("ESOP 2011") was approved by the MMPLC's shareholders on 25 January 2011. This scheme permits the grant of options in respect of ordinary shares to the offshore Group's executive directors and non-executive directors. Options are normally exercisable every six months commencing from the third anniversary from the date of grant of the option and will expire on the fifth anniversary from the date of grant of the options, upon which the options shall expire automatically. No further options will be granted under this scheme.

Share options are granted to selected executive directors and non-executive directors of MMPLC and its subsidiaries. The exercise price of the granted options is equal to the average of the "Market Price", being the price equal to the weighted average price for the shares on Singapore Exchange (SGX-ST) fifteen consecutive trading days immediately preceding the date of grant. Options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date. MMPLC has no legal or constructive obligation to repurchase or settle the options in cash.

**23 Share-based payment (Continued)**

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Consolidated		Company	
	Average exercise price SGD per share	Option Shares'000	Average exercise price SGD per share	Option Shares'000
<b>At 1 October 2010</b>	0.54	1,860	-	-
Granted	0.45	700	-	-
Forfeited	0.52	(229)	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
<b>At 30 September 2011</b>	0.52	2,331	-	-
<b>At 1 October 2011</b>	0.52	2,331	-	-
Granted	0.24	1,310	-	-
Forfeited	0.41	(1,109)	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
<b>At 30 September 2012</b>	0.42	2,532	-	-

Out of the 2,531,800 outstanding options (2011: 2,331,100 options), 672,800 options (2011: Nil) were exercisable. None of share options were exercised throughout the year. The average share price during the year that ended on 30 September 2012 was SGD 0.31 per share (2011: SGD 0.42 per share).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Consolidated			Company		
	Exercise price SGD per share	30 September 2012 Shares'000	30 September 2011 Shares'000	Exercise price SGD per share	30 September 2012 Shares'000	30 September 2011 Shares'000
Expired date:						
20 November 2013	0.30	673	925	-	-	-
16 November 2014	0.81	599	826	-	-	-
1 December 2015	0.45	370	580	-	-	-
15 December 2016	0.24	890	-	-	-	-
		2,532	2,331		-	-

The weighted average fair value of options granted during the year determined using the Binomial Lattice valuation model was SGD 0.09 per option. The significant inputs into the model were a weighted average share price of SGD 0.23 at the grant date, exercise price shown above, volatility of 45%, dividend yield of 0%, an expected option life of 3.85 years, and an annual risk-free interest rate of 3.015% - 3.081%.

On 15 December 2011, 1,310,000 share options were granted to MMPLC's executive directors and non-executive directors with an exercise price set at the market price on that date of SGD 0.24 per share (share price: SGD 0.23 per share) (expiry date: 15 December 2016). With the effective of TFRS 2 - Share-based Payment, as reference in Note 2.2 and 2.23, grant to on or after 1 October 2011 will be accounted for. Given that this option has a vesting period of 3 years, the accounting expense with respect to the plan may be amortised across 3 years. The projected accounting expense calculated by an actuary which is recognised as a component of equity in the statement of changes in shareholders' equity for the year that ended on 30 September 2012 is amounting Baht 0.37 million.

## 24 Cash flows from operating activities

Reconciliation of profits (losses) to cash flows from operating activities is as follows:

	Notes	For the years that ended on 30 September			
		Consolidated		Company	
		2012	2011 (restated)	2012	2011
		Baht'000	Baht'000	Baht'000	Baht'000
<b>Profits (losses) before income taxes</b>		(4,429,989)	445,174	(2,899,981)	772,915
Adjustments for:					
Depreciation charges	14	1,875,854	2,387,160	29,343	30,441
Amortisation on intangible assets	15	115,260	113,133	26,737	24,270
Amortisation on prepayments		3,571	3,571	-	-
Amortisation and write-off of deferred arrangement fee for loan		1,246	65,440	1,246	42,602
Additional allowance for doubtful accounts and provision for unrecoverable value added tax		43,584	(96,129)	-	-
Impairment on amount due from related parties		232,305	-	-	-
Impairment (reversal) on inventories and vessels supplies and spare parts		107,639	16,761	-	-
Impairment on short-term loans to related parties		123,996	-	-	-
Impairment on long-term loans to related parties	31.4	551,780	-	2,731,526	-
Impairment on investments in subsidiaries	10	-	-	836,872	76,832
Impairment on goodwill	13	2,318,666	16,580	-	-
Impairment on property, plant, and equipment	14	527,662	362,112	-	-
Impairment on intangible assets	15	8,207	-	8,207	-
Convertible bond interest expenses		75,632	141,922	75,632	141,922
Interest expenses		496,569	477,685	287,225	177,181
Losses from write-off withholding taxes		16,598	-	-	-
Losses from write-off of property, plant, and equipment		376,753	2,677	-	-
Losses from write-off of pending for insurance claim and deposit		-	94,248	-	-
Net losses (gains) on disposals of property, plant, and equipment, and intangible assets	30	23,472	(631,214)	(617)	(66)
Dividend income from short-term investments		(5,845)	(4,022)	(5,845)	(4,022)
Dividends income from subsidiaries, associates, and joint ventures		-	-	(1,118,973)	(1,098,551)
Gains on convertible bonds cancellation	21	(841)	-	(841)	-
Net (gains) losses on disposals of investments in subsidiaries and associates	30	5	486	-	(7,380)
Net gains on disposals of short-term investments		4,904	(4,955)	4,904	(4,955)
Share-based payment		366	-	-	-
Share of profits of associates and joint ventures	11, 12	(129,426)	(110,229)	-	-
Unrealised (gains) losses on exchange rates from cash, short-term investments, loans, and convertible bonds		(118,699)	149,067	(54,521)	49,869
Realised (gains) losses on exchange rates from loans, and convertible bonds		(21,197)	(114,803)	9,891	(105,966)
Exchange difference from conversion of overseas companies		(66,297)	(5,082)	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
- Trade accounts receivable		4,509	(1,086,536)	-	-
- Amounts due from related parties		(5,403)	(206,434)	(157,982)	(313,800)
- Inventories		561,521	(286,871)	-	-
- Vessel supplies and spare parts		(245,801)	82,620	-	-
- Prepayments		2,143	29,664	(286)	(916)
- Other current assets		(11,515)	(491,901)	35,332	(14,706)
- Other assets		146,599	(110,072)	1,430	1,195
- Trade accounts payable		437,397	(34,610)	(17,133)	7,912
- Amounts due to related parties		43,168	(92,626)	(111)	17,217
- Other accounts payable		(53,265)	38,698	(89)	89
- Advances from customers		(139,054)	(39,313)	-	-
- Accrued income taxes		(33,045)	115,460	-	-
- Accrued expenses		(15,096)	(52,969)	(9,292)	(15,291)
- Other current liabilities		(51,439)	(74,125)	7,400	1,410
- Employee benefit obligations		(66,099)	11,120	4,004	4,674
Cash generated from operations		2,706,395	1,111,687	(205,922)	(217,124)
- Interest paid		(511,439)	(533,186)	(227,043)	(224,524)
- Income taxes paid		(221,380)	(433,509)	-	(5,020)
<b>Net cash receipts (payments) from operating activities</b>		<b>1,973,576</b>	<b>144,992</b>	<b>(432,965)</b>	<b>(446,668)</b>

**25 Operating profits (losses)**

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

	For the years that ended on 30 September			
	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
<b>Expenses included in vessel operating expenses</b>				
Voyage expenses	1,173,677	1,618,055	-	-
Vessel supplies and spareparts expenses and repair and maintenance expenses	207,521	526,368	-	-
Crew and staff costs	323,964	461,447	-	-
Charter hire	604,223	1,201,299	-	-
<b>Expenses included in offshore service expenses</b>				
Vessel expenses and repair and maintenance expenses	1,022,703	974,535	-	-
Crew, staff costs, and subcontractor costs	1,948,777	2,174,836	-	-
Charter hire and equipment rental	295,690	263,320	-	-
<b>Expenses included in costs of sales</b>				
Cost of raw materials	5,845,413	5,149,945	-	-
Supplies and spare parts expenses and repair and maintenance expenses	39,122	37,540	-	-
Staff costs	77,592	45,078	-	-
<b>Expenses included in service, selling, and administrative expenses</b>				
Staff costs	763,850	847,838	85,143	112,967
Professional fees	169,749	151,883	68,028	25,292
Office and office equipment rental	56,965	51,131	6,285	5,684
<b>Impairment charges and write-offs</b>				
Impairment on amount due from related parties	232,305	-	-	-
Impairment on short-term loans to related parties	123,996	-	-	-
Impairment on inventories and vessels supplies and sparepart	118,240	16,761	-	-
Impairment on long-term loans to related parties	551,780	-	2,731,526	-
Impairment on investments in subsidiaries	-	-	836,872	76,832
Impairment on goodwill	2,318,666	16,580	-	-
Impairment on property, plant, and equipment and intangible assets	539,033	362,112	8,207	-
Write-off of property, plant, and equipment	170,403	-	-	-
Write-off of pending for insurance claims and deposits	-	94,248	-	-
Write-off of deferred arrangement fee for loan	206,342	64,198	-	41,360

## 26 Income taxes

Income taxes as shown in the consolidated and Company statements of income are calculated based on net taxable income from non-BOI activities using a principal tax rate for operations in Thailand and specific tax rates applicable to each respective country for overseas operations. Non-BOI activities comprise gains from disposals of assets, shipping related services including agency, drilling services outside Thailand, offshore related services, and production and trading of fertiliser and coal.

The domestic corporate income tax rate will be reduced to 23% for the accounting period beginning on or after 1 January 2012 and to 20% for the accounting period beginning on or after 1 January 2013 onwards.

## 27 Earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing the net profits (losses) attributable to shareholders by the weighted average number of ordinary shares issued during the year.

	Consolidated		Company	
	2012	2011 (restated)	2012	2011
Net profits (losses) attributable to shareholders (Baht)	(4,618,833,354)	173,198,930	(2,899,981,103)	772,915,236
Weighted average number of ordinary shares in issue (Shares)	708,004,413	708,004,413	708,004,413	708,004,413
Basic earnings (losses) per share (Baht)	(6.52)	0.24	(4.10)	1.09

In 2011, there was no potential dilution in earnings per share from the convertible bonds, because the average share price during this year was lower than the exercise price.

## 28 Legal reserves

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Opening balance	93,500	93,500	93,500	93,500
Appropriation during the year	-	-	-	-
Closing balance	93,500	93,500	93,500	93,500

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as legal reserve at least 5% of its annual net profit after accumulated deficits brought forward (if any) until the reserve is not less than 10% of the authorised share capital. The legal reserve is non-distributable.

## 29 Dividends

### a) *For the year that ended on 30 September 2012*

#### *The Company*

At the Annual General Meeting of Shareholders which was held on 31 January 2012, the shareholders approved the annual dividend payment for the year that ended on 30 September 2011 at Baht 1.00 per share amounting to Baht 708.0 million. However, since the Company announced an interim dividend of Baht 0.50 per share in June 2011, the remaining dividend of Baht 0.50 per share be paid to shareholders. The annual dividend payment was made on 23 February 2012. However, dividends of Baht 1,050 were not paid to certain shareholders due to disqualification.

As a result of the dividend payment, the conversion price of convertible bonds was adjusted to Baht 50.18 per share (previously Baht 50.35 per share) with effective from 8 February 2012 to 24 September 2012.

#### *UMS*

At the Annual General Meeting of Shareholders which was held on 24 January 2012, the shareholders approved the annual dividend payment from the net income of UMS for the year that ended on 30 September 2011 at Baht 0.20 per share amounting to Baht 30.7 million. The annual dividend payment was made on 20 February 2012.

### b) *For the year that ended on 30 September 2011*

#### *The Company*

At the Annual General Meeting of Shareholders which was rescheduled on 2 March 2011, the shareholders approved the annual dividend payment from the net profit of the Company for the year that ended on 30 September 2010 of Baht 0.26 per share amounting to Baht 184.1 million. The annual dividend payment was made on 23 March 2011. However, dividends of Baht 674,295 were not paid to certain shareholders due to disqualification.

At the Board of Directors Meeting held on 20 June 2011, the Company approved an interim dividend payment from the retained earnings of the Company as at 31 March 2011 of Baht 0.50 per share amounting to Baht 353.7 million. The interim dividend payment was made on 18 July 2011. However, dividends of Baht 301,822 were not paid to certain shareholders due to disqualification.

As a result of the dividend payment, the conversion price of convertible bonds was adjusted to Baht 50.35 per share (previously Baht 51.41 per share). The adjusted conversion price was effective from 5 July 2011.

#### *MMPLC*

The Board of Directors Meeting of MMPLC held on 11 February 2011 approved to pay an interim dividend in respect of the retained earnings as at 31 December 2010 of Baht 0.58 per share amounting to Baht 455.2 million. The dividend was paid to the shareholders on 11 March 2011.

### 30 Other operating income

	For the years that ended on 30 September			
	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	(restated) Baht'000	Baht'000	Baht'000
Dividend income	5,845	4,022	1,124,818	1,102,573
Realised gains on cross currency swap agreements	6,998	400,627	598	4,088
Gains on oil hedging contracts	-	21,444	-	21,444
Gains on disposals of property, plant, and equipment and intangible assets	-	631,214	617	66
Net gains (losses) on disposals of investments in subsidiaries	-	(486)	-	7,380
Gains on disposals of short-term investments	21,297	4,955	21,297	4,955
Interest income	67,092	139,891	210,658	287,508
Gains on exchange rates	120,883	91,777	-	61,807
Reversal of allowance for doubtful accounts	4,017	34,969	-	-
Insurance claim received	54,342	53,074	-	-
Management fee income	-	147,601	12,784	5,280
Compensation for agreement termination	-	76,986	-	-
Other income	91,866	92,481	50,813	80,092
<b>Total other operating income</b>	<b>372,340</b>	<b>1,698,555</b>	<b>1,421,585</b>	<b>1,575,193</b>

### 31 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.

**31 Related parties (Continued)****31.1 Related party transactions**

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

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

	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>
IT service and office and office equipment rental income	36,067	64,195
Service income	1,502	5,548
Management fee income	12,784	5,280
Interest income	173,990	275,649
IT service and service expenses	18,003	-
Interest expenses	81,465	28,782

- b) Transactions with associates and joint ventures during the years that ended on 30 September are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
IT service and office and office equipment rental income	20,837	18,178	8,867	6,681
Service income	12	9	12	9
Management fee income	-	147,601	-	-
Compensation for agreement termination	-	76,986	-	-
Interest income	319	89,990	319	357
Vessel operating expenses	10,268	33,398	-	-
Offshore service expenses	24,317	25,910	-	-
Cost of sales	53,140	50,155	-	-
Management and administrative fee	17,758	15,624	-	-

## 31 Related parties (Continued)

### 31.1 Related party transactions (Continued)

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

- IT service and office and office equipment rental income is transacted at prices normally charged by a third party.
- Service income is transacted at prices normally charged to a third party.
- Management fee income is charged based on actual cost plus margin.
- Management and administrative fee is transacted at cost plus margin.
- IT service and service expenses are transacted at prices normally charged to a third party.
- Vessel operating expenses, offshore service expenses and cost of sales are transacted at prices normally charged to a third party.
- The interest rates charged on short-term borrowings are at 2.15% and 3.0% per annum (2011: 1.25% per annum).
- The interest rates charged on long-term loans are based on approximate the borrowing costs of the lender.

### 31.2 Amounts due from related parties, net

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Subsidiaries	-	-	589,989	431,158
Associates and joint ventures	62,062	63,152	2,186	3,035
Other related party	231,031	227,908	-	-
	293,093	291,060	592,175	434,193
<u>Less Allowance for impairment</u>	<u>(231,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	62,062	291,060	592,175	434,193

#### *Consolidated*

As at 30 September 2012 and 2011, amounts due from other related party include advances for share subscription in SKI Energy Resources Inc. ("SERI"), totalling USD 5 million and interest receivable of USD 2.5 million.

### 31.3 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	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Subsidiaries	-	-	97,053	19,271
Associates and joint ventures	11,632	7,173	-	-
	11,632	7,173	97,053	19,271

**31 Related parties (Continued)****31.4 Loans to/from related parties, net**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>		<b>Baht'000</b>	<b>Baht'000</b>
<b>Short-term loans, net</b>				
Subsidiaries	-	-	4,030,978	5,356,407
Other related party	123,315	-	-	-
	123,315	-	4,030,978	5,356,407
<u>Less</u> Allowance for impairment	(123,315)	-	-	-
	-	-	4,030,978	5,356,407

*The Company*

Short-term loans to subsidiaries can be called at any time and are unsecured. The loans mainly bear interest at 3.0% per annum (2011: 1.25% per annum).

*Consolidated*

As at 30 September 2012, short-term loan and convertible loans made to SERI by Soleado in USD currency totalling Baht 123.3 million is unsecured and repayable at call. The convertible loans bear no interest until it is exercised by Soleado to convert the loan amount into equity of SERI within 180 days of the execution date of the convertible loan agreement or upon the approval of the Philippines Securities Exchange Commission to convert loan into equity, whichever comes earlier. If SERI is unable Soleado to convert the loan amount into equity within 30 days from the date of conversion notice, interest at 1.5% per annum shall be accrued until conversion or upon written demand of Soleado to repay the loan amount plus accrued interest.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Long-term loans, net</b>				
Subsidiaries	-	-	4,643,346	4,917,258
Associates and joint ventures	34,574	65,504	3,323	3,323
Other related party	548,753	554,780	-	-
	583,327	620,284	4,646,669	4,920,581
<u>Less</u> Allowance for impairment	(548,753)	-	(2,731,526)	-
	34,574	620,284	1,915,143	4,920,581

## 31 Related parties (Continued)

### 31.4 Loans to/from related parties, net (Continued)

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

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Within 1 year	34,574	34,253	3,323	174,423
Between 1 year and 5 years	548,753	586,031	4,643,346	4,746,158
<u>Less</u> Allowance for impairment	(548,753)	-	(2,731,526)	-
Between 1 year and 5 years, net of impairment	-	586,031	1,911,820	4,746,158
	34,574	620,284	1,915,143	4,920,581

#### *The Company*

As at 30 September 2012, the Company granted unsecured long-term loans in USD and Baht currency to subsidiaries totalling Baht 4,643.4 million (2011: Baht 4,917.3 million), which carry interest at fixed rates (2011: fixed rates) and are repayable every month.

In addition, the Company granted unsecured long-term loans to an associate amounting to Baht 3.3 million (2011: Baht 3.3 million), which carry interest at MOR plus a certain margin (2011: MOR plus a certain margin).

#### *Consolidated*

On 14 August 2009, Soleado Holdings Pte. Ltd., a wholly owned subsidiary of the Company ("Soleado"), entered into a loan facility agreement with Merton Investments NL BV ("Merton") to provide a loan up to USD 15 million to Merton at a fixed interest rate. The maturity date of the loan is three years after the first drawdown date which was on 23 November 2009. Merton will then on-lend such loan to SERI. Both loans will be drawn down according to the progress of the coal mine construction done by SERI in the Philippines.

The collateral for the Soleado loan includes pledge of shares held by Merton Group (Cyprus) Limited in Merton, pledge of shares held by Merton in SERI, pledge of Merton bank accounts, assignment of Merton's interest and benefit in SERI Loan, and mortgage of real properties and chattels by SERI.

On 25 August 2011, it was agreed by Merton and Soleado that Merton will assign its loan to SERI to Soleado and all principal and interest outstanding as of 23 August 2011 totalling USD 20.3 million would be converted into new equity in SERI. The debt conversion to equity is subject to approval of the Philippines Securities Exchange Commission. However, the Philippines Securities Exchange Commission has ruled that the share restructuring proposed by SERI, Soleado, and SERI's shareholders must be changed due to pending legal motions about foreign share ownership restrictions for Philippine companies engaged in mining thus the first submission has been refused. Given that all partners are unable to properly finance the operations of SERI, it is producing insufficient coal to reach break-even cash flow and is in the midst of restructuring. To be prudent, full provision has been taken against the outstanding loans, interest receivables, and advances for share subscription in SERI (Note 31.2) pending the results of the restructuring which to be presented to the Philippines Securities Exchange Commission.

**31 Related parties** (Continued)**31.4 Loans to/from related parties, net** (Continued)

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

*Consolidated* (Continued)

In 2011, Baconco Co., Ltd., a wholly owned subsidiary of the Company ("Baconco"), entered into a loan agreement with Thoresen-Vinama Agencies Co., Ltd. ("Thoresen-Vinama") to provide a loan of USD 2 million. This loan is unsecured and repayable in 2 years. Baconco is entitled to income from the bonded warehouse that is being built by Thoresen-Vinama. As at 30 September 2012, the outstanding balance was Baht 31.3 million (2011: Baht 62.2 million).

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
<b>Long-term loans</b>				
Beginning balance	620,284	372,315	4,920,581	4,999,052
Additions	-	232,063	-	-
Repayments	(30,930)	(4,000)	-	(102,622)
Offset balance with short-term loan from related parties	-	-	(266,444)	-
Realised gains on exchange rates	-	-	-	7,427
Unrealised gains (losses) on exchange rates	-	-	(7,468)	16,724
Impairment charge	(551,780)	-	(2,731,526)	-
Translation adjustments	(3,000)	19,906	-	-
<b>Ending balance</b>	<b>34,574</b>	<b>620,284</b>	<b>1,915,143</b>	<b>4,920,581</b>

## 31 Related parties (Continued)

### 31.4 Loans to/from related parties, net (Continued)

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Short-term loans</b>				
Subsidiaries	-	-	5,660,905	4,367,527
Associate	-	4,500	-	-
	-	4,500	5,660,905	4,367,527

#### *The Company*

The short-term loans from subsidiaries can be called at any time and are unsecured. The loans bear interests at 2.15% and 3.0% per annum (2011: 1.25% per annum).

#### *Consolidated*

As at 30 September 2011, a subsidiary was granted a Thai Baht loan from the Company's associate, Gulf Agency Company (Thailand) Ltd. The loan carries interest at MLR plus a certain margin, is unsecured, and has repayment terms at call.

### 31.5 Directors and management's remuneration

Directors and management's remuneration comprises salaries, other benefits, other remuneration, and meeting fees.

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term benefits	218,231	184,346	88,255	96,100
Post-employment benefits	5,066	5,861	4,943	4,661
<b>Total directors and management's remuneration</b>	<b>223,297</b>	<b>190,207</b>	<b>93,198</b>	<b>100,761</b>

## 32 Promotional privileges

As at 30 September 2012, one direct subsidiary and six indirect subsidiaries received promotional privileges from the Board of Investment ("BOI") under services of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, drilling services, trade and investment service office, and port 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.

Furthermore, a shipping subsidiary received promotional privileges from the Maritime and Port Authority of Singapore ("MPA") under service of domestic and international shipping. The main privileges include exemption from corporate income taxes for the shipping profits for the period commencing from 8 September 2008 to 8 September 2016.

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

## 33 Financial instruments

The principal financial risks faced by the Group are foreign exchange rate risk, interest rate risk, bunker prices, freight rates, and credit risk. The objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in exchange rates, interest rates, bunker prices, and freight rates, and to manage the liquidity of the cash resources.

### Foreign exchange rate and interest rate risks

The exchange rate risk is the principal risk faced by the Group as certain purchases and services are entered into foreign currencies and also interest rate risk, which is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group manages these risks as follows:

#### a) Cross currency and interest rate swap contracts

On 29 December 2008, Mermaid Offshore Services Ltd. ("MOS"), a subsidiary of MMPLC, entered into a cross currency and interest rate swap contract with a local commercial bank for a long term loan in Thai Baht currency of Baht 328.7 million. The loan had a notional amount of USD 10 million with a maturity date of 31 August 2012. On 26 September 2011, the loan was fully paid and this cross currency and interest rate swap contract was terminated. The gain from this termination has been recognised in the statement of income of 2011 amounting to Baht 9.9 million.

On 6 February 2009, MOS entered into another cross currency and interest rate swap contract with a local commercial bank for a long-term loan facility in Thai Baht currency of Baht 786.2 million. The loan has a notional amount of USD 22.5 million and a maturity date of December 2016. On 26 September 2011, the cross currency and interest rate swap contract was early terminated in association with loan rescheduling. The gain from this termination has been recognised in the statement of income of 2011 amounting to Baht 72.1 million. MOS subsequently entered into a new cross currency and interest rate swap contract which was modified for business day convention. On 10 February 2012, the remaining loan was fully paid and this cross currency and interest rate swap contract was terminated. The gain from this termination has been recognised in the statement of income of 2012 amounting to Baht 6.4 million.

### 33 Financial instruments (Continued)

#### a) Cross currency and interest rate swap contracts (Continued)

On 29 December 2009, Nemo Subsea AS, a subsidiary of MOS, entered into an interest rate swap contract with a commercial bank for a long-term loan facility in US Dollar currency of USD 45.9 million with a maturity date of September 2012 and September 2017. On 28 September 2012, the interest rate swap contract with the maturity date of September 2017, was terminated. The loss from this termination has been recognised in the statement of income of 2012 amounting to Baht 99.9 million.

On 2 August 2010 and 10 January 2011, the Company entered into cross currency and interest rate swap contracts with a commercial bank against 5 year and 7 year Thai Baht bonds. We have locked in fixed USD interest rates of 3.60% and 3.82% per annum, respectively. As at 30 September 2012, the outstanding bond balances were USD 127.83 million (2011: USD 127.83 million) and these bonds had notional amounts of Baht 4,000 million (2011: Baht 4,000 million).

On 11 August 2011, UMS, a subsidiary, entered into interest rate swap contract with a commercial bank for a long term loan in Thai Baht currency. The loan had a notional amount of Baht 500 million with a maturity date on 14 February 2014. We have swapped the floating interest rate of 6M THBFIX plus 1.25% per annum to a fixed interest rate of 4.37% per annum. As at 30 September 2012, the outstanding loan balance was Baht 245 million (2011: Baht 475 million).

The net fair values of the cross currency and interest rate swap contracts at the statements of financial position date are as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Unfavourable on cross currency and interest rate swap contracts	248,144	42,411	248,144	55,383

	Consolidated		Company	
	2012	2011	2012	2011
	USD'000	USD'000	USD'000	USD'000
Unfavourable on interest rate swap contract	-	4,212	-	-

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Unfavourable on interest rate swap contract	408	1,265	-	-

The fair values of cross currency and interest rate swap contracts have been calculated (using rates quoted by the counterparty to the contracts) as if the contracts were terminated at the statements of financial position date.

**33 Financial instruments (Continued)****b) Forward foreign exchange contracts**

UMS, a subsidiary, entered into forward foreign exchange contracts with local financial institutions in order to hedge the foreign exchange risk relating to trust receipts. As at 30 September 2012, the outstanding contracts which settlement dates are between 15 October and 25 October 2012 (2011: between 21 October and 4 November 2011) are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
USD 3.1 million at rate Baht 30.93 - 31.19 per USD 1 (2011: USD 4.6 million at rates Baht 30.57 - 31.26 per USD 1)	96,556	142,209	-	-

The net fair values of the forward foreign exchange contracts at the statements of financial position date are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Favorable (unfavorable) on forward foreign exchange contracts	(884)	1,440	-	-

The fair values of the forward foreign exchange contracts have been calculated (using rates quoted by the counterparty to the contracts) as if the contract was terminated at the statements of financial position date.

**c) Bunker swap contracts**

During the year, the Company and a subsidiary entered into bunker swap contracts with commercial banks for hedging bunker prices in connection with long-term cargo contract commitments. We have locked in bunker price at the range of USD 572.0 - USD 712.8. As at 30 September 2012, the outstanding bunker quantities were 22,125 metric tonnes.

The net fair values of the bunker swap contracts at the balance sheet date are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Unfavourable on bunker swap contracts, net	254	-	271	-

### 33 Financial instruments (Continued)

#### d) Forward freight agreements

During the year, a subsidiary entered into forward freight agreements with commercial banks for hedging freight rates in connection with chartered-in vessels. We have locked in freight rate at the range of USD 7,650 - USD 9,500. As at 30 September 2012, the outstanding forward freight agreements to sell are 450 days of freight.

The net fair values of the forward freight agreements at the statement of financial position date are as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	USD'000	USD'000	USD'000	USD'000
Favourable on forward freight agreements	79	-	-	-

#### 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.

For the offshore service income and the revenues from sales and service income, the management is of the opinion that credit risk is not significant. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

#### Fair value

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

### 34 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, 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.

## 35 Commitments and contingent liabilities

### 35.1 Capital commitments

The Group has significant capital commitments in respect of warehouse construction, ship building, and vessel equipment contracts but not yet recognised as liabilities as at 30 September as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Million	Million	Million	Million
- USD	59.9	71.1	-	-
- VND	64,252.9	19,535.0	-	-

### 35.2 Other commitments

#### a) Operating lease commitments

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	564,954	60,204	-	-
Later than 1 year but not later than 5 years	102,410	11,619	-	-
Later than 5 years	88,910	31,913	-	-
<b>Total</b>	<b>756,274</b>	<b>103,736</b>	<b>-</b>	<b>-</b>

#### b) Sale and purchase contracts for steam coal

As at 30 September 2012, UMS, a subsidiary, had outstanding commitments relating to purchase contracts for steam coal with foreign coal suppliers for certain metric tones. The coal price shall be adjusted which is subjected to the quality of coal, as specified by a formula in the agreements.

Moreover, UMS also had outstanding commitments relating to sale contracts for steam coal with domestic enterprises for certain metric tons at a fixed price per contract.

#### c) Other commitments

As at 30 September 2012, a subsidiary of MMPLC has other commitments approximately USD 2.04 million (2011: USD 2.04 million).

**35 Commitments and contingent liabilities (Continued)****35.3 Significant agreements****a) Vessel and rig charter contracts**

	Consolidated		Company	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Long-term charter-out contracts:				
Number of vessels and rigs	1	3	-	-
Remaining period (months)	23	2 - 11	-	-
Long-term charter-in contracts:				
Number of vessels	2	1	-	-
Remaining period (months)	12 - 17	3	-	-

**b) Employee Joint Investment Program (EJIP)**

On 21 January 2010, the Company entered into a memorandum of understanding with key executives of the Company and certain subsidiaries for the Employee Joint Investment Program ("EJIP"). The objective of the EJIP is designed as a performance-based retention tool for key executives. The period of the EJIP is three years commencing 1 January 2010 until 31 December 2012. EJIP members shall contribute four percent of their monthly base salary on a specific date every month. EJIP members shall receive from the Company and some subsidiaries a contribution of seven percent of their monthly base salary. In each month, an EJIP member's contribution and the Group's contribution shall be used to purchase TTA ordinary shares on the Stock Exchange of Thailand within the specified determined dates. EJIP members have the right to sell their TTA shares one year after the end of the program period, or 31 December 2013.

On 28 November 2011, the Board of Directors of the Company approved to amend the EJIP in order to be in line with market practice of other programmes. The right to sell TTA shares was amended as follows:

- a) 100% of shares accumulated during year one (January - December 2010) in the programme and 50% of shares accumulated during year two (January - December 2011) can be sold from 1 January 2012 onwards.
- b) 100% of shares accumulated during year two (January - December 2011) and year 3 (January - December 2012) in the programme can be sold from 1 January 2013 onwards.

Other conditions of EJIP remain unchanged.

The Group's contributions to the EJIP members are charged to the statement of income in the year to which they relate.

**35 Commitments and contingent liabilities (Continued)****35.4 Contingent liabilities**

The Company and the Group have given the following guarantees in the normal course of business:

	30 September 2012			
	Consolidated		Company	
	Baht million	USD million	Baht million	USD million
Letter of guarantees issued by bank on behalf of the Group	43.6	5.6	-	-
Guarantee given by the Group to financial institutions to guarantee credit facilities, purchases of raw material and bunker swap	79.1	246.8	79.1	115.2
	30 September 2011			
	Consolidated		Company	
	Baht million	USD million	Baht million	USD million
Letter of guarantees issued by bank on behalf of the Group	32.6	1.3	-	-
Guarantee given by the Group to financial institutions to guarantee credit facilities and purchases of raw material	730.2	285.5	76.3	106.1

**36 Subsequent events***The Company*

At the Board of Directors' meeting of the Company held on 30 October 2012, the following resolutions were passed:

1. Approved to propose to the shareholders meeting to consider and approve the reduction of the registered capital of the Company from Baht 783,004,413 to Baht 708,004,413 by cancelling 75,000,000 authorised but unissued shares and approved the amendment to Clause 4. of the Memorandum of Association of the Company with respect to the registered capital so as to reflect the reduction of the registered capital of the Company.
2. Approved to propose to the shareholders meeting to consider and approve the increase in registered capital of the Company from Baht 708,004,413 to Baht 1,416,008,826 by issuing 708,004,413 new ordinary shares at a par value of Baht 1 and approved the amendment to Clause 4. of the Memorandum of Association of the Company with respect to the registered capital so as to reflect the increase of the registered capital of the Company.

## 36 Subsequent events (Continued)

### *The Company (Continued)*

At the Board of Directors' meeting of the Company held on 30 October 2012, the following resolutions were passed: (Continued)

3. Approved to propose to the shareholders meeting to consider and approve the allocation of no more than 708,004,413 newly issued ordinary shares each at a par value of Baht 1 to existing shareholders of the Company in proportion to their shareholding percentage (the "Right Offering") having the following details:

- (1) Allocation of no more than 708,004,413 newly issued ordinary shares each at a par value of Baht 1 to existing shareholders of the Company in proportion to their shareholding percentage at the ratio of 1 existing ordinary share to 1 newly issued ordinary share 1:1 at an offering price of Baht 14.00 per share. Fractions of share will be rounded down.
- (2) In allocating the new ordinary shares to existing shareholders in proportion to their shareholding percentage, if there are remaining unsubscribed shares, the Company will allocate such remaining shares to specific investors under a private placement scheme (the "PP Scheme") as defined under the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 re: Application for Permission and Grant of Permission to Offer Newly Issued Shares (as amended) (the "CMSB Notification No. 28/2551"). The offering price of shares under the PP Scheme will not be lower than 90 percent of market price, which will be determined in accordance with the Notification of Office of Securities and Exchange Commission No. SorJor 39/2551 re: calculation of offering price and determination of market price for the purpose of offering newly issued shares at discount (the "SEC Notification No. 39/2551"). In any case, the offering price under the PP Scheme will not be lower than the offering price under this Right Offering.

In addition, the private placement means specific persons on a private placement basis as defined in the CMSB Notification No. 28/2551 and who are not connected persons of the Company.

- (3) The ordinary shares of the Company that are subscribed for and paid-up in the Right Offering and in any Private Placement shall be listed on the Stock Exchange of Thailand (the "SET").
- (4) The Board of Directors of the Company shall be authorised to perform the following duties:
  - (a) Determine the allocation of any shares remaining from the allocation under Right Offering to the specific investors under the PP Scheme at the offering price which will not be lower than 90 percent of market price. The Board of Directors shall be authorised to determine the market price in accordance with the SEC Notification No. 39/2551. In any case, the offering price under the PP Scheme will not be lower than the offering price under the Right Offering.
  - (b) Determine details and particulars relating to the allocation of newly issued ordinary shares, including without limitation, the allocation of newly issued ordinary shares in one or several allotments, the offering period, offering price and such other terms and conditions relating to the allocation of newly issued ordinary shares under the PP Scheme;
  - (c) Determine name of persons who are entitled to subscribe under the PP Scheme to the shares left from the Right Offering allocation;

**36 Subsequent events (Continued)***The Company (Continued)*

At the Board of Directors' meeting of the Company held on 30 October 2012, the following resolutions were passed: (Continued)

- (4) The Board of Directors of the Company shall be authorised to perform the following duties: (Continued)
  - (d) Amend methods of allocation of newly issued ordinary shares of the Company and take steps that are necessary for and relevant to the allocation of newly issued ordinary shares under the PP Scheme within the scope of the PP Scheme approved by these resolutions of the Board of Directors' meeting and shareholders meeting of the Company;
  - (e) Delegate powers to any authorised directors to:
    - (i) Negotiate and enter into any contracts and agreements, execute and amend any relevant documents and consider appointing a financial adviser, legal counsel or such other service providers and/or underwriter and selling agent, and/or advisor or agent as may be necessary for the Right Offering and the PP Scheme; and
    - (ii) Execute any application forms, application for waivers, notices or such other documents relating to the Right Offering and the PP Scheme and the listing of newly issued ordinary shares of the Company on the SET, the registration of capital increase with the Ministry of Commerce and liaise with and contact officers or representatives of any relevant agencies;
4. Approved convening the extraordinary general meeting of shareholders (the "EGM") to be held on 14 December 2012 to consider and the approve the following matters:
  - AGENDA 1. To certify minutes of the 1/2012 Annual General Meeting of Shareholders of the Company held on 31 January 2012.
  - AGENDA 2. To consider and approve a reduction of the registered capital of the Company and an amendment to Clause 4 of the Memorandum of Association of the Company to reflect the reduction in registered capital.
  - AGENDA 3. To consider and approve the increase in registered capital of the Company and an amendment to Clause 4 of the Memorandum of Association of the Company to reflect the increase in registered capital.
  - AGENDA 4. To consider and approve the allocation of the newly issued ordinary shares of the Company in the following manners:
    - (1) To allocate no more than 708,004,413 newly issued ordinary shares each at a par value of Baht 1 proportionately to existing shareholders of the Company;
    - (2) In a case where there are shares remaining from the Right Offering allocation, the Company will allocate such remaining shares to specific investors under the PP Scheme who are not connected persons of the Company at the offering price, which will not be lower than 90 percent of market price. The market price will be determined in accordance with the SEC Notification No. 39/2551. In any case, the offering price under the PP Scheme will not be lower than the offering price under the Right Offering.
  - AGENDA 5. Other business (if any)

## 36 Subsequent events (Continued)

### *The Company (Continued)*

At the Board of Directors' meeting of the Company held on 30 October 2012, the following resolutions were passed: (Continued)

The date of determining the names of the shareholder entitled to attend the Extraordinary General Meeting of Shareholders (Record Date) will be on 13 November 2012 as well as to compile 1) the list of shareholders pursuant to section 225 of the Securities and Exchange Act, B.E. 2535, as amended (the "SEC Act") by closing the shares register book on 14 November 2012 and 2) shareholders who are entitled to subscribe for Right Offering shares in proportion to their shareholding percentage will be those determined on 25 December 2012 and shall collect names of shareholders pursuant to Section 225 of the SEC Act by closure of shareholders register book on 26 December 2012.

### *Consolidated*

### *Subsidiaries*

- On 1 October 2012, MMPLC subscribed 800 shares, equivalent to 40.0% of the total shares in Zamil Mermaid Offshore Services Co. (LLC), a new associated company, for total consideration of Baht 6.61 million (or Saudi Riyal 0.8 million). On 25 October 2012, Zamil Mermaid Offshore Services Co. (LLC) signed a significant long-term (five years plus a two-year option) offshore inspection, repair and maintenance services contract, whereby the offshore Group will provide one dive support vessel and various driving services and MMPLC's partner will provide other four offshore support vessels and logistics.
- On 6 November 2012, Seadrill Limited ("Seadrill") acquired 65.94% of AOD, an associated company of MMPLC, which is listed on Oslo Stock Exchange. Under Oslo Stock Exchange rules, Seadrill is required to launch an unconditional mandatory offer for all issued and outstanding shares of AOD at a price of NOK 28.71 per AOD share (the "Mandatory Offer"). The Mandatory Offer period started on 12 November 2012 and runs until to 16:30 hours (CET) of 10 December 2012, and may be extended up to another two weeks. MMPLC is considering of this offer.
- At the Board of Directors Meeting of MMPLC held on 26 November 2012, the Board approved to recommend an annual dividend payment equal to 25% of the net profits for the year that ended on 30 September 2012. Total dividends will be approximately of Baht 21.5 million, or Baht 0.0274 per share. This dividend shall be proposed to the Annual General Meeting of Shareholders in January 2013 for their consideration and approval.
- On 22 November 2012, one new-build vessel was delivered from Vietnam shipyard.

# Income Structure

Baht in Millions												
	Transport				Infrastructure				Energy			
	2012	%	2011	%	2012	%	2011	%	2012	%	2011	%
Revenues from services												
Freight charges	3,949.41	100.00%	5,754.19	100.00%	-	-	-	-	-	-	-	-
Offshore service income	-	-	-	-	-	-	-	-	5,714.14	100.00%	5,542.82	100.00%
Service and commission income	66.00	20.88%	106.17	30.83%	250.08	79.12%	238.25	69.17%	-	-	-	-
Revenues from sales	-	-	-	-	6,781.51	100.00%	6,249.44	100.00%	-	-	-	-
Revenues from operations (before eliminations)	4,015.41	23.96%	5,860.36	32.76%	7,031.59	41.95%	6,487.69	36.26%	5,714.14	34.09%	5,542.82	30.98%

## Audit Fees

### Audit fees

The Company and its subsidiaries paid audit fees to audit firms for the last financial year of Baht 19,314,585.

### Non-audit fees

The Company and its subsidiaries paid non-audit fees to audit firms for the last financial year of Baht 7,823,483, primarily relating to auditing the subsidiaries' compliance to the conditions in the Approved International Shipping Enterprise ("AIS") scheme, BOI's certificates, tax filling and tax advice.

# Risk Factors

## Risk Management

TTA's business units and functions assess the potential economic and non-economic consequences of their respective risks using the framework defined by the Group's Risk policy and standard. Principal risks and uncertainties are identified when the Risk management committee, business unit or function determines that the potential consequences are materially significant at a Group level or where the risk is connected and may trigger a succession of events that, in aggregate, become material to the Group. Once identified, each principal risk and uncertainty is reviewed by the relevant internal experts and by the Risk management committee.

TTA's risk management focuses on the following risk categories: Strategic, Operational, Financial risks. The following describes all known principal risks and uncertainties that could materially affect TTA. There may be additional risks unknown to TTA and other risks, currently believed to be immaterial, which could turn out to be material. The risk factors outlined below omit the management detail on how each is managed and mitigated, or how some risks could result in either a positive (upside) or negative (downside) impact. Risks may materialise individually, simultaneously or in combination and could significantly affect the Group's:

- Short, medium and long-term business and prospects;
- Earnings and cash flow;
- Overall financial results;
- Current asset values;
- Future asset values and growth potential;
- Safety plus long, medium and short-term health;
- Environmental effects; or
- Group or business unit reputation.

Taking risks is an inherent part of entrepreneurial behavior. A structured risk management process encourages management to take risks in a controlled manner. Strategic risks and opportunities may affect TTA's strategic ambitions. Operational risks include adverse unexpected developments resulting from internal processes, people and systems, or from external events that are linked to the actual running of each business. Within the area of financial risks, TTA identifies risks related to foreign exchange, interest rate, fuel oil price fluctuation and counterparty. TTA does not classify the risk categories themselves in order of importance.

## Strategic Risks

We cannot guarantee that any business objectives will be realised, although we believe we have been prudent in our strategic plans and assumptions. Achievement of anticipated results is subject to substantial risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected.

The risk that is the medium and long-term profitability of the Group could be adversely impacted by the failure to identify and implement the correct strategy, and to react smartly to changes in the business environment.

**As a number of our businesses are highly capital intensive, the timing, nature, pricing, and financing of investments in both existing businesses and new activities is critical.**

Rigorous investment criteria have been established and are closely followed in the course of any new investment discussions. Risks in connection with

investment decisions are minimised by the use of detailed guidelines and multi-level review of all significant investments. Key elements of any investment decision are reviewed and signed off by senior management before any approval is requested. In particular, the Executive Committee reviews key strategic investments, including all potential diversification activities, before the matter can be sent to the Board of Directors for consideration.

**Joint ventures, strategic partnerships or non-managed operations may not be successful and may not comply with the Group's standards.**

The Group participates in several joint venture and partnership arrangements, and it may enter into others, all of which necessarily involve risk. Whether or not the Group holds majority interests or maintains operational control in its joint ventures, its partners may:

- Have economic or business interests or goals that are inconsistent with, or opposed to, those of the Group.
- Exercise veto rights to block actions that the Group believes are in its or the joint venture's best interests.
- Be unable or unwilling to fulfill their obligations under the joint venture or other agreements, such as contributing capital to expansion or maintenance projects.

Where these joint ventures are controlled and managed by others, the Group may provide expertise and advice but has limited control over compliance with its standards and objectives; such that partners may take action contrary to the Group's policies with respect to its investment.

**The Group's exploration and development of new projects might be unsuccessful; expenditures may not be fully recovered.**

TTA identifies coal mining opportunities through its exploration program, and develops or expands other operations as a means of generating shareholder value. Exploration is not always successful. Some competitors, who have access to significant resources, may be motivated by political or other non-economic factors. The Group may not be able to source or maintain adequate project financing; or may be unable to find willing and suitable joint venture partners to share the cost of developing large projects.

**TTA may fail to make or successfully integrate acquisitions, or to complete divestment agreements.**

Business combinations entail a number of risks including the effective integration of acquisitions to realise synergies, significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities. The Group may also be liable for the past acts, or liabilities it has acquired that are unforeseen or greater than anticipated. The Group may also retain unforeseen liabilities for divested entities if the buyer fails to honor all commitments.

**The Group may be unable to maintain the planned rate of growth due to possible constraints on the rate of capital expenditure.**

Our shipping business is looking out for the right opportunities for additional fleet renewal as we would like to achieve an annual fleet strength of 30 ships within the next three years.

In a highly capital intensive business with very high leverage and characterised by unpredictable and wildly swinging cycles, the timing of the purchase of ships is possibly the single most important decision that has to be made. Although the Company may want to replace all its scrapped/sold ships with younger and bigger ships, the Company may not be able to buy enough second-hand (or new ships for immediate/early delivery) ships and the inability to buy reasonably priced ships exposes the Company to the risk that the Company has not, and may not for a sustained period of time, replace its capacity. Should some of our plans fail to materialise as expected, the planned rate of capital expenditure may not be achieved.

## Operational Risks

### Transport Group:

#### Risks relating to shipping business

The dry bulk shipping company, as an owner and operator and charterer of ocean-going vessels operating without any geographical limitations is exposed to risks of marine disaster, environmental mishaps resulting in substantial claims, cargo/property loss or damage and business interruptions due to accidents or other events caused by mechanical failure, human error, political action in various countries, labor strikes, terrorist actions, piracy, adverse weather conditions and other such circumstances and events. These factors could result in increased

costs or loss of revenues. However, to cover against most of these risks, which are standard for an International Ship owner/operator, insurance coverage is available in the international insurance industry. Accordingly, the dry bulk company is adequately covered against such aforesaid circumstances and events, although insurance premiums do vary with a company's perceived exposure to these risks.

The operations of the company are subject to extensive and changing regulations. Non-compliance with these regulations may result in the detention of ships leading to loss of revenues or claims from charterers, significant expenses for ship modifications or changes in operating procedures. However, the Company is vigilant on these issues and maintains operations in compliance with internationally prescribed safety and technical standards, resulting in zero Port State Control detentions in FY 2012.

The operations of the ships require skilled personnel to be employed as crew to operate its ships. Likewise, the management of the company requires skilled managers at the corporate level with appropriate technical knowledge and experience. Sourcing and retaining such personnel is crucial for the business operations of the dry bulk company. However, due to the adoption of fair and reasonable staffing policies, the company has been successful in sourcing and retaining highly skilled and qualified personnel. The company continues a number of initiatives to attract and retain talent, and therefore does not expect any future cause for serious concern in this regard.

As the dry bulk company increases its level of contracts of affreightment (COAs), and equally its period charter in activity, the exposure to changes in the price oil also rises. To mitigate this risk, the company actively hedges bunker requirements for its COAs. This allows the company to lock a significant portion of its costs.

The shipping industry and market is cyclical, experiencing volatility in profitability, vessel values and freight rates, resulting from changes in the supply of and demand for shipping capacity, as explained in the section on "Business Outlook of Shipping Industry" of this Report. In the Company's opinion, given the uncertainty and the extreme volatility in the market where rates can shoot up or collapse very quickly, it is always prudent to secure future earnings, at reasonably high freight rate

whenever possible, as a cushion against a sudden and, more particularly, a sustained collapse of the freight rates in the spot market. 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, which 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 Company also engages actively in hedging potential freight rate collapse through a structured use of Forward Freight Agreements (FFAs), against physical charters and contracts. The Company does NOT use FFAs as a speculative tool against the market, but only to protect income in the case of a sudden rate drop where there exists a true physical exposure. The Company's exposure to the market is measured on a daily basis, and board approved limits have been established to ensure the protection of freight income is maintained.

The demand side of the Company's business is generated by the quantity of cargo its vessels are required to transport. The generation of this demand is mainly dependent on World Trade and Economic Growth. Severe depression in growth and trade, combined with alternative sourcing geographies for raw materials could affect the demand for ships. A significant reduction in demand can lead to a fall in freight rates.

As with any commercial enterprise, the dry bulk company is exposed to counter-party risk. This is particularly true in times of financial hardship. However, the company is always conscious of the counterparty risk associated with its period charters and takes appropriate evaluative steps before engaging in charters. Due diligence on credit worthiness and reputation of all prospective Charterers is undertaken prior to agreeing CP. Furthermore, regardless of credit-worthiness, the dry bulk company maintains rigid payment standards. It is for this reason that through the depressed market of the last year, the company did not suffer any significant losses on account of defaults by charterers.

The company's revenues are generated from a number of customers and the company is not dependent on any single customer for the majority of its business. As such, the company is not exposed to

any risk of concentration of its business with any one customer and any loss of business from one such customer shall not have any significant impact on the company's business and will not result in sudden and significant loss of revenues.

### **Capacity Replacement and Expansion Risk**

The company's assets, i.e., ships, have a finite life, and the Company must constantly renew its fleet in order to maintain a stream of revenue from this core business. Many of the ships in the Company's fleet were acquired during a period of relatively high asset costs, leading to high depreciation expenses. Currently, highly reliable new, and second-hand assets are available to the Company at prices unseen for nearly a decade. By procuring these assets now, and replacing the older tonnage which was scrapped in recent years, the Company can lower its average depreciation and operating expenses, providing for a more secure future as rates struggle to return to previous levels.

## **Energy Group**

### **Risks relating to the Group's Offshore Services Business**

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

Mermaid provides offshore services to the oil and gas industry, and its offshore business is affected by fluctuations in the prices of oil and gas, which impact 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, oil and gas companies may cancel or reduce their activities, thus reducing the demand for the Mermaid's offshore services. Any prolonged period of low drilling and production activity would likely have an adverse effect on the Company's business and operations.

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

Demand for Mermaid's offshore services is subject to 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 subsea 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. Mermaid's offshore services assets may be idle, or Mermaid may have to enter into lower rate contracts in response to market conditions in the future. Mermaid'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 subsea engineering services contracts are short-term in nature, changes in market conditions can quickly affect business. Further, as Mermaid'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, its results of operations may be volatile. Our strategy is to secure a number of different assets on long-term contracts. This provides a guaranteed earnings stream that is not affected by spot market conditions and provides a hedge against market volatility.

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

Mermaid'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, catering, pipeline ruptures, and spills. A number of these risks could have severe consequences, including loss of human life or serious injury, significant damage to Mermaid's or its clients' assets and equipment, environmental pollution, personal injury litigation, political consequences, and damage to Mermaid's reputation.

Mermaid's offshore services business is also subject to equipment failure risks, which may require long periods to repair and result in loss of revenue. 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 Mermaid's reputation.

Mermaid constantly invests substantial capital in the fleet, and insists upon a comprehensive maintenance and repair schedule, that minimises the risk of equipment failure. Furthermore, Mermaid maintains a high focus on safety at all times, with a comprehensive

safety management system in place, with clear safety guidelines and detailed safety training and awareness programs. In addition, clients also regularly inspect the fleet and provide their input to ongoing repair and maintenance programs.

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 Mermaid's offshore services business operates in. In any given year, a small number of contracts and projects account for a significant portion of Mermaid's revenues and profitability. Further, given that Mermaid has two tender drilling rigs, the loss of any single existing client for the drilling business could thus have a material adverse impact on the drilling business and potentially Mermaid's revenues and profitability as a whole, if Mermaid is unable to secure new clients to replace such a client.

Mermaid's revenues and profitability 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.

Mermaid works hard to maintain good relationships and its good reputation with all its major clients, and to date has never had a client terminate an existing contract due to reasons of Mermaid performance, nor has Mermaid ever been technically disqualified from bidding for new contracts by clients with whom it has worked previously.

## **Infrastructure group**

### **Risks Relating to the Group's Coal Logistics Business**

#### **Transport related risks**

UMS imports coal from Indonesia regularly. The modes used are dry bulk vessels or ocean going barges.

There are two potential risks related to this - availability of vessels and fluctuations in freight rates during any given period.

UMS is well aware of these situations and addresses them through either fixed long term contracts with carriers and/or spot contracts. In the meantime, the Company's dry bulk shipping business provides weekly updates and analysis on freight rate movements, allowing UMS to make fast and informed decisions.

#### **Risk related to coal procurement**

Major factors that affect procurement and cost are:

- i) Availability of supply at required specification/quality
- ii) Prices of required specification/quality
- iii) Exchange rates

Risks related to supply availability include mine capacity and demand requirements from major importers specifically power plants from China, Japan, India and Korea. UMS is also exposed to specification and quality risks that occur in Indonesia on a regular basis. UMS identifies on an annual basis its import volume requirements, as well as the desired specifications and quality. While the volumes may not be at the levels of the major import countries mentioned, the major Indonesian suppliers do participate in our bids of 50% of the volume or more. At the same time, specifications and quality requirements are managed strictly through the coal sourcing agreements that include rejection limits and penalties.

From a pricing perspective, most of the coal indices are tied to world market rates. The price of coal will fluctuate based on global supply and demand. Therefore, price volatility of any of these factors will impact the cost of goods sold. UMS closely monitors coal price indexes and through a balanced long term fixed and spot coal sourcing agreements is able to manage the cost of goods sold.

Approximately 90 percent of UMS' cost of goods sold is denominated in US dollars, while all of its revenue is in Baht. This is due to the business model of importing coal from Indonesia and distributing it to domestic industries. Therefore, there is the potential of exposure to foreign exchange risk. When the Thai Baht depreciates, UMS' cost of imported raw materials will be higher. UMS manages this risk through a policy of using forward contracts for all costs of imports and is therefore able to considerably mitigate foreign exchange rate risk.

### **Risk from new competitors**

New competitors continue to enter the coal distribution market in Thailand. Previously it was seen that coal trading requires relatively minimal investment in terms of equipment and machinery. Increased competition has resulted in price undercutting and overall narrowing of gross margins for coal traders.

UMS continues to retain its key strategies in order to differentiate its products from competitors. For example, UMS provides consultative recommendations to customers on the quality of coal to match each type of boiler by industry type, as well as provide advice to customers on technical and other services related enquiries.

In essence, UMS screens and improves coal quality to be optimal for each type of boiler that is used by small and medium sized manufacturers. This ensures high efficiency for customers. As a result, with a significant customer base, UMS is able to import large coal volumes through larger sized vessels and enjoy lower freight costs, compared to smaller tonnage and vessels.

More recently, with increasing community concerns related to coal processing, many local and provincial government bodies are strictly enforcing or adding additional protection requirements to protect communities and the environment. UMS upgrades its facilities on an ongoing basis to meet and exceed the requirements. UMS is ISO 14001 certified. This will create a significant barrier to entry for many new players who previously invested little. Ultimately they will need to make major investments in upgrading equipment/machinery, land for stockpiles, in order to be in compliance with the changing environmental protection requirement.

### **Risk from substitute products and market expansion**

In general, primary energy resources used by domestic industries are fuel oil, natural gas, and coal. Fuel oil was the most popular choice among manufacturing companies due to its availability and ease of use (ease of maintenance). Natural gas is another choice for industry given its lower cost compared to fuel oil. Coal use as an energy source is still not widespread.

The consistently increasing price trend for fuel oil has resulted in cost increases for industry overall. At the same time, gas prices are also increasing and it is also evident that domestic gas supply is on a reducing

trend. As a result, many industries are seeking for alternative sources of energy for production and management of production costs. While coal is also a viable low cost source, many manufacturers are also looking to other sources such as palm husks, wood chips and other bio mass fuels.

However, coal has a significant advantage in terms of cost over other sources of energy. Coal reserves are more abundant than any other natural energy related source and may be found in over 100 countries.

UMS expects that demand for coal will continue to increase. As cost of production becomes increasingly crucial for every industry, many are turning their attention to coal as an alternative source of energy. For existing manufacturers, any consideration to convert from existing fuel oil boilers to coal fired boilers will require capital investment. However, with all factors considered including, the cost of fuel, operating expenses, and maintenance cost, manufacturers could find favourable returns of converting from fuel oil to coal.

### **Risk from communities and related environmental impacts**

Coal is classified into many types including anthracite, bituminous, sub bituminous, and lignite. When coal is combusted, the oxygen in the air will react with the coal and generate the gas sulphur dioxide. If SO<sub>2</sub> is inhaled or comes into contact with the skin, lung conditions and allergic reactions might result. At the same time, dust from coal could also cause allergies.

Currently, UMS imports bituminous and sub-bituminous coal that generates low sulphur (sulphur content is in the range of 0.1-1.5% while sulphur content in fuel oil is in the range of 0.1-3.0%). This creates less impact to the environment.

To minimise negative perceptions and the potential for adverse environmental impact to communities, UMS engages in a closed manufacturing process that complies with government regulations. Specifically, UMS reduces particulate dispersion with either a closed storage system, covering coal stockyards with plastic sheets, spraying water on coal stockpiles, building high fences around the warehouse, and planting trees around the land perimeter to trap particulates. UMS also covers trucks with plastic sheets and washes the truck tyres prior to dispatch in order to prevent coal falling onto roads.

## **Risks Relating to the Group's Fertiliser & Warehousing Business in Vietnam**

### **Risk related fertiliser raw material prices**

Global and domestic fertiliser raw material prices can be volatile and therefore Baconco may be exposed to inventory adjustments, especially when the market faces a downturn or reduced margins when the market is on an upward trend. This is especially true if Baconco is not able to adjust quickly its market pricing.

While this risk cannot be completely eliminated, it is mitigated and minimised by controlling with two approaches:

- a) Maintain low inventories, therefore limiting exposure in a market down turn situation and
- b) Firm pricing and discount policies together with customer management based on superior quality therefore enabling Baconco to retain margins when raw material prices increase.

### **Risk of fertiliser raw material procurement**

Baconco purchases raw materials from both domestic and overseas sources. In general, supply is balanced with a 50/50 split domestic and foreign.

With Baconco's strategic policies of low inventory and just-in-time purchase of raw materials, it may be exposed to a higher probability of raw material shortage when global supply is tight.

Baconco has established long term relations with a number of large and medium sized suppliers internationally. These suppliers continue to be very supportive of the company based on our quality commitments, adherence to contractual obligations, and prompt payment for materials. Baconco's volume and in time purchases of raw materials from suppliers have always been met.

### **Domestic competition for fertiliser**

Vietnam is a highly competitive market for fertilisers and agrochemicals. There is currently an overcapacity of NPK production in Vietnam (bulk blending and granulation). In the next several years, more projects are being planned.

Baconco has chosen a strategy of differentiation and concentrates on specialised products to limit exposure to competition. Overall, Baconco engages in over 80 different fertiliser formulas from generic market blends to highly specialised types. This is to ensure

that Baconco stays ahead of the competition, which in general produces 10-15 product types.

Baconco also engages in multiple production processes, as well as value adding its products with some unique processes such as compaction, USP, and bio coating of fertilisers. Through this approach, Baconco is able to maintain the reputation of the brand and the image in the market as the high quality, high service provider with consistent innovations and is able to maintain its market share and margins.

### **On-time delivery of fertiliser**

With Baconco's just-in-time production policy, finished products inventory is low. This could lead to a higher probability of delivery delay to customers.

Baconco manages this risk with a good supply chain approach - through consistent and efficient communications between sales operations and the production facility. The factory knows several weeks in advance the incoming orders. Combined with a preventative maintenance program for machineries and equipment, production capacities are consistently maintained. Finally through automated bagging lines and loading processes, product is delivered to customers without delays.

### **Foreign currency risks**

Baconco purchases half of its raw material in USD and sells finished goods domestically in VND. Given there are constant devaluations of the VND by the Vietnamese government, foreign exchange risks exist. As the VND is not a generally convertible currency, coverage is limited. This foreign exchange risk may be managed by maintaining low inventories (based on the company's strategic policies) and a cash sales/ payment policy resulting in zero customer debt. This approach has permitted Baconco to pay suppliers promptly and reduce USD exposure.

Baconco is also engaged in exporting some of its production, thereby generating USD income, which is used to pay raw material suppliers.

### **Risks related to regulatory compliance**

The Vietnamese government establishes specific standards for fertiliser formulas in order to protect consumers and penalties are enforced if products are not manufactured based on tested specifications. Baconco imports raw materials from reliable foreign and domestic suppliers and already has the reputation as a high quality producer of fertiliser.

With the direction calls for innovation of production formulas, Baconco's products are always in compliance or above government stated standards.

## Financial Risks

The principal financial risks are foreign exchange risk, interest rate risk, bunker prices, freight rates and counterparty risk. The Group uses instruments such as cross currency and interest rate swap contracts, foreign currency forward contracts, bunker swap contracts and freight forward agreements to manage the key financial risks. The objective in using these financial instruments is to reduce the uncertainty over future cash flows arising from movements in exchange rates, interest rates, bunker prices and freight rates, and to manage the liquidity of cash resources. It is our policy not to enter into any derivative transactions for speculative purposes.

### Foreign Exchange Risk

International maritime, offshore services, third-party logistics, and fertiliser businesses utilise the US dollar as the major currency for commercial transactions and asset acquisitions. Additionally, US dollar denominated loan facilities have been obtained to fund these US dollar generating businesses and investment. The Group's primary objective is to maximise the operating revenues and minimise costs in US dollars. This ensures an appropriate balance of foreign currency revenues against foreign currency commercial expenditures, asset acquisitions, and loan obligations. Residual exchange rate risks are managed through financial instruments, such as forward and swap contracts and foreign-currency deposits.

The Group has executed derivatives such as cross currency and interest rate swaps to fix our financial costs. Cross currency and interest rate swap contracts protect the Group from movements in exchange rates and interest rates.

Although the vast majority operations are USD dominated, the Group's reporting currency remains in Thai Baht. Therefore, foreign-exchange risk in form of translation gains or losses arise when transactions are denominated in a currency other than the Baht. The foreign-exchange gains or losses appear in Item 30 of the Notes to Financial Statements.

### Interest Rate Risk

The Group seeks to manage its exposure to interest rate volatility and minimise its interest costs. Interest rate volatility is mitigated through actively managing the mix of fixed and floating interest rates on our borrowings and through the use of derivatives, such as interest rate swaps, on our longer-term borrowings. Furthermore, we actively manage the overall tenor of our loan portfolio to match with cash flow from operation. The Group bears market risks relating to changes in US Dollar interest rates only for the US dollar loans with minimal fixed margins tied to a floating LIBOR.

### Bunker Price Fluctuation Risk

The fluctuation of bunker prices may significantly affect vessel operating expenses and subsequently may impact the Group's profit. The Group enters into swap agreements to fix bunker prices on COA's. This is especially important and effective to minimise the risk arising from future bunker price changes between the date a cargo contract is entered into and the date the cargo is carried. As the dry bulk shipping business secures more vessel operating days at fixed rates, the Group is expected to hedge the expected future bunker requirement for each long-term cargo contract by entering into bunker swap contracts at the time of negotiation of each long-term cargo contract.

### Freight Rate Fluctuation Risks

Ongoing downturn of freight rates significantly affects net profits of dry bulk shipping business; as a result, freight forward agreements have been entered into to protect dry bulk shipping business from the fluctuation of freight rates. During the year, the Group entered into freight forward agreements for hedging freight rates in connection with chartered-in vessels.

### Counterparty Risk

Most of our dry bulk freight income is normally paid by clients in advance, or prior to the corresponding cargoes being released to them. As for coal sales, the largest customers are well-established public companies in Thailand and coal sales to each SME client is not significantly large. Almost all fertiliser sales are done in cash. We do not believe that the counterparty risk is significant, and that the cost of hedging such risk would outweigh the possible benefit. We therefore have not entered into any derivative contracts relating to this risk.

# Shareholdings by Directors/Executives

Shareholdings by Directors as of 30 September 2012

	<b>Name</b>	<b>As of 30 Sept. 11</b>	<b>Changes During Year</b>	<b>As of 30 Sept. 12</b>
1.	Mr. Prasert Bunsumpun	0	20,000	20,000
	Spouse	0	0	0
2.	M.L. Chandchutha Chandratat <sup>(1)</sup>	596,988	0	596,988
	Spouse	0	0	0
3.	Mr. Krish Follett <sup>(3)</sup>	0	0	0
	Spouse	0	0	0
4.	Dr. Pichit Nithivasin	0	0	0
	Spouse	0	0	0
5.	Mr. Santi Bangor <sup>(2)</sup>	0	0	0
	Spouse	0	0	0
6.	Mr. Chia Wan Huat Joseph <sup>(2)</sup>	0	0	0
	Spouse	0	0	0
7.	Mr. Oral Wilson Dawe	0	0	0
	Spouse	0	0	0
8.	Ms. Ausana Mahagitsiri <sup>(2)</sup>	4,400,800	23,016,300	27,417,100
9.	Mr. Chalermchai Mahagitsiri <sup>(2)</sup>	7,729,900	92,583,800	100,313,700
10.	Mr. Ghanim Saad M. Alsaad Al-Kuwari <sup>(2)</sup>	0	0	0
11.	Mr. Peter Stokes	0	0	0
	Spouse	0	0	0
	<b>Total</b>	<b>12,727,688</b>	<b>115,620,100</b>	<b>128,347,788</b>

Note : <sup>(1)</sup> M.L. Chandchutha Chandratat's shareholding exclude shares from EJIP.

<sup>(2)</sup> Mr. Santi Bangor, Mr. Chia Wan Huat Joseph, Ms. Ausana Mahagitsiri and Mr. Chalermchai Mahagitsiri became directors on 31 January 2012.

<sup>(3)</sup> Mr. Krish Follett became director on 12 April 2012.

TTA Share Ownership by Executives (Individually and Through the Employee Joint Investment Programme)<sup>(1)</sup>  
as of 30 September 2012

Name	As of 30 Sept. 11	Changes During Year	As of 30 Sept. 12
1. M.L. Chandchutha Chandratat	596,988	0	596,988
Spouse	-	-	-
2. Mrs. Penroong Suwannakudt	1,100	0	1,100
Spouse	-	-	-
Ownership by Individual Executives	598,088	0	598,088
3. Ownership through EJIP by Executives <sup>(2)</sup>	306,576	221,723	528,299
Total direct and indirect TTA shareholdings by executives through EJIP	904,664	221,723	1,126,387

Note: <sup>(1)</sup> As long as shares are acquired under the Employee Joint Investment Programme ("EJIP"), the SEC has waived its requirement that an executive publicly disclose any TTA share purchases.

<sup>(2)</sup> TTA had eight executives as of 30 September 2011 and seven executives as of 30 September 2012.

# Shareholders/ Dividend Policy

Major Shareholders as of 14 November 2012 (The latest share register book closing date)

No.	Name	No. of Shares	Percentage
1.	Mr. Chalermchai Mahagitsiri	100,313,700	14.17
2.	Raffles Resources 1 Ltd	35,459,400	5.01
3.	Ms. Ausana Mahagitsiri	27,417,100	3.87
4.	Thai NVDR Co., Ltd.	22,939,204	3.24
5.	Mr. Prateep Tangmatitham	14,715,500	2.08
6.	State Street Bank Europe Limited	5,180,990	0.73
7.	East Fourteen Limited-Dimensional Emer Mkts Value FD	5,034,900	0.71
8.	Mr. Nurak Mahatana-anon	5,000,000	0.71
9.	State Street Bank And Trust Company	4,763,354	0.67
10.	Nortrust Nominees Ltd.	4,634,060	0.65
<b>Total</b>		<b>225,458,208</b>	<b>31.84</b>

## Policy on Dividend Payments

The timing and amount of dividends, if any, will depend on our operational results, 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 dividend distributions 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.

Most of our subsidiaries have adhered to a policy to pay dividends to TTA at not less than 70% of their net profit, except for the smaller shipping services companies, Mermaid, and UMS. As listed companies on the SGX-ST and MAI, respectively, their Board of Directors must apply the same level of care and judgement when recommending dividends as the TTA Board. Mermaid's and UMS's possible dividend

payments will depend on various factors, including return on equity and retained earnings, expected financial performances, projected level of capital expenditures and other investment plans, and restrictions on payment of dividends that may be imposed by its financing arrangements.

# Corporate Governance Report

**Corporate Governance** is a set of structure and process of relationships between company's management, its board and its shareholders to enhance its competitiveness towards business prosperity and long-term shareholder value taking into consideration the interests of other stakeholders.

At the Board of Directors' meeting on 21 December 2011, the Board has established a Corporate Governance Committee (the "CGC") to review corporate governance practices and the Code of Conduct and to monitor compliance of the practices so that it remains within an ethical framework.

The CGC has reviewed Corporate Governance Policy of Thoresen Thai Agencies Public Company Limited ("TTA" or "the Company") and proposed it to the Board of Directors to approve on 24 December 2012.

The TTA corporate governance principles and framework are as follows:

- Rules of laws: Business management and operation shall be in line with relevant laws, charters, regulation and the board resolutions
- Accountability: all concerned parties, the Board and Management have to be aware of their duties and responsibilities
- Transparency: Business activities and operations shall be auditable and transparent
- Participation: Recognition of the rights of shareholders and stakeholders to participate in company activity
- Value for money: All investment and resource utilisation must be aware of financial and economics return

The main components of Corporate Governance Policy of Thoresen Thai Agencies Public Company

Limited ("TTA" or "the Company") in accordance with guidelines of the Stock Exchange of Thailand are as follows:

1. Rights and Equitable Treatment of Shareholders
2. Rights of Stakeholders
3. Information Disclosure and Transparency
4. Structure and Responsibilities of the Board of Directors
5. Business Ethics and Code of Conduct

The CGC has reviewed the Corporate Governance report and is of the opinion that TTA has generally followed the practices of the corporate governance as per guidelines by the SET.

The CG practices in the 2012 Financial Year were as follows:

## 1. Rights and Equitable Treatment of Shareholders

### (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.

TTA recognises the duty to ensure fair treatment to all shareholders. TTA has a duty to protect shareholders' benefits and rights, which include, among other things, the rights to receive dividends and obtain relevant and adequate information from the Company on a regular and timely basis. TTA also has a duty to disseminate transparent information and ensure management accountability through shareholders' meeting arrangements.

Each shareholder shall receive, prior to any shareholders' meeting, complete and sufficient information

concerning the proposed agenda attached to the meeting notification.

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 a policy to give shareholders an opportunity to propose agenda items for future shareholders' meetings. 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. Guidelines that allow shareholders to nominate directors are also posted on our website.

TTA allows shareholders to submit agenda items and director nominations through 30 September of each year to provide sufficient time to consider all agenda items. The policy to include agenda items and recommend director nominations is posted in TTA's website under Investor Relations. For the 2013 Annual General Meeting of Shareholders, TTA allows shareholders to submit agenda items and propose director nominations by 30 September 2012.

## **(B) SHAREHOLDERS' MEETINGS**

TTA conducts shareholders' meetings in accordance with the law and to allow shareholders to exercise their rights fully and in an informed manner. Within four (4) months after our financial year-end, TTA organises 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, TTA publishes 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 (3) days prior to each AGM. We also publish the meeting notice on our website.

Procedures for the 2012 AGM were as follows:

### **(i) Procedures prior to the meetings**

The 2012 AGM was held on 31 January 2012. TTA uses the shareholders record date to give them more time to scrutinise meeting notices or request additional information ahead of the meeting. The notice to the

2012 AGM was sent to shareholders and the SET on 16 January 2012, which was at least fourteen (14) days prior to the meeting. The notice was also made available on TTA's website in advance so that shareholders have sufficient time to study the information to make their decisions. Each agenda included the opinion of the Board.

Prior to the 2012 AGM, details such as time and place of the meeting, the meeting agendas, proxy forms, and a list of documents required for attending the meeting were sent to shareholders to assist them in exercising their rights and casting their votes on each agenda item.

### **(ii) At the shareholders' meeting**

In the 2012 AGM, TTA facilitated registration by separating lines between shareholders and proxy holders. TTA used a bar code system to register meeting attendees and to count votes. Envelops were made readily available for shareholders to mail their proxy forms. The e-voting programme of the Thailand Securities Depository Co., Ltd. ("TSD") was also used in the registration and vote count, increasing efficiency and transparency.

### **(iii) During the meeting**

The Chairman of the Board of Directors presides over the 2012 AGM. 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.

TTA has received excellent scores (ranging between 90-99) for the quality of AGM organisation since 2007. The assessment results were based on the assessment form of the SEC in conjunction with the Listed Companies Association and Thai Investors Association.

### **(iv) Procedures following the meeting**

TTA prepared and submitted the minutes of the 2012 AGM to the SET and the Business Development Department, Ministry of Commerce within the required time frame after the meeting. The minutes were also posted on our website at <http://www.thoresen.com>.

## **2. Rights of Stakeholders**

TTA acknowledges the importance of all stakeholder groups. Recognising their contribution to our

competitiveness and profitability, the Company takes 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, TTA complies with all applicable laws and regulations and have established adequate internal controls and auditing systems to monitor compliance.

The policy to review concerns from stakeholders has been implemented, and all stakeholders can communicate their concerns to the Audit Committee via TTA's website and via TTA's P.O. Box No. 33.

### **(A) SHAREHOLDERS**

TTA always makes an effort to maximise shareholders' long-term benefits through careful consideration of business risks. All information shall be disclosed 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.

In the past year, we have completed the set up of the Leadership model and start off the Management Development Program (MDP), the systematic executive development program for senior and middle management. Development tools adhered to the international standard; for instance, 360 Leadership Feedback and Personality Profile are used to ensure systematic and effective development of the participants.

We also emphasise an importance of employees' development at other levels by the implementation of Individual Development Plans that allow employees to create development plan concerning their individual needs. We strongly believe that improvement of our employees' capabilities will ultimately increase our competitiveness in the long run.

### **(C) COUNTERPARTIES**

TTA conducts business affairs with our partners, competitors, creditors, suppliers, etc. according to the contracted terms and conditions in a fair and ethical manner.

### **(D) CLIENTS**

TTA recognises 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.

### **(E) RESPONSIBILITY TO THE COMMUNITY, SOCIETY, AND ENVIRONMENT**

TTA aims to achieve consistently high standards of behaviour towards society and the environment. We will manage the business with the goal to alleviate the adverse effects on the environment and ensure compliance with environmental laws and regulations.

## **3. Information Disclosure and Transparency**

TTA has strong determination to reveal timely and updated information, both financial and general information that related to the Company's business. Such information are disclosed to shareholders, investors and any related parties via SET's communication system, the Company's website ([www.thoresen.com](http://www.thoresen.com)), press release and the Company's Annual Report as well as participated in the "Opportunity Day" which arranged by SET.

In 2012 Financial Year, we met and provided information to interested parties on various occasions as follows:

1. One-on-one meetings with shareholders, creditors, and analysts (48 meetings in 2012)
2. Quarterly meetings with analysts to discuss our most recent financial performance (5 meetings in 2012)
3. Investor conferences (1 conference in 2012)
4. Road shows (1 road show in 2012)
5. Quarterly presentation at the SET's Opportunity Day (4 presentations in 2012)

## **4. Structure and Responsibilities of the Board of Directors**

### **(A) BOARD STRUCTURE**

The size of the TTA's Board is complied with Public Limited Companies Act B.E 2535 and Articles of Association of the Company.

All Directors have a number of duties and responsibilities as specified in the Articles of Association of the Company. In conducting the business of the Company, a director shall perform his duty with responsibility, due care and loyalty, and shall comply with all laws, the objectives, the articles of association of the company, and the resolutions of the shareholders' meeting.

### **(i) 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 are as per the definition of the Notification of the Capital Market Supervisory Board.

### **(ii) Members of the Board of Directors**

TTA has eleven directors on the Board, which consists of one executive director (10% of the total number of directors), five non-executive directors (45% of the total number of directors) and five independent directors (45% of the total number of directors). The Board as of 30 September 2012 consisted of the following persons:

<b>Name</b>	<b>Position</b>
Mr. Prasert Bunsumpun	Chairman of the Board/Chairman of Executive Committee
M.L. Chandchutha Chandratat	President & Chief Executive Officer/Member of Executive Committee
Mr. Santi Bangor	Independent Director/Chairman of Corporate Governance Committee/Member of Audit Committee
Mr. Krish Follett	Independent Director/Chairman of Audit Committee/Chairman of Risk Management Committee
Dr. Pichit Nithivasin	Independent Director/Chairman of Nomination and Remuneration Committee
Mr. Chia Wan Huat Joseph	Director/Member of Executive Committee/Member of Corporate Governance Committee
Mr. Oral Wilson Dawe	Independent Director/Member of Nomination and Remuneration Committee/Member of Risk Management Committee
Ms. Ausana Mahagitsiri	Director/Member of Nomination and Remuneration Committee/Member of Corporate Governance Committee
Mr. Chalermchai Mahagitsiri	Director/Member of Executive Committee /Member of Risk Management Committee
Mr. Ghanim Saad M. Alsaad AL-Kuwari	Director
Mr. Peter Stokes	Independent Director/ Member of Audit Committee

### **(iii) Segregation of Positions**

The Board elects one of its non-executive directors as Chairman. The Chairman and President & Chief Executive Officer are two separate individuals. 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 President & Chief Executive Officer. At the same time, the Board stays away from routine tasks or business activities under management responsibility.

## **(B) COMPANY SECRETARY AND BOARD COMMITTEES**

The Board has appointed the Company Secretary and five committees, namely the Audit Committee, the Nomination and Remuneration Committee, Executive Committee, Risk Management Committee and Corporate Governance Committee.

### **(i) Company Secretary**

The Board appointed Ms. Mantanee Surakarnkul 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.

Details of the Company Secretary's functions are available on the Company's website at <http://www.thoresen.com>.

## **(ii) Audit Committee**

The Audit Committee ("AC") comprised at least three independent directors.

The AC has full-delegated authority from the Board to perform its tasks, Audit plan and meeting schedule are set each year to allow the AC to monitor management on the financial risks identified in TTA's annual business plan.

As of 30 September 2012, the Audit Committee ("AC") comprised the following directors: Mr. Krish Follett (Chairperson), Mr. Santi Bangor, and Mr. Peter Stokes. All AC members are independent directors. During the 2012 Financial Year, the Audit Committee convened 11 meetings.

### **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 2012 AGM, the shareholders approved the following items:

1. The appointment of Mr. Kajornkiet Aroonpirodkul, License No. 3445, or Mr. Chanchai Chaiprasit, License No. 3760, or Mrs. Nattaporn Phan-Udom, License No. 3430, of PricewaterhouseCoopers as auditors for the 2012 financial year.
2. The audit fee in the amount of Baht 3.24 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 recommendation for the appointment of the external auditors and the auditing fee be proposed to our shareholders at each AGM.

For good corporate governance, the AC has proposed to appoint KPMG Phoomchai Audit Ltd. as external auditors of the Company to our shareholders at the next AGM to be held on 30 January 2013.

## **(iii) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee ("NRC") comprises at least three (3) non-executive directors.

At the Board of Directors meeting held on 13 May 2011, the Board approved the Nomination and Remuneration Committee Charter. The NRC comprises three (3) members being Dr. Pichit

Nithivasin (Chairman), Mr. Oral Wilson Dawe, and Ms. Ausana Mahagitsiri.

The NRC's main tasks include the determination of the process and criteria for the selection and qualification of candidates nominated in accordance with the structure, size, and composition of the Board of Directors as the Board of Directors prescribes and reviewing and making recommendations to the Board of Directors on all candidates nominated (whether by the Board of Directors, shareholders, or otherwise) for appointment to the Board of Directors.

The Board sets the level of remuneration for all non-executive directors within the limits approved by shareholders and in line with the Thai Institute of Directors Association guidelines regarding Director Compensation Best Practices (September 2006).

## **(iv) Risk Management Committee**

At the Board of Directors meeting held on 14 May 2010, the Board approved the appointment of the Risk Management Committee ("RMC") and on 14 December 2010, the Board approved the Risk Management Committee Charter. The RMC members comprise a minimum of four (4) members from the Company's Directors and executives. As of 30 September 2012, the RMC comprises three (3) members from the Board of Directors being Mr. Krish Follett (Chairman), Mr. Oral Wilson Dawe, and Mr. Chalermchai Mahagitsiri, and two members from the management being the President & Chief Executive Director, and Executive Vice President, Corporate Finance & Accounting. There were 2 (two) RMC meetings in 2012 Financial Year.

The RMC's main tasks include reviewing the effectiveness of the Enterprise Risk Management system within the Group and be assured that material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies.

## **(v) Corporate Governance Committee**

At the Board of Directors meeting held on 28 November 2011, the Board approved the appointment of the Corporate Governance Committee ("CGC") and on 21 December 2011, the Board approved the Corporate Governance Charter. The Corporate Governance Committee (the "CGC") comprises a minimum of three non-executive directors.

As of 30 September 2012, the CGC comprised the following directors: Mr. Santi Bangor (Chairperson), Ms. Ausana Mahagitsiri, and Mr. Chia Wan Huat Joseph. During the 2012 Financial Year, the CGC convened 3 meetings.

The CGC's main tasks include reviewing the Corporate Governance policy and the Code of Conduct and to monitor compliance of the policy and practices so that it remains within an ethical framework and participating in the evaluation and to monitor improvements based on results of such evaluation.

In 2012, the CGC has reviewed CG Policy, improved Board Assessment Form and evaluated Board Performance. The CGC has also developed guidelines of representative directors.

#### **(vi) Executive Committee**

At the Board of Directors meeting held on 14 February 2012, the Board approved the appointment of the Executive Committee ("EC") and on 15 March 2012, the Board approved the Executive Committee Charter.

The Executive Committee (the "EC") comprises a minimum of four members from the Company's directors and executives. From the Board, three non-executive directors as determined and appointed by the Board and from the executives, the President & Chief Executive Officer.

As of 30 September 2012, the EC comprised the following directors: Mr. Prasert Bunsumpun (Chairperson), M.L. Chandchutha Chandratat, Mr. Chalermchai Mahagitsiri, and Mr. Chia Wan Huat Joseph. During the 2012 Financial Year, the EC convened 7 meetings.

The EC's main tasks include considering the Company's business plan and annual budget for presentation to the Board and considering the overall investment and financing strategy of the Company.

### **(C) CONFLICT OF INTEREST**

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

Since 2009, TTA Directors and executives were required to submit a report that summarises their related persons' interests and securities ownership in other companies. This information was filed with TTA and is used to monitor potential related party or connected transactions. New TTA Directors and senior executives shall submit this report within thirty (30) days after being appointed.

In case there are changes in related persons and close relatives, Directors and executives shall submit a revised report to TTA within fourteen (14) days after changes occur.

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.

#### **(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 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 Company prohibits all Directors and senior executives to trade in TTA's shares and securities during the period of three (3) 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.

### **(D) INTERNAL CONTROL**

TTA focuses its utmost attention on internal control systems to ensure efficiency in all management and operation levels. 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.

In 2012, 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. The Board has appointed AC in matters concerning the monitoring of the company's financial reporting and the efficiency of internal control in relation to the financial reporting.

The fundamental values described in the Code of conduct apply to every employee. The Code of conduct creates a climate rooted in focus on the customer, achievement, mutual respect, teamwork and trust. 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

TTA's management has reviewed its risk policy, frameworks, and plans. The management and all staff have also been encouraged to be aware of the importance of risk and the significance of risk management so that everyone is prepared to mitigate or resolve the identified risk appropriately in a timely fashion. We are promoting a risk awareness culture, in which risk management is everyone's responsibility. A risk management structure has been systematically created. Risk management plans and measures have been formulated where both internal and external risk factors possibly affecting TTA's businesses and targets as well as operations are assessed. The risk assessment also results in control targets for how risks are to be managed through various control structures. In addition, TTA has formulated its reporting and risk management monitoring procedures for appropriate responses to constant changes. Risk management monitoring plans are carefully reviewed before being reported to the Board on a quarterly basis.

## 3. Management Control Activities

Authority and approval assignments have been defined for each department and are monitored regularly. The transactions amongst the Company and its related parties have been carefully controlled by upholding its best interests as if the Company were dealing with outside parties on the arm's length basis and conform to 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, including proper segregation of duties between the operations units, control units, and assessment units for the purpose of maintaining appropriate checks and balances. There is a proper level of control maintained on the utilisation and valuation of our property/assets. Moreover, an internal control system for the financial and accounting functions is clearly set up, which allows adequate reporting to the relevant management.

## 4. Information and Communication Measures

Information technology has been developed to ensure efficient business operations and to serve management's needs. We recognise the importance of accuracy, reliability, 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 internal communication manages through various channels such as quarterly town hall meeting, the Company's intranet and email. The accounting records conform to generally accepted accounting standards and the accounting files are updated regularly. Documents for the shareholders' meetings and the Board's meetings have been delivered ahead of the meetings and contain sufficient information for the shareholders or the Board to make decisions.

## 5. Monitoring

Since 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 works according to an annual audit plan that is approved by AC. The plan is based on the risk analysis and encompasses prioritized companies, business areas and processes. The results of the performed audits and following up observations are reported to AC. No significant control 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 legally.

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. The IAD also reviews whether key operations and financial activities are conducted efficiently and legally.

## (E) BOARD MEETINGS

Board meeting shall be held once at least every three (3) months specified in the Company's Articles of Association. Special meetings are convened as necessary to address specific needs. In 2012, there were eleven (11) 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 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 endeavors to attend meetings.

### Details of Directors' Attendance Record in 2012 Financial Year

Name	Board Meetings			Audit Committee Meetings	Executive Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee Meeting	Risk Management Committee Meeting
	Regular Meeting	Special Meeting	Total					
Mr. Prasert Bunsumpun*	4/5	2/2	6/7	-	6/7	-	-	-
M.L. Chandchutha Chandratat	6/6	5/5	11/11	-	7/7	-	-	2/2
Mr. Santi Bangor*	5/5	2/2	7/7	4/7	-	-	3/3	-
Mr. Krish Follett**	3/4	-	3/4	7/7	-	-	-	-
Dr. Pichit Nithivasin	6/6	5/5	11/11	-	-	12/12	-	-
Mr. Chia Wan Huat Joseph*	5/5	2/2	7/7	-	7/7	-	3/3	-
Mr. Oral Wilson Dawe	6/6	3/5	9/11	-	-	7/7	-	2/2
Ms. Ausana Mahagitsiri*	4/5	2/2	6/7	-	-	6/7	2/3	-
Mr. Chalermchai Mahagitsiri***	5/5	2/2	7/7	-	7/7	-	-	-
Mr. Ghanim Saad M. Alsaad Al-Kuwari*	0/5	1/2	1/7	-	-	-	-	-
Mr. Peter Stokes	5/6	3/5	8/11	7/7	-	-	-	-

Note : \* Mr. Prasert Bunsumpun, Mr. Santi Bangor, Mr. Chia Wan Huat Joseph, Ms. Ausana Mahagitsiri, and Mr. Ghanim Saad M. Alsaad Al-Kuwari became Board members in January 2013.

\*\* Mr. Krish Follett became a Board member in April 2013 and he was appointed the Risk Management Committee Chairman on 19 September 2012.

\*\*\* Mr. Chalermchai Mahagitsiri became a Board member in January 2013 and he was appointed the Risk Management Committee member on 19 September 2012.

### Details of Directors' Attendance Record of Directors who resigned during the 2012 Financial Year

Name	Board Meetings			Audit Committee Meetings	Nomination and Remuneration Committee Meetings	Risk Management Committee Meeting
	Regular Meeting	Special Meeting	Total			
1. Prof. Athueck Asvanund*	1/1	3/3	4/4	-	-	1/1
2. Mr. Sak Euarchukiati*	1/1	3/3	4/4	4/4	5/5	1/1
3. Mr. Stephen Fordham*	1/1	2/3	3/4	-	5/5	1/1
4. Dr. Siri Ganjarerndee*	1/1	3/3	4/4	4/4	5/5	1/1
5. Prof. Dr. Warapatr* Todhanakasem	1/1	3/3	4/4	4/4	-	1/1
6. Mr. Aswin Kongsiri**	2/2	4/4	6/6	-	-	2/2

Note : \* Prof. Athueck Asvanund, Mr. Sak Euarchukiati, Mr. Stephen Fordham, Dr. Siri Ganjarerndee, and Prof. Dr. Warapatr Todhanakasem resigned from the Board of Directors on 31 January 2012.

\*\* Mr. Aswin Kongsiri resigned from the Board of Directors on 31 March 2012.

## (F) BOARD ASSESSMENT

The Board conducted a formal evaluation of its own performance for the year that ended on 30 September 2012. The evaluation process was led by the Chairman of the CGC and was conducted by sending a board assessment form to each Director. The responses to the form were collated by the Company Secretary and the Chairman of the CGC reported the result to the Board of Directors.

There were six (6) main areas of evaluation namely:

1. Structure and Characteristics of the Board
2. Roles and Responsibilities of the Board
3. Board of Directors Meetings
4. Board of Directors' Performance of Duties
5. Relationship with Management
6. Self-Development of Directors

The Board had discussed the results and asked board committees to propose measures to improve the efficiency of the Board.

## (G) REMUNERATION

### Remuneration for the Board, the Board Committees, and Senior Executive Officers

The Board's Remuneration consists of

- Total standard monthly fees and attendance fee per meeting for non-executive directors.
- The Chairperson of the Board of Directors and sub-committee shall receive an attendance fee equal to 1.20 times the attendance fee of other non-executive directors and sub-committee members.
- Travelling allowance shall be paid to foreign directors who travel into Thailand to attend Board of Directors meetings or committee meetings.
- The executive Director(s) shall receive no monthly fees or other forms of remuneration.
- Bonus if the Company's performance achieved criteria to distribute bonus to directors as approved by the Company's shareholders.

The Senior Executive Officers' compensation consists of cash remuneration (salary) and other remuneration consists of long term incentives, provident fund and social security contributions.

## Remuneration in Cash

### The Board's Remuneration

At the 2012 AGM, TTA's shareholders approved the remuneration of TTA's Board as follows:

- Total standard monthly fees for all nine non-executive directors shall be Baht 430,000. If an additional non-executive director is appointed to the Board, he/she will receive a standard monthly fee of Baht 35,000. The non-executive directors shall receive an attendance fee of Baht 45,000 per meeting. The Chairperson of the Board of Directors shall receive an attendance fee of Baht 54,000 per meeting (equal to 1.20 times the attendance fee of other non-executive directors).
- The Chairperson of the AC shall receive an attendance fee of Baht 48,000 per meeting (equal to 1.20 times the attendance fees of other AC members), while other AC members shall each receive an attendance fee of Baht 40,000 per meeting.
- The Chairperson of the Nomination and Remuneration Committee shall receive an attendance fee of Baht 36,000 per meeting, which is equal to 1.20 times of the attendance fee of other members of the Nomination and Remuneration Committee members. Other Remuneration and Nomination Committee members shall each receive an attendance fee of Baht 30,000 per meeting.
- The Chairpersons of the Risk Management Committee, Corporate Governance Committee shall each receive an attendance fee of Baht 18,000 per meeting, which is equal to 1.20 times the attendance fees of other members of the Risk Management Committee. Other members shall each receive an attendance fee of Baht 15,000 per meeting.
- Travelling allowance shall be paid to foreign directors who travel into Thailand to attend Board of Directors meetings or committee meetings as follows:
  - From Asia to Thailand: USD 500 per day
  - From Europe/USA and others to Thailand: USD 1,000 per day
- The executive Director(s) shall receive no monthly fees or other forms of remuneration.

● To align the interests of the Board and shareholders, a bonus for all non-executive Directors is proposed to be paid only after a 15% return on parent shareholders funds\* is achieved. Once this threshold is reached, a bonus equal to 0.50% of annual consolidated net profit above a 15% return on parent shareholders funds will be shared equally among all non-executive Directors.

Note : \* Return on parent shareholders funds

= TTA consolidated net profit – unrealised exchange gains or losses

paid up share capital + share premium + legal reserve + retained earnings

## Remuneration and Bonus for the Board and Board Committees for the 2012 Financial Year

Unit : Baht

Name	Board of Directors		Attendance Fees					Total (Standard and attendance fees)	Travel Allowance (only foreign directors) (USD)
	Standard Remuneration	Bonus	Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	
1. Mr. Prasert Bunsumpun*	970,000	-	315,000	-	288,000	-	-	-	1,573,000
2. M.L. Chandchutha Chandratat	-	-	-	-	-	-	-	-	-
3. Mr. Santi Bangor*	280,000	-	315,000	160,000	-	-	54,000	-	809,000
4. Mr. Krish Follett**	197,167	-	135,000	336,000	-	-	-	-	668,167
5. Dr. Pichit Nithivasin	420,000	-	495,000	-	-	432,000	-	-	1,347,000
6. Mr. Chia Wan Huat Joseph*	280,000	-	315,000	-	280,000	-	45,000	-	920,000
7. Mr. Oral Wilson Dawe	420,000	-	405,000	-	-	210,000	-	45,000	1,080,000
8. Ms. Ausana Mahagitsiri*	280,000	-	270,000	-	-	180,000	30,000	-	760,000
9. Mr. Chalermchai Mahagitsiri***	280,000	-	315,000	-	280,000	-	-	-	875,000
10. Mr. Ghanim Saad M. Alsaad * Al-Kuwari	280,000	-	45,000	-	-	-	-	-	325,000
11. Mr. Peter Stokes	420,000	-	360,000	280,000	-	-	-	-	1,060,000
<b>Total</b>	<b>3,827,167</b>	<b>-</b>	<b>2,970,000</b>	<b>776,000</b>	<b>848,000</b>	<b>822,000</b>	<b>129,000</b>	<b>45,000</b>	<b>9,417,167</b>

Note : \* Mr. Prasert Bunsumpun, Mr. Santi Bangor, Mr. Chia Wan Huat Joseph, Ms. Ausana Mahagitsiri, and Mr. Ghanim Saad M. Alsaad Al-Kuwari became Board members in January 2013.

\*\* Mr. Krish Follett became a Board member in April 2013 and he was appointed the Risk Management Committee Chairman on 19 September 2012.

\*\*\* Mr. Chalermchai Mahagitsiri became a Board member in January 2013 and he was appointed the Risk Management Committee member on 19 September 2012.

## Remuneration and Bonus for the Board and Board Committees who resigned during the financial year 2012

Unit : Baht

Name	Board of Directors		Attendance Fees			Total (Standard and attendance fees)	Total Travelling Allowance (only foreign directors) (USD)
	Standard Remuneration	Bonus	Board of Directors	Audit Committee	Nomination and Remuneration Committee		
1. Prof. Athueck * Asvanund	140,000	-	180,000	-	-	320,000	-
2. Mr. Sak * Euarchukiati	140,000	-	180,000	240,000	150,000	710,000	-
3. Mr. Stephen Fordham*	140,000	-	135,000	-	150,000	425,000	2,000
4. Dr. Siri Ganjarerndee*	140,000	-	180,000	240,000	150,000	710,000	-
5. Prof. Dr. Warapatr * Todhanakasem	140,000	-	180,000	288,000	-	608,000	-
6. Mr. Aswin Kongsiri**	900,000	-	324,000	-	-	1,224,000	-
<b>Total</b>	<b>1,600,000</b>	<b>-</b>	<b>1,179,000</b>	<b>768,000</b>	<b>450,000</b>	<b>3,997,000</b>	<b>2,000</b>

Note : \* Prof. Athueck Asvanund, Mr. Sak Euarchukiati, Mr. Stephen Fordham, Dr. Siri Ganjarerndee, and Prof. Dr. Warapatr Todhanakasem resigned from the Board of Directors on 31 January 2012.

\*\* Mr. Aswin Kongsiri resigned from the Board of Directors on 31 March 2012.

## Remuneration of Executive

Remuneration of executives in the form of salary and bonus and other cash remuneration is as follows:

Unit : Baht millions	Executive during financial year /full-year equivalent people		2012	Executive during financial year/full-year equivalent people		2011
Total salary and bonus	8 persons /7.54	persons	Baht 66.03 Million	9 persons / 8.83	persons	Baht 68.29 million
Other remuneration (Provident fund contributions by TTA)	8 persons /7.54	persons	Baht 5.63 million	9 persons / 8.83	persons	Baht 5.59 million

Note : One executive resigned in financial year 2012. There are 7 executives in financial year 2012.

## (I) DIRECTOR ORIENTATION AND DEVELOPMENT

The President & Chief Executive Officer 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 Memorandum and Articles of Association, recent presentations, the latest annual report, and board committees' charters, 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.

Six directors have participated in the Thai Institute of Directors' ("IOD") director training programmes, including the Director Certification Program ("DCP"), the Director Accreditation Program ("DAP"), the Finance for Non-Finance Director Program ("FN"), and the Role of Chairman Program ("RCP"). TTA encourages Directors who have not participated in the above training programmes to participate at the Company's expense.

List of key courses in IOD which TTA's directors attended

Courses	No. of participants
The Role of Chairman	1
The Director Accreditation Program	3
The Director Certification Program	5
The Finance for Non-Finance Director Program	1

## 5. 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 Core Values, Mission and Vision ("VMV") framework to guide our business operations. A Code of Business Conduct was approved by the Board on 12 February 2010 to implement the VMV framework, emphasising our four Core Values.

TTA has arranged Code of Conduct training to all employees to ensure that they understand good practices and has included the Code of Conduct training as part of the orientation for new employees.

The 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.

# Inside Information Control

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 Guidelines 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.

# Related Party Transactions

## **Necessity and Rationale of Related Party Transactions**

In case TTA or a subsidiary signs an agreement or conducts a related party transaction with a subsidiary company, affiliated company and/or third party, TTA or a subsidiary will consider the necessity and rationale of such agreement based mainly on TTA's interests.

## **Approval Measures or Procedures of Related Party Transactions**

If TTA or its subsidiary is to execute an agreement or if there is any related party transaction between TTA and its subsidiary, affiliated company, related company, third party and/or anyone with possible conflict of interests, the Board of Directors requires TTA or a subsidiary, for the purpose of its benefits, to comply with the rules and regulations of the SET and the SEC regarding disclosure of information of listed companies concerning connected transactions. Prices and other conditions shall be on an arm's length basis and are conducted in the best interests of TTA and all shareholders. Directors, executives, or employees having an interest in such transaction are not allowed to participate in the decision-making process and in any approval process.

## **Policy for Future Related Party Transactions**

The Audit Committee and TTA will jointly consider and review any related party transactions that may arise in the future to ensure their necessity and fair price basis.

Details of related party transactions between TTA and its subsidiaries or between TTA and its subsidiaries with associates and joint ventures are as follows:

Type of Transactions	Company/Relationship	Total Direct/ Indirect Holding (%)	Transaction Amount (Baht)										Pricing Policy	
			Corporate			Transport		Energy		Infrastructure				
			TTA	Soleado Holdings Pte. Ltd.	Thoresen Service Center Ltd.	Thoresen & Co. (Bangkok) Ltd.	Shipping Group of Companies	Others	Mermaid Maritime Plc.	Others	Unique Mining Services Plc.	Baconco Co., Ltd.		Others
1. Transactions with subsidiaries														
1.1	IT service	99.9	23,909,915.00											price normally charged to a third party
		99.9	299,812.00											
	Chidlom Marine Services & Supplies Ltd.	57.1	302,000.00											
	Mermaid Maritime Plc.	88.7	123,000.00											
	Unique Mining Services Plc.													
1.2	Office and Office Equipment Rental Income	99.9	8,002,032.00											price normally charged to a third party
		99.9	3,430,405.00											
	Thoresen & Co. (Bangkok) Ltd.													
	Thoresen Service Center Ltd.													
1.3	Services	99.9	7,000.00											price normally charged to a third party
		99.9	7,500.00											
	Thoresen & Co. (Bangkok) Ltd.	88.7	1,408,500.00											
	Shipping group of companies	57.1	8,500.00											
	Unique Mining Services Plc.	99.9	70,500.00											
	Mermaid Maritime Plc.													
	Thoresen Service Center Ltd.													
1.4	Management fee to subsidiaries	57.1	4,846,016.00											cost plus margin
		88.7	7,938,000.00											
	Unique Mining Services Plc.													
1.5	Interest received	51	43,695.40											
	GAC Thoresen Logistic Ltd.	99.9	51,571,064.03											borrowing cost of the lenders
	Shipping group of companies	49	4,864,414.01											
	PT Perusahaan Pelayaran Equinox	99.9	117,511,191.78											
	Athene Holding Ltd.													
1.6	IT service and service expenses	99.9	18,002,798.00											price normally charged by a third party
	Thoresen Service Center Ltd.													
1.7	Interest paid	99.9	79,993,621.18											price normally charged by a third party
	Shipping group of companies	99.9	1,471,573.37											borrowing cost of the lenders
	Asia Coating Services Ltd.													
2. Transactions with associates and joint ventures														
2.1	IT service	49	169,273.00											price normally charged to a third party
	Fearnleys (Thailand) Ltd.	49	1,679,931.00											
	Thoresen Shipping and Logistics Ltd.													
2.2	Office and Office Equipment Rental Income	49	2,406,720.00											price normally charged to a third party
	Fearnleys (Thailand) Ltd.	49	4,611,000.00											
	Thoresen Shipping and Logistics Ltd.	51												
	Gulf Agency Company (Thailand) Ltd.	24.5												
	Thoresen-Vinama Agencies Co., Ltd. <sup>/1</sup>													
2.3	Services	49	1,500.00											price normally charged to a third party
	Fearnleys (Thailand) Ltd.	51	10,000.00											
	Gulf Agency Company (Thailand) Ltd.													

Type of Transactions	Company/Relationship	Total Direct/ Indirect Holding (%)	Transaction Amount (Baht)									Pricing Policy		
			Corporate			Transport		Energy		Infrastructure				
			TTA	Soleado Holdings Pte. Ltd.	Thoresen Service Center Ltd.	Thoresen & Co. (Bangkok) Ltd.	Shipping Group of Companies	Others	Mermaid Maritime Plc.	Unique Mining Services Plc.	Baconco Co., Ltd.		Others	
2.4 Management fee charged to associates	Fearnleys (Thailand) Ltd. Thoresen Shipping and Logistics Ltd. Gulf Agency Company (Thailand) Ltd. Thoresen (Indochina) S.A. Thoresen-Vinama Agencies Co., Ltd. <sup>1/</sup>	49 49 51 50 24.5	318,946.27											cost plus margin
2.5 Interest received	Gulf Agency Company (Thailand) Ltd.	51												borrowing cost of the lenders
2.6 Vessels operating expenses	Fearnleys (Thailand) Ltd. Thoresen Shipping and Logistics Ltd. Thoresen (Indochina) S.A.	49 49 50				8,720,537.21 1,383,693.34 163,783.22								price normally charged by a third party
2.7 Offshore services expenses	Gulf Agency Company (Thailand) Ltd.	51						24,316,791.70						price normally charged by a third party
2.8 Cost of sales by associated companies	Thoresen (Indochina) S.A. Thoresen-Vinama Agencies Co., Ltd. <sup>1/</sup>	50 24.5									19,507,362.51 33,632,232.37			
2.9 Management and administrative fee	Thoresen (Indochina) S.A. Gulf Agency Company (Thailand) Ltd. Thoresen Shipping and Logistics Ltd.	50 51 49		15,558,394.12								1,000,000.00	1,200,000.00	cost plus margin
3. Balances with associates and joint ventures														
3.1 Amount due from related parties	Fearnleys (Thailand) Ltd. Thoresen Shipping and Logistics Ltd. Gulf Agency Company (Thailand) Ltd. Qing Mei Pte. Ltd. Thoresen (Indochina) S.A. Thoresen-Vinama Agencies Co., Ltd. <sup>1/</sup> Petrolift Inc. Baria Serece SKI Energy Resources Inc. <sup>2/</sup>	49 49 51 33.3 50 24.5 40 20 12.16	219,443.19 1,654,597.09 47,437.87 263,522.57 1,029.06		58,247.06 263,085.18 165,850.00	30,000.00	2,451.20							{ price normally charged to a third party reimbursement dividend income dividend income
3.2 Amount due to related parties	Fearnleys (Thailand) Ltd. Thoresen Shipping and Logistics Ltd. Sharjah Port Service LLC Gulf Agency Company (Thailand) Ltd. Qing Mei Pte. Ltd.	49 49 49 51 33.3		49,558,656.47 8,738,764.02 231,030,770.40			819,752.89 405,698.06 3,745.00				1,009,668.00 1,070,000.00 3,773,128.01		127,026.94	borrowing cost of the lender
3.3 Short term loans from group	SKI Energy Resources Inc. <sup>2/</sup>	12.16		123,315,200.00										borrowing cost of the lender
3.4 Long term loan to be repaid within one year	Gulf Agency Company (Thailand) Ltd. Thoresen-Vinama Agencies Co., Ltd. <sup>1/</sup>	51 24.15	3,323,000.00									31,251,000.00		borrowing cost of the lender
3.5 Long term loan to associated companies	SKI Energy Resources Inc. <sup>2/</sup>	12.16		548,752,640.00										borrowing cost of the lender

<sup>1/</sup> Indirectly held by Thoresen (Indochina) S.A.<sup>2/</sup> Indirectly held by Merton Group (Cyprus) Ltd.

# Company Investments

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
<b>Transport Group</b>						
<b>Type of Business : International Maritime Transportation</b>						
1.	Thoresen & Company (Bangkok) Limited 26/26-27 Orakarn Building, 8 <sup>th</sup> Floor Chidlom Road, Lumpinee, Pathumwan Bangkok 10330 Tel. : +66 (0) 2250-0569	Ordinary Preference	9,470,000 3,030,000	9,470,000 3,029,994	99.9	10
2.	Thor Jupiter Shipping Co., Ltd.	Ordinary	974,000	973,993	99.9	100
3.	Thor Wind Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
4.	Thor Wave Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
5.	Thor Harmony Shipping Co., Ltd.	Ordinary	3,500,000	3,499,993	99.9	100
6.	Thor Dynamic Shipping Co., Ltd.	Ordinary	3,600,000	3,599,993	99.9	100
7.	Thor Integrity Shipping Co., Ltd.	Ordinary	3,850,000	3,849,993	99.9	100
8.	Thor Enterprise Shipping Co., Ltd.	Ordinary	6,300,000	6,299,993	99.9	100
9.	Thor Energy Shipping Co., Ltd.	Ordinary	10,000,000	9,999,993	99.9	100
10.	Thor Endeavour Shipping Co., Ltd.	Ordinary	11,000,000	10,999,993	99.9	100
11.	Thor Merchant Shipping Co., Ltd.	Ordinary	200,000	199,994	99.9	100
12.	Hermes Shipping Co., Ltd.	Ordinary	270,000	269,994	99.9	100
13.	Thor Star Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
14.	Thor Skipper Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
15.	Thor Sailor Shipping Co., Ltd.	Ordinary	300,000	299,993	99.9	100
16.	Thor Mariner Shipping Co., Ltd.	Ordinary	350,000	349,994	99.9	100
17.	Thor Sun Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
18.	Thor Spirit Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
19.	Thor Sky Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
20.	Thor Sea Shipping Co., Ltd.	Ordinary	400,000	399,993	99.9	100
21.	Thor Trader Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
22.	Thor Traveller Shipping Co., Ltd.	Ordinary	450,000	449,993	99.9	100
23.	Thor Orchid Shipping Co., Ltd.	Ordinary	472,500	472,493	99.9	100
24.	Thor Confidence Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
25.	Thor Nautilus Shipping Co., Ltd.	Ordinary	500,000	499,993	99.9	100
26.	Thor Mercury Shipping Co., Ltd.	Ordinary	600,000	599,994	99.9	100
27.	Thor Triumph Shipping Co., Ltd.	Ordinary	600,000	599,993	99.9	100

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
28.	Thor Lotus Shipping Co., Ltd.	Ordinary	630,000	629,993	99.9	100
29.	Thor Jasmine Shipping Co., Ltd.	Ordinary	700,000	699,993	99.9	100
30.	Thor Champion Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
31.	Thor Venture Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
32.	Thor Guardian Shipping Co., Ltd.	Ordinary	750,000	749,993	99.9	100
33.	Thor Nautica Shipping Co., Ltd.	Ordinary	753,000	752,993	99.9	100
34.	Thor Pilot Shipping Co., Ltd.	Ordinary	800,000	799,993	99.9	100
35.	Thor Navigator Shipping Co., Ltd.	Ordinary	990,000	989,993	99.9	100
36.	Thor Transit Shipping Co., Ltd.	Ordinary	1,000,000	999,993	99.9	100
37.	Thor Alliance Shipping Co., Ltd.	Ordinary	1,060,000	1,059,993	99.9	100
38.	Thor Commander Shipping Co., Ltd.	Ordinary	1,150,000	1,149,993	99.9	100
39.	Thor Tribute Shipping Co., Ltd.	Ordinary	1,170,000	1,169,993	99.9	100
40.	Thor Neptune Shipping Co., Ltd.	Ordinary	1,380,000	1,379,993	99.9	100
41.	Thor Captain Shipping Co., Ltd.	Ordinary	1,530,000	1,529,994	99.9	100
42.	Thor Nexus Shipping Co., Ltd.	Ordinary	1,857,000	1,856,993	99.9	100
43.	Thor Master Shipping Co., Ltd.	Ordinary	1,880,000	1,879,993	99.9	100
44.	Thor Transporter Shipping Co., Ltd.	Ordinary	2,000,000	1,999,993	99.9	100
45.	Thor Nereus Shipping Co., Ltd.	Ordinary	2,128,000	2,127,993	99.9	100
46.	Thor Nectar Shipping Co., Ltd.	Ordinary	2,541,000	2,540,993	99.9	100

Note : The registered office address of companies in items No. 2-46 is 26/32 Orakarn Building, 10<sup>th</sup> Floor, Soi Chidlom Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569

#### Type of Business : International Maritime Transportation

47.	Thoresen Chartering (HK) Limited Suite B, 12 <sup>th</sup> Floor, Two Chinachem Plaza 135 Des Voeux Road Central, Hong Kong	Ordinary	500,000	499,999	99.99	HKD 1
48.	Thoresen Shipping Singapore Pte. Ltd. 78 Shenton Way, #04-02 Singapore 079120 Tel. : +65 6578-7000	Ordinary	272,828,400	272,828,400	100.0	SGD 1
49.	Thoresen Shipping Germany GmbH Stavendamm 4a, 28195 Bremen, Germany Tel. : 421 336 52 22	Ordinary	25,000	25,000	100.0	Euro 1
50.	PT Perusahaan Pelayaran Equinox Globe Building 4 <sup>th</sup> & 5 <sup>th</sup> floor Jalan Bancit Raya Kav.31-33, Jakarta Indonesia 12740 Tel: +6221 7918 7006	Ordinary	24,510	12,010	49.0	1,000,000 Rupiah

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
<b>Type of Business : Ship Agency</b>						
51.	Thoresen Shipping and Logistics Ltd. 26/26-27 Orakarn Building, 8 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2254-0266	Ordinary	500,000	245,000	49.0	100
52.	Gulf Agency Company (Thailand) Ltd. 26/30-31 Orakarn Building, 9 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2650-7400	Ordinary	22,000	11,215	51.0	1,000
53.	Thoresen Shipping FZE 1901-19 <sup>th</sup> Floor, Golden Tower Opp. Marbella Resort, Al Buhairah Corniche Road, Sharjah, UAE. Tel. : 971-6-574 2244	Ordinary	1	1	100.0	550,550 Dirhams
54.	Thoresen (Indochina) S.A. 17 <sup>th</sup> Floor, Petroland Tower 12 Tan Trao Street, Tan Phu Ward, District 7 Ho Chi Min City, Vietnam Tel. : +84 8 5411 1919	Ordinary	2,500	1,250	50.0	USD 100
<b>Type of Business : Ship Brokerage</b>						
55.	Fearnleys (Thailand) Ltd. 26/55 Orakarn Building, 15 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2253-6160	Ordinary	135,000	66,144	49.0	100
56.	Thoresen Chartering (Pte) Ltd. 78 Shenton Way, #04-02 Singapore 079120 Tel. : +65 6578-7000	Ordinary	100,000	100,000	100.0	SGD 1
<b>Type of Business : Oil and Gas Tankering Business</b>						
57.	Petrolift Inc. 6 <sup>th</sup> Floor, Mapfre Insular Corporate Center Madrigal Business Park I, 1220 Acacia Avenue, Ayala Alabang Muntinlupa City, Philippines	Ordinary	1,259,350,452	503,740,176	40.0 <sup>1</sup>	1 Philippines Peso

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
<b>Energy Group</b>						
<b>Type of Business : Offshore Services</b>						
58.	Mermaid Maritime Public Company Limited 26/28-29 Orakarn Building, 9 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2255-3115-6	Ordinary	784,747,743	277,823,871 170,590,470 <sup>1</sup>	57.14	1
<b>Type of Business : Coal Mining Business</b>						
59.	Merton Group (Cyprus) Ltd. Nikou Kranidioti 7D, Tower 4, 3 <sup>rd</sup> Floor Flat/Office 302, Egkomi, PC 2411 Nicosia, Cyprus	Ordinary	17,900	4,352	24.31 <sup>1</sup>	USD 1
60.	Qing Mei Pte. Ltd. 24 Duxton Hill Singapore 089607	Ordinary	9,000,000	3,000,000	33.33 <sup>1</sup>	USD 1
<b>Infrastructure Group</b>						
<b>Type of Business : Ship Supplies, Logistics, Ship Stevedoring and Transportation</b>						
61.	Chidlom Marine Services & Supplies Ltd. 26/22-23 Orakarn Building, 7 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2250-0569	Ordinary	700,000	699,993	99.9	100
62.	GAC Thoresen Logistics Ltd. 26/30-31 Orakarn Building, 9 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 3818-5090-2	Ordinary	750,000	382,496	51.0	100
<b>Type of Business : Port Operations</b>						
63.	Sharjah Ports Services LLC P.O.Box 510, Port Khalid Sharjah, United Arab Emirates Tel. : 971-6-528 1327	Ordinary	26,000	12,740	49.0 <sup>2</sup>	100 Dirhams
64.	Baria Serece Phu My Borough, Tan Thanh District Baria Vung Tau Province, Vietnam Tel. : +84.64.3876603	Ordinary	2,039,080	407,816	20.0 <sup>1</sup>	VND 100,000

No.	Name of Company	Type of Shares	# of Issued Shares	# of Invested Shares	% of Holding	Par Value
Type of Business : Coal Logistics Business						
65.	Unique Mining Services Public Company Limited 36/83 P.S. Tower Building, 24 <sup>th</sup> Floor Soi Sukhumvit 21, Sukhumvit Road Klongtoey, Wattana, Bangkok 10110 Tel. : +66 (0) 2664-1701-8	Ordinary	153,454,064	136,083,041	88.68 <sup>/3</sup>	0.50
Type of Business : Fertilisers Business						
66.	Baconco Co., Ltd. Phu My I Industrial Park, Tan Thanh Town Baria Vung Tau Province, Vietnam Tel. : 064.893 400	Paid up capital is VND 377,072,638,790			100.0 <sup>/1</sup>	-
Holding Group						
Type of Business : Holding Company						
67.	Soleado Holdings Pte. Ltd. 78 Shenton Way, #04-02 Singapore 079120 Tel. : +65 6578-7000	Ordinary	130,000,000	130,000,000	100.0	SGD 1
68.	Athene Holdings Ltd. 26/32 Orakarn Building, 10 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2254-8437	Ordinary	1,000,000	999,993	100.0	100
Others						
Type of Business : Service Provider						
69.	Thoresen Services Center Ltd. 26/22-23 Orakarn Building, 7th Floor Soi Chidlom, Ploenchit Road, Lumpinee Pathumwan, Bangkok 10330 Tel. : +66 (0) 2254-8437	Ordinary	60,000,000	599,993	99.9	100
<b>Note:</b> <sup>/1</sup> indirectly held by Soleado Holdings Pte. Ltd. <sup>/2</sup> indirectly held by Thoresen Shipping FZE <sup>/3</sup> indirectly held by Athene Holdings Ltd.						

# Glossary of Maritime Terms

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

<b>Annual Survey</b>	The inspection of a vessel by a classification society that takes place every year.
<b>Bareboat Charter</b>	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 and crewing.
<b>Bulk Vessels/Carriers</b>	Vessels which are specially designed and built to carry large volumes of cargo in bulk cargo form.
<b>Capesize</b>	A dry bulk carrier in excess of 100,000 dwt.
<b>Charter</b>	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.
<b>Charterer</b>	The individual or company hiring a vessel.
<b>Charter Hire Rate</b>	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.
<b>Classification Society</b>	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.
<b>Deadweight Tonne ("dwt")</b>	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.
<b>Deepwater</b>	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.
<b>Dive Support Vessel</b>	Specially equipped vessel that performs services and acts as an operational base for divers, remotely operated vehicles, and specialised equipment.

<b>DP-2</b>	Two dynamic positioning systems on a vessel allows the vessel to maintain position even with failure of one DP system, which is required for vessels that support both air and saturation diving and remotely operated vehicles, and for those working in close proximity to platforms.
<b>Draft</b>	Vertical distance between the waterline and the bottom of the vessel's keel.
<b>Dry Bulk</b>	Non-liquid cargoes of commodities shipped in an unpackaged state.
<b>Dry-docking</b>	The removal of a vessel or drilling rig from the water for inspection and / or repair of submerged parts.
<b>Dynamic Position ("DP")</b>	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.
<b>Gross Tonne</b>	Unit of 100 cubic feet or 2.831 cubic meters used in arriving at the calculation of gross tonnage.
<b>Handymax</b>	A dry bulk carrier of approximately 35,000 to 60,000 dwt.
<b>Handysize</b>	A dry bulk carrier having a carrying capacity of up to approximately 35,000 dwt.
<b>Hull</b>	The shell or body of a vessel.
<b>International Maritime Organisation ("IMO")</b>	A United Nations agency that issues international trade standards for shipping.
<b>Intermediate Survey</b>	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.
<b>ISM Code</b>	The International Management Code for the Safe Operation of Ships and for Pollution Prevention, as adopted by the IMO.
<b>Metric Tonne</b>	A unit of measurement equal to 1,000 kilograms.
<b>Moonpool</b>	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.
<b>Newbuilding</b>	A newly constructed vessel.
<b>Orderbook</b>	A reference to currently placed orders for the construction of vessels or drilling rigs (e.g., the Handymax orderbook).
<b>Panamax</b>	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.
<b>Protection &amp; Indemnity Insurance</b>	Insurance obtained through a mutual association formed by vessel owners to provide liability insurance protection from large financial loss to one member through contributions towards that loss by all members.
<b>Remotely Operated Vehicles ("ROV")</b>	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.
<b>Saturation Diving</b>	Saturation diving involves divers working from special chambers for extended periods at a pressure equivalent to the pressure at the work site.

<b>Scrapping</b>	The disposal of old or damaged vessel tonnage by way of sale as scrap metal.
<b>Short-Term Time Charter</b>	A time charter which lasts less than approximately twelve months.
<b>Sister Ships</b>	Vessels of the same class and specification which were built by the same shipyard.
<b>SOLAS</b>	The International Convention for the Safety of Life at Sea 1974, as amended, adopted by the IMO.
<b>Special Survey</b>	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.
<b>Spot Market</b>	The market for immediate chartering of a vessel usually for single voyages.
<b>Strict Liability</b>	Liability that is imposed without regard to fault.
<b>Subsea Construction Vessel</b>	These vessels provide an above-water platform with distinguishing characteristics such 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.
<b>Tender Rigs</b>	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.
<b>Time Charter</b>	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.
<b>Voyage Charter</b>	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.

## Glossary of Coal Terms

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

<b>Anthracite</b>	Coals with a volatile-carbon ratio equal to 0.12 or less. It has a bright black luster and is coal of the highest rank.
<b>Ash</b>	Inorganic residue after incineration of coal.
<b>Bituminous Coal</b>	A general term descriptive of coal intermediate in rank between sub bituminous and semi-anthracite and including coking coals. Bituminous coals may be either bright or dull and are usually banded in appearance.

<b>Black Coal</b>	A general term for coal of either sub-bituminous, bituminous or anthracite rank.
<b>Brown Coal</b>	Coal of the lowest rank, of a soft friable nature and high moisture in the air-dried sample.
<b>BTU</b>	(British Thermal Unit) the quantity of heat required to raise the temperature of one pound of distilled water 1°F at its point of maximum density.
<b>Calorific Value</b>	Quantity of heat produced when a unit weight of coal burns. Calorific value is measured in British thermal units per pound or calories per gram.
<b>Carbons Content</b>	The amount of carbon in coal.
<b>Coal Blending</b>	Coal that is mixed in predetermined and controlled quantities to give a uniform feed or product.
<b>Coal Dust</b>	Particles of coal that can pass a No. 20 sieve.
<b>Coal Handling and Preparation Plant</b>	A plant used to upgrade the quality of coal including crushing, sizing and drying - usually refers to the reduction of ash forming mineral in coal.
<b>Coal Mine</b>	An area of land and all structures, facilities, machinery, tools, equipment, shafts, slopes, tunnels, excavations and other property, real or personal, placed upon, under or above the surface of such land by any person, used in, or to be used in, or resulting from the work of extracting in such area bituminous coal, lignite, or anthracite from its natural deposits in the earth by any means or method and the work of preparing the coal so extracted and includes custom coal preparation facilities.
<b>Coal Reserve</b>	The economically mineable part of the coal resource, as defined in the JORC Code. It includes diluting materials and allowances for losses.
<b>Coal Resource</b>	Coal in the ground with reasonable prospects for eventual economic extraction, as defined in the JORC Code.
<b>Coking Coal</b>	Coal which is suitable for coke making and used in the production of metallurgical coke.
<b>CV</b>	Calorific Value basis (GAD, NAR, or GAR).
<b>Energy Coal</b>	Coal used to provide heat for steam rising as part of the electricity generation process.
<b>GAD</b>	Gross air dried.
<b>GAR</b>	Gross as received.
<b>Hard Coking Coal</b>	Coals which make hard coke when carbonised in the coke oven.
<b>HGI</b>	Hardgrove Grind ability Index - ease of pulverisation (e.g. 30 is very hard, 70 is soft).
<b>JORC Code</b>	2004 Australasian Code for Reporting Identified Mineral Resources and ore Reserves. Australian mining exploration and production companies are bound to produce Resource and Reserves Statements using the JORC Code in accordance with the listing Rules of the Australian Stock Exchange.
<b>Lignite</b>	A brownish-black coal composed of vegetable matter which has been altered more than in peat, but less than in sub-bituminous coal.
<b>Metallurgical Coal</b>	Coals which are consumed in the production of pig iron, either via the coke oven process, direct injection (PCI) or by direct reduction.
<b>NAR</b>	Net as received.

<b>Peat</b>	A dark brown or black deposit resulting from the partial decomposition of vegetal matter in marshes and swamps. It is the first step in the formation of coal.
<b>Proximate Analysis</b>	The analysis of coal or coke in terms of moisture, ash, volatile matter and (by difference) fixed carbon.
<b>Recoverable Reserve</b>	Similar to coal reserve, a term used to describe the amount of coal that can physically be mined from a reserve at an acceptable cost, as defined in the JORC Code.
<b>Specific Energy (Calorific Value)</b>	The energy in kilocalories released per kg of coal burned.
<b>Steaming Coal</b>	Coal used to provide heat for steam raising as part of the electricity generation process.
<b>Sulphur</b>	Forms sulphur dioxide during coal combustion.
<b>Thermal Coal</b>	Coals which are normally used for the generation of heat for steam raising and other general industry applications. These coals generally do not exhibit any coking properties and therefore would not make coke in a conventional coke oven. However, thermal coals can be used as PCI Coals provided they have levels of ash, moisture, volatile matter and sulphur which make them suitable for the production of blast furnace pig iron.
<b>Ultimate Analysis</b>	The analysis of a coal expressed in terms of carbon, hydrogen, nitrogen, sulphur and oxygen. High nitrogen and sulphur contents can create high levels of NO <sub>x</sub> and SO <sub>x</sub> which are serious pollutants.
<b>VM (Volatile Matter)</b>	the percentage of coal which is lost as volatile matter (gases) when coal is incinerated under standard conditions.

## Glossary of Fertiliser Terms

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

<b>Urea</b>	the most common nitrogen fertiliser in the world. Formula CO(NH <sub>2</sub> ) <sub>2</sub> , can be prilled or granular, and obtained by chemical process (natural gas into ammonia, and then urea).
<b>DAP</b>	very common phosphate fertiliser, the diammonium phosphate (NH <sub>4</sub> ) <sub>2</sub> H <sub>2</sub> PO <sub>4</sub> is obtained from the chemical transformation of natural rock phosphate (mining origin).
<b>Potash</b>	used to mention potassium chloride (KCL), salt of potassium obtained by mining and chemical transformation to refine and remove the sodium salts.
<b>NPK</b>	Stands for "Nitrogen Phosphorus Potassium", used to mention the compound fertilisers associating the three main fertilising nutrients, to be differentiated from the single fertilisers.
<b>USP</b>	"Urea Super phosphate": a patented chemical process using urea, sulfuric acid and rock phosphate, to manufacture a compound fertiliser NPK 20-10-0 + 15 CaO + 7S.
<b>Blending</b>	or "bulk blending" is a physical process mixing single fertilisers together to obtain NPK fertilisers.
<b>Granulation</b>	process using steam, water and heat to manufacture NPK fertilisers, thereafter called granulated fertilisers.
<b>Compaction</b>	process using heat and pressure to manufacture NPK fertilisers, thereafter called compacted fertilisers.

# The Company

As of 30 September 2012

<b>Name of Company</b>	Thoresen Thai Agencies Public Company Limited
<b>Registration No.</b>	0107537002737
<b>Date of Establishment</b>	16 August 1983
<b>Date of Conversion to Public Company Limited</b>	15 December 1994
<b>Date of Listing Ordinary Shares in SET</b>	25 September 1995
<b>Address</b>	26/26-27 Orakarn Building, 8 <sup>th</sup> Floor Soi Chidlom, Ploenchit Road, Lumpinee, Pathumwan Bangkok 10330, Thailand Telephone : +66 (0) 2254-8437 Website: <a href="http://www.thoresen.com">http://www.thoresen.com</a>
<b>Type of Business</b>	Holding company with 3 lines of business: Transport, Energy, and Infrastructure
<b>Ordinary Shares :</b>	
<b>Registered Capital</b>	Baht 783,004,413
<b>Paid up Capital</b>	Baht 708,004,413
<b>No. of Issued Shares</b>	708,004,413 ordinary shares
<b>Par Value/ Share</b>	Baht 1
<b>Domestic Debentures :</b>	
<b>Issued Domestic Debentures</b>	Tranche 1 : Baht 2,000,000,000, with 5-year term Tranche 2 : Baht 2,000,000,000, with 7-year term
<b>Date of Listing Domestic Debentures in Thai Bond Market Association</b>	9 July 2010
<b>Securities Registrar of Ordinary Shares</b>	Thailand Securities Depository Co., Ltd. Capital Market Academy Building 2/7 Moo 4, North Park Project Vibhavadi-Rangsit Road, Bangkok 10210, Thailand Telephone : +66 (0) 2596-9000

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**THORESEN THAI AGENCIES PLC.**

**Thoresen Thai Agencies Public Company Limited**

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