



Ref No. COR:MS/EL13014e/UP

TTA: Thoresen Thai Agencies Public Company Limited

2QFY13 Earnings Release

Jan 2013 - Mar 2013

Date: 16 May 2013
 Subject: Second Quarter 2013 Financial Results
 To: The President of the Stock Exchange of Thailand

Thoresen Thai Agencies Public Company Limited (“TTA”) reports net losses of Baht 257 million and losses per share of Baht 0.33 for the three-month period from 1 January 2013 to 31 March 2013 (“2QFY13”). This compares with net losses and losses per share of Baht 205 million and Baht 0.29, respectively for the three-month period from 1 January 2012 to 31 March 2012 (“2QFY12”).

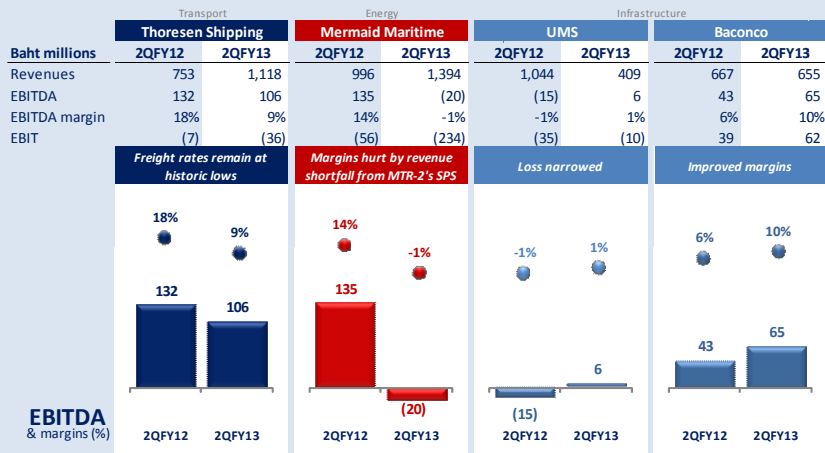
Executive Summary Performance Overview

Income statement

Baht millions	2QFY12	1QFY13	2QFY13	%yoy	%qoq
Revenues	3,529	4,183	3,657	4%	-13%
Freight charges	753	1,211	1,118	49%	-8%
Offshore services	996	1,618	1,394	40%	-14%
Sales	1,705	1,269	1,059	-38%	-17%
Costs	2,819	3,341	3,098	10%	-7%
Gross profits	710	843	559	-21%	-34%
SG&A	472	455	476	1%	5%
EBITDA	238	388	83	-65%	-79%
Depreciation & Amortisation	424	432	434		
Other income	40	38	36		
Equity income	38	26	9	-77%	-67%
EBIT	(108)	20	(306)	-184%	-1635%
Profits before EI	(264)	(167)	(439)	-66%	-163%
Extraordinary items	(36)	29	21		
Minority interests	51	(11)	56		
Forex translation	43	10	105		
Net profit	(205)	(138)	(257)	-25%	-86%
No. of shares (million)	708	708	774		
Basic EPS (Baht)	(0.29)	(0.19)	(0.33)		

Overall results were weaker year-on-year (“yoy”), due mainly to the lower freight rate environment at Thoresen Shipping and unavailability of key assets at Mermaid Maritime Plc. (“Mermaid”).

- **Thoresen Shipping’s** Time Charter Equivalent (“TCE”) fell along with overall market freight rates but outperformed its key benchmark. TCE rates exceeded cash operating costs but remained below EBIT breakeven level.
- **Mermaid** reported losses as MTR-2, which was dry docked in a special periodic survey (SPS) throughout 2QFY12, generated no revenue but still incurred operating expenses. Three other vessels, Mermaid Commander, Mermaid Asiana, and M.V. Endeavour, were also dry docked during the past quarter. Contributions from the diving services contract with Saudi Arabian Oil Company (“Saudi Aramco”) began but were not enough to offset the revenue shortfalls.
- **Unique Mining Services Plc. (“UMS”)** still operated from a single plant in 2QFY13. EBIT losses narrowed to Baht 10 million, compared to 2QFY12.
- **Baconco’s** net profit was up on better gross margins from lower raw material prices. The new 27,000 sq. m. warehouse, launched in February, is starting to make positive contributions.





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- Consolidated revenues improved 4% yoy to Baht 3,657 million, driven by substantially higher vessel days as Thoresen Shipping chartered-in more vessels and the contribution from the diving services contract with Saudi Aramco at Mermaid. These improvements were offset by lower revenues at UMS and Baconco. Had MTR-2 generated revenue during the quarter, revenues could have been higher by some Baht 236 million (assuming a rate of USD 88,000 per day).
- Consolidated costs climbed 10% yoy to Baht 3,098 million, as Thoresen Shipping's vessel days increased and Mermaid incurred additional costs to service the Saudi Aramco contract, while MTR-2's operating expenses was mostly maintained. As a result, consolidated gross profits fell to Baht 559 million from Baht 710 million in 2QFY12.
- With SG&A practically unchanged yoy, EBITDA narrowed to Baht 83 million from Baht 238 million a year ago.
- Equity income declined 77% yoy to Baht 9 million, primarily due to losses in Mermaid's 33.8% owned associate, Asia Offshore Drilling Ltd. ("AOD"), and lower contributions from Petrolift. Administrative costs for the start-up of the three jack-up rigs caused losses at AOD, while an offhire tanker caused a drop in Petrolift's net profit in 2QFY13. All in, EBIT loss was Baht 306 million, compared to Baht 108 million in 2QFY12.
- The Baht 21 million extraordinary gains came from a refund of cancellation fee that Thoresen Shipping received from a supplier and gains from swap agreements.

Performance Overview by Business Group

Revenue contribution by business line

Baht millions	2QFY12	1QFY13	2QFY13	%yoy	%qoq
Transport	768	1,226	1,137	48%	-7%
Infrastructure	1,765	1,339	1,125	-36%	-16%
Energy	996	1,618	1,394	40%	-14%
Corporate*	-	(0)	-		
Total revenue	3,529	4,183	3,657	4%	-13%

Net profit contribution by business line

Baht millions	2QFY12	1QFY13	2QFY13	%yoy	%qoq
Transport	(7)	(54)	(28)	-323%	48%
Infrastructure	3	84	38	1088%	-54%
Energy	(68)	14	(72)	-5%	-601%
Corporate*	(134)	(182)	(195)	-46%	-7%
Net profit	(205)	(138)	(257)	-25%	-86%

* Corporate = TTA, the holding company, and inter-company eliminations

Group Transport

Dry bulk shipping companies continue to weather a tough operating environment, as the industry is at or near the bottom of the cycle in 2013. A prolonged industry downturn, however, presents a good time to rebuild the fleet at the bottom of the asset cycle. Thoresen Shipping aims to capitalise on this opportunity, starting with the recent acquisition of M.V. Simurgh.

Group Infrastructure

The shutdown order of UMS' Samut Sakorn facility was recently lifted, and UMS is expected to regain a partial logistics efficiency once the plant is reopened. Baconco continues to generate strong profits and cash flows, which are being used to invest in a fully integrated logistics services in South Vietnam.

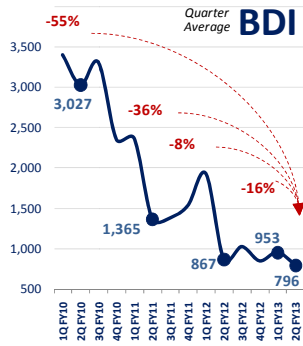
Group Energy

Offshore services sector is a beneficiary of a cyclical upturn of oil and gas industry. As evidenced by recent contract awards, Mermaid's assets, particularly its subsea vessels, are being better utilised and generating higher revenues and profits in the second half of FY13 onwards.



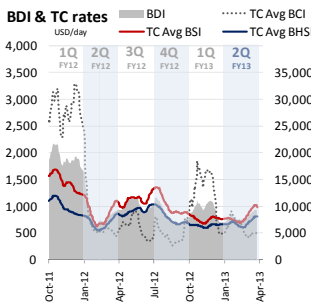
Group Transport Highlights

- Freight rates still under pressure; fleet growth slowing
- TCE too low to break even but outperformed benchmark
- Two vessels to be delivered in 3QFY13
- Industry prospects show gradual improvement



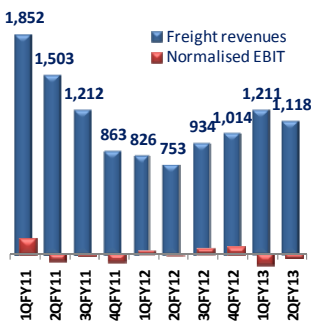
Freight rates still under pressure; fleet growth slowing

2QFY13 saw the Baltic Dry Index (“BDI”) average at only 796 points, down another 8% yoy from an already low 2QFY12, with the decline stemming mostly from the Capesize and Panamax segments. Compared with the previous quarter, BDI shed 16%. The Capesize TC rates averaged USD 6,058 per day in 2QFY13, plunging 53% qoq as the demand for these vessels fell alongside the seasonal drop in iron ore trade. For instance, Brazilian iron ore exports dropped 24% in January compared to the levels seen in late 2012, while Australian supplies declined by 8% over the same period. However, average TC rates for Supramax and Handysize actually climbed 6% qoq and 7% qoq, respectively, helped by a surge in Latin American grain exports. Brazil shipped out around 3.5 million tonnes of corn each month so far in 2013, roughly triple last year’s amount. Its soybean exports volume was also at record high. Even with the slight qoq increase, average TC rates of only USD 8,084 per day for Supramax and USD 6,875 per day for Handysize were still weak and many shipping companies are cash flow negative.



TCE too low to break even but outperformed benchmark

In the midst of this tough operating environment, Thoresen Shipping reported net losses of Baht 61 million in 2QFY13, compared to net losses of Baht 47 million in 2QFY12. Freight revenues of Baht 1,118 million were up 49% yoy mainly due to more chartering-in activity. During the quarter, Thoresen Shipping operated an average of 29.4 vessels (15.9 owned vessels and 13.5 chartered-in vessels), compared to an average of 16.3 vessels (14.4 owned vessels and 1.9 chartered-in vessels) in 2QFY12. The active chartering-in activity was to accommodate growing commercial relationships.



Thoresen Shipping’s TCE rates were down 9% yoy but up 15% qoq, moving largely in the same direction as the Supramax market (“BSI”), which is Thoresen Shipping’s benchmark. Yet, 2QFY13 TCE of USD 8,665 per day still outperformed average Supramax TC rate by 7%, despite the fact that Thoresen Shipping’s revenue capacity of the fleet is only 90% of the BSI. Once adjusted, Thoresen Shipping’s TCE outperformed the BSI by an impressive 19%.

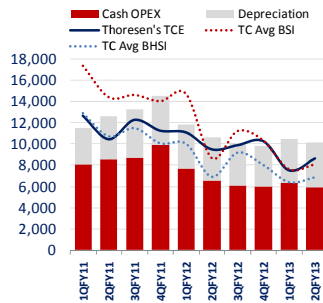
The chartered-in TCE rate of -USD 273 per day in 2QFY13 reflected the initial investment period, typical for the first few legs of chartered-in vessels before they are positioned in the higher yielding transatlantic routes. The contribution from the chartered-in portfolio is expected to improve over the next two quarters, as these vessels are relocated to high yielding regions. To better penetrate the Atlantic market, a commercial office was set up in Copenhagen in early January 2013 with two experienced professionals. This is in addition to the existing commercial team in Singapore.

Thoresen Shipping’s cost control efforts have been sustained in 2QFY13. Owner expenses, the largest portion of cash operating expenses, were at USD 3,986 per



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Cash OPEX includes:

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

day, up 6% yoy due to crew performance bonuses but down 6% qoq on lower technical expenses. This was still well below the industry average of USD 4,500-4,600 per day. Dry-docking expenses continued to trend down from over USD 1,500 per day in 1QFY11 to USD 658 per day in 2QFY13, a result of younger fleet and diligent on-board maintenance by the crew. The total per-day costs, including depreciation, stood at USD 10,130 in 2QFY13 (down 5% yoy and 3% qoq), down from the peak of over USD 14,000 in 4QFY11 but still higher than TCE for the quarter. As a result, Thoresen Shipping reported EBIT losses of Baht 36 million. But with per-day cash operating expenses of less than USD 6,000, Thoresen Shipping still managed to generate some cash profits (positive EBITDA of Baht 106 million) in the weak freight rate environment. With this lean cost structure, Thoresen Shipping is well positioned to make profits when the freight rates improve.

Thoresen Shipping's income statement*

Baht millions	2QFY12	1QFY13	2QFY13	%yoy	%qoq
Total revenues	753	1,211	1,118	49%	-8%
Total costs	553	1,102	947	71%	-14%
Gross profits	200	109	171	-14%	57%
%Gross margins	27%	9%	15%	-11%	6%
SG&A	68	65	65	-4%	0%
EBITDA	132	44	106	-20%	144%
%EBITDA margins	18%	4%	9%	-8%	6%
EBIT	(7)	(94)	(36)	-389%	62%

*as consolidated on TTA's P&L

Average Daily Operating Results (USD/Day)

USD/Day	2Q FY12	1Q FY13	2Q FY13	%yoy	%qoq	
USD/THB Rate (Daily Average)		31.00	30.68	29.80	-4%	-3%
Time charter equivalent (TCE Rate)*		\$9,515	\$7,540	\$8,665	-9%	15%
TCE Rate of Owned Fleet		\$9,673	\$7,759	\$8,938	-8%	15%
TCE Rate of Chartered-In		-\$158	-\$218	-\$273	-73%	-25%
Vessel operating expenses (owner expenses)		\$3,773	\$4,257	\$3,986	6%	-6%
Dry-docking expenses		\$925	\$812	\$658	-29%	-19%
General and administrative expenses		\$1,639	\$1,484	\$1,529	-7%	3%
Financial costs, net		\$207	-\$211	-\$256	-224%	-21%
Depreciation		\$4,087	\$4,087	\$4,213	3%	3%
Operating earnings*		-\$1,116	-\$2,889	-\$1,465	-31%	49%

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

**Restated in compliance with IFRS

Fleet data summary

	2Q FY12	1Q FY13	2Q FY13	%yoy	%qoq
Average DWT	43,925	45,532	45,593	4%	0%
Calendar days for owned fleet ⁽¹⁾	1,365	1,493	1,440	5%	-4%
Available service days for owned fleet ⁽²⁾	1,339	1,437	1,436	7%	0%
Operating days for owned fleet ⁽³⁾	1,308	1,437	1,428	9%	-1%
Owned fleet utilisation ⁽⁴⁾	97.7%	100.0%	99.5%	2%	0%
Voyage days for chartered-in fleet	171	1,189	1,216	610%	2%
Average number of vessels ⁽⁵⁾	16.3	28.5	29.4	81%	3%

Note:

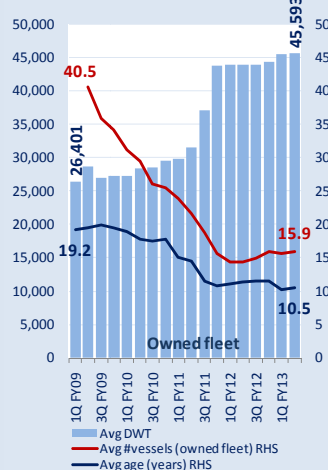
(1) Calendar days are the total calendar days TTA owned the vessels in our fleet for the relevant period, including off hire days associated with major repairs, dry dockings, or special or intermediate surveys.

(2) Available service days are calendar days⁽¹⁾ less planned off hire days associated with major repairs, dry dockings, or special or intermediate surveys.

(3) Operating days are the available days⁽²⁾ less unplanned off-hire days, which occurred during the service voyage.

(4) Fleet utilisation is the percentage of time that our vessels generated revenues and is determined by dividing operating days by available service days for the relevant period.

(5) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the total operating days for owned fleet plus voyage days for chartered in fleet during the period divided by the number of calendar days in the relevant period.





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Two vessels to be delivered in 3QFY13

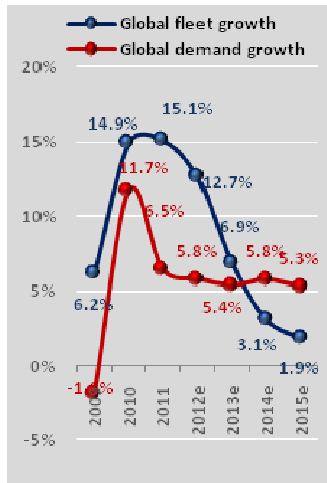
At the end of 2QFY13, Thoresen Shipping's owned fleet stood at 16 vessels (8 Handymax and 8 Supramax) with a DWT-weighted average age of 10.5 years and DWT-weighted average size of 45,593 DWT. Thoresen Shipping looks to capitalise on opportunities to rebuild and modernise its fleet at the bottom of the asset cycle to achieve significant long-term competitive advantages. A portion of TTA's recent rights offering proceeds, successfully completed in March 2013, would go towards financing the equity portion of Thoresen Shipping's vessel acquisitions. Securing the debt financing, however, remains a challenge, since the credit market is tight for the shipping industry.



Thoresen Shipping shall take delivery of 2 vessels in the second quarter of 2013, M.V. Simurgh and M.V. Thor Breeze. M.V. Simurgh is a 54,881-DWT second-hand Supramax built in November 2005 by Oshima. M.V. Thor Breeze is a 53,464-DWT new-build Supramax ordered from Vietnam Shipbuilding Industry Group ("Vinashin") in September 2007 and is the sister ship of M.V. Thor Brave, which was delivered in November 2012.

Industry prospects show gradual improvement

The January-March quarter is normally the low season for dry bulk shipping, and dry bulk freight rates typically rebound after Chinese New Year. So far into 3QFY13, BDI and TC rates for Supramax are around 10% and 16% above 2QFY13, respectively. This should create a more positive environment for shipping companies to operate in 3QFY13.



Source: Drewry and Marsoft

On the demand front, this year's strong Latin American grain harvest could see shipping activity, which typically peaks in April, remain high into May. This should give a slightly prolonged boost to Panamax, Supramax, and Handysize rates. That said, Marsoft expects the recent rally to lose some momentum going forward. This is due partly to continued fleet growth and partly to a flattening in grain trade activity and a reduction in port congestion. On the other hand, Marsoft expects global iron ore trade to gain momentum over the remaining months of 2013 after a sluggish start. This is expected to be partly driven by increasing Chinese imports. A gradual improvement in the global economy should also give a boost to trade demand outside of China as well.

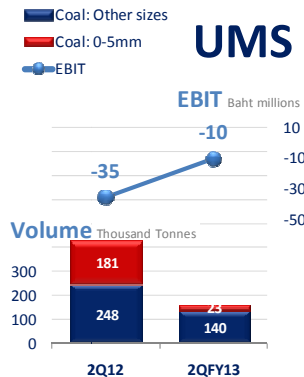
On the supply front, it is worth pointing out that ordering activity has picked up in 2QFY13, particularly in the Capesize sector. Twenty confirmed orders have been placed in January and February, along with options for many more. This is compared to 30 Capesize vessels ordered during all of 2012. Most of the ships ordered during the first few months of 2013 are due for delivery in 2015. Based on orders already placed, this could result in a less robust upturn over the next few years.

Despite the recent surge in ordering activity, slower dry bulk fleet growth is still very much in the cards over the next two years and this should pave the way for a broad-based market recovery. Specifically, after growing by 10% over the past twelve months, Marsoft forecasts the dry bulk fleet to expand at just half this pace over the next twelve months. Deliveries should slow dramatically over this period, falling from 95 million DWT to 67 million DWT, while scrapping should remain very high at 35 million DWT.



Group Infrastructure Highlights

- A challenging quarter at UMS
- Shutdown order lifted; Samut Sakorn Plant to reopen in 3QFY13
- Another good quarter at Baconco
- New warehouse launched in February



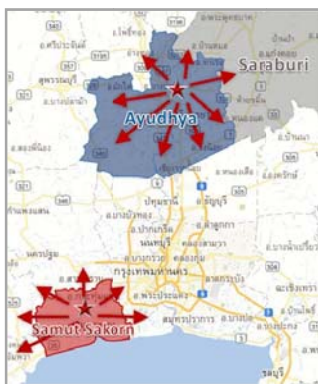
A challenging quarter at UMS

With its Samut Sakorn plant still closed, UMS continued to operate from its Ayudhaya plant only during 2QFY13. Revenues of Baht 409 million were a 61% decline from the same quarter last year and largely in line with the 62% yoy drop in coal sales. UMS sold approximately 163,000 tonnes of coal in 2QFY13, compared to about 428,000 tonnes a year ago. Relative to the previous quarter, revenue and sales volume were down 19% and 8%, respectively. UMS went through several quarters of aggressive 0-5mm coal sales to reduce its stockpile and meet one of the pre-conditions for the Samut Sakorn plant re-opening set forth by the Provincial Government. As the 0-5 mm coal sales decreased significantly during 2QFY13 to 23,000 tonnes, or 14% of UMS's total sales volume, compared to around 181,000 tonnes, or 42% of total sales volume in 2QFY12, gross margins improved 10 ppts yoy to 21%. EBITDA was Baht 6 million and EBIT losses were Baht 10 million, compared to EBITDA losses and EBIT losses of Baht 15 million and Baht 35 million a year ago, respectively. On TTA's consolidated income statement, UMS' net losses were Baht 16 million in 2QFY13, narrowing from Baht 43 million in 2QFY12.

UMS' income statement*

Baht millions	2QFY12	1QFY13	2QFY13	%yoy	%qoq
Total revenues	1,044	503	409	-61%	-19%
Total costs	930	383	323	-65%	-16%
Gross profits	114	120	87	-24%	-28%
%Gross margins	11%	24%	21%	10%	-3%
SG&A	129	82	81	-37%	-2%
EBITDA	(15)	38	6	141%	-84%
%EBITDA margins	-1%	8%	1%	3%	-6%
EBIT	(35)	22	(10)	72%	-146%

*as consolidated on TTA's P&L



Shutdown order lifted; Samut Sakorn Plant to reopen in 3QFY13

Following an arduous petition process and a tremendous effort on UMS' part to meet the pre-conditions for plant re-opening, the Provincial Government lifted the shutdown order of the Samut Sakorn facility on 29 April 2013, over 21 months after it was closed. UMS then promptly filed for the license to recommence operations of the plant from the Samut Sakorn Provincial Industry Office. The approval is expected by the end of May. Once approved, UMS will start to transport coal into Samut Sakorn plant for screening and distributing. Every effort has been made to ensure a smooth resumption of the plant's operations. However, UMS is yet to be allowed to use its own port at Samut Sakorn. As such, transport costs will not fall significantly until its own port is reopened. Although pre-plant closure logistics efficiency is not likely to be achieved in the near term, the situation is expected to be better than operating from a single facility and incurring "cross-border" transportation costs to truck coal from its Ayudhaya facility to serve customers in the Samut Sakorn area. UMS has already started looking for measures to alleviate the potential pressure on margin from the new logistics arrangement. This includes selling



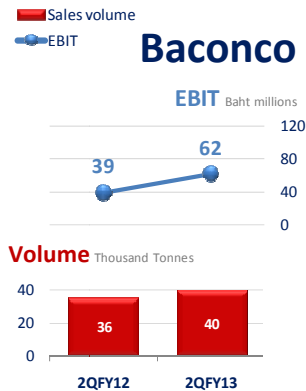
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more coal with higher calorific value, which generally commands better margins. Meanwhile, UMS is also exploring a number of initiatives to improve its long-term profitability. These initiatives will be announced in due course.

Another good quarter at Baconco

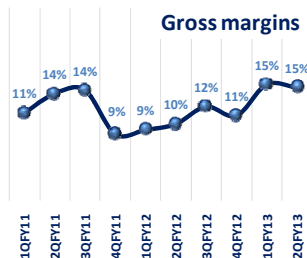
Baconco continued to report another good quarter in 2QFY13, contributing Baht 46 million net profits, up 31% yoy. Revenues of Baht 655 million were down 2% yoy primarily on the back of softer selling prices. During the quarter, Baconco sold almost 40,000 tonnes of fertilisers and crop care products, about 12% higher than the volume sold in the same quarter last year. NPK fertilisers made up approximately 95% of the volume sold. Despite relatively weaker selling prices, gross margins widened by 4.7 ppts yoy to 14.6%, owing largely to Baconco's ability to secure raw materials at lower prices. 2QFY13 EBITDA and EBIT were Baht 65 million and Baht 62 million, compared to Baht 43 million and Baht 39 million in the same quarter last year, respectively.



Baconco's income statement*

Baht millions	2QFY12	1QFY13	2QFY13	%yoy	%qoq
Total Revenues	667	770	655	-2%	-15%
Total costs	601	655	559	-7%	-15%
Gross profits	66	116	96	45%	-17%
%Gross margins	10%	15%	15%	5%	0%
SG&A	23	26	31	34%	20%
EBITDA	43	90	65	51%	-28%
%EBITDA margins	6%	12%	10%	3%	-2%
EBIT	39	87	62	58%	-29%

*as consolidated on TTA's P&L



Baconco strives to grow its business through both product innovations and geographic expansion. New formulas are regularly introduced, with recent launches including fertilisers specifically targeting coffee plantations. New export markets are being explored; Baconco now exports its products to countries in Southeast Asia and Africa. One of Baconco's key focuses this year is to increase its export sales. By better matching its USD-denominated revenue from exports with USD-denominated expense from raw material purchases, Baconco aims to minimise its exposure to USD-VND movements through a natural hedge.

New warehouse launched in February

Following the completion of a new 27,000 sq. m. warehouse Baconco 5 in January 2013, Baconco now boasts three warehouse facilities, Baconco 1, 3, and 5, with combined warehouse space of about 37,000 sq. m. and capacity to handle 140,000 metric tonnes of cargoes. Baconco 5 already enjoys a capacity utilisation of 75%. Overall, Baconco warehouses saw an impressive 80% capacity utilisation during the quarter. Driven by additional space, warehouse rental revenue surged by some 70% yoy in 2QFY13, but still contributed a small fraction of Baconco's top-line compared to fertilisers and crop care products. With Baconco 5 opened, TTA Group companies in Vietnam now operate total warehouse space of 53,000 sq. m., with capacity for almost 190,000 metric tonnes of cargoes.



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TTA is committed to our strategic drive to create a fully-integrated professional logistics services in Southern Vietnam. Through our investments in Baconco, Thoresen Vinama Logistics, and Baria Serece, TTA is uniquely positioned to offer a full range of logistics solution including sea and land transport, warehousing, bagging, forwarding, and custom clearance. These logistics services will support the continuing growth of Baria Serece, in which TTA owns a 20% stake. In 2QFY13, Baria Serece contributed Baht 7 million of equity income to TTA.



Group Energy Highlights

- Revenue shortfall as MTR-2 was on a special periodic survey
- Relatively positive outlook for both subsea and drilling businesses
- Capital raising plan announced in March

Revenue shortfall as MTR-2 was on a special periodic survey

Mermaid reported net losses of Baht 69 million in 2QFY13, as one of its two tender rigs was off hire all through the quarter. MTR-2 underwent its SPS from November 2012 until April 2013. As such, it did not generate any revenue but still incurred normal operating expenses in 2QFY13.

Total revenues of Baht 1,394 million increased 40% yoy, primarily due to the start of the Saudi Aramco diving services contract, but decreased 14% qoq as Mermaid suffered from unavailability of key assets. In 2QFY12, MTR-2 was going through its SPS requirements, M.V. Endeavour and Mermaid Commander were dry docked, and Mermaid Asiana was being refitted for the Saudi Aramco contract. Given that MTR-2's operating expenses were more or less maintained during the quarter while Mermaid had to incur additional costs to service the Saudi Aramco contract, costs surged 72% yoy to Baht 1,235 million. As a result, gross margins dropped 17 pts yoy to 11%. EBITDA losses and EBIT losses came in at Baht 20 million and Baht 234 million, respectively.

Assuming a rate of USD 88,000 per day for MTR-2, the revenue lost during the quarter could be Baht 236 million. The majority of this amount would have added to gross profits given that operating expenses for MTR-2 have already been accounted for.

Mermaid's income statement*

Baht millions	2QFY12	1QFY13	2QFY13	%yoy	%qoq
Total Revenues	996	1,618	1,394	40%	-14%
Total costs	716	1,186	1,235	72%	4%
Gross profits	280	432	159	-43%	-63%
%Gross margins	28%	27%	11%	-17%	-17%
SG&A	145	169	179	24%	6%
EBITDA	135	264	(20)	-115%	-107%
%EBITDA margins	14%	16%	-1%	-15%	-15%
EBIT	(56)	68	(234)	-322%	-446%

*as consolidated on TTA's P&L

Relatively positive outlook for both subsea and drilling businesses

2QFY13's weak financial performance belies Mermaid's relatively positive outlook. For the subsea business, Mermaid is employing its offshore vessels across different geographies at higher day rates, as it provides more value-added services. That said, some contracts are still short-term and subject to changes on short notice. Mermaid continues to focus on higher vessel yields and longer contract durations in growth areas, such as the Middle East and Europe. Given the increasingly stable global economic environment, Mermaid is cautiously optimistic that the outlook in the oil and gas industries will be positive over the next 12 months, which should translate into higher fleet utilisation and better day rates.

The outlook for drilling business is also positive. The tender rig market is a niche market with a global supply of around 35 units. The demand-supply dynamics of the tender rig market appears to be favourable as indicated by day rates and



Mermaid Asiana



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utilisation. On Mermaid's part, MTR-1 continues to operate as an accommodation barge support unit in Indonesia with its current contract expiring in July 2013. Mermaid is marketing MTR-1 for continued work as an accommodation barge support unit beyond this term. MTR-2 recently completed its compulsory special periodic survey in Singapore and will commence a 2-year drilling contract in Indonesia this week.

For jack-up rigs, the overall demand has improved globally. The demand for premium jack-up rigs has remained strong in all relevant regions, particularly in Asia and the Middle East. Mermaid expects to see positive contributions from its 33.8%-owned associate company Asia Offshore Drilling Limited ("AOD") next financial year onwards. AOD took delivery of its first two jack-up rigs, AOD I and AOD II, on 31 January and 17 April 2013, respectively. AOD I commenced its contract in April, while AOD II will commence by the end of June. The last rig, AOD III, is scheduled to be delivered in July 2013. As such, FY13 will see AOD focus on phased delivery, mobilisation and commencement of the contracts.

Capital raising plan announced in March

On 20 March 2013, Mermaid announced the plan to raise approximately SGD 176.1 million through a non-renounceable non-underwritten rights issue and private placement. Subject to the approval of the Singapore Stock Exchange, up to 628.8 million rights shares, representing 80% of Mermaid's existing share base, will be offered at an issue price of SGD 0.28 per share. The proceeds are expected to be used primarily for the acquisition of two new tender rigs and other investments. TTA has agreed to subscribe its rights shares in full.



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

Currently, dry bulk vessel prices have been decreasing as a result of the prolonged industry downturn caused by a severe supply-demand imbalance since 2008. At the same time, the oil and gas services sector, in which Mermaid operates, is showing signs of multi-year cyclical upturn as global exploration and production (“E&P”) spending by oil & gas companies continues to rise. The most recent survey by Dahlman Rose which covers 463 oil and gas companies predicts a 5.5% increase in the global E&P spending to a record USD 645 billion in 2013, particularly in Asia and the Middle East with growth rates in excess of 10%. The overall market is in the early to middle stages of a long up cycle, as the world oil price is expected to remain high.

There is little doubt that making timely investments in TTA’s core dry bulk shipping business and offshore services business today will bring significant returns in the future.

Yours faithfully,

Thoresen Thai Agencies Public Company Limited

M.L. Chandchutha Chandratat
President & Chief Executive Officer

Mrs. Thitima Rungkwansiroj
Executive Vice President
Corporate Finance and Accounting