Attachment 7

Disclosure of Information
Regarding the Purchase of Four New Build Vessels

Thoresen Thai Agencies Public Company Limited

(For Shareholders Approval)

THORESEN THAI AGENCIES PUBLIC COMPANY LIMITED
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Ref: COR:MS/L08012e/ms

10 January 2008

Subject : Disclosure of Information Regarding the Purchase of Four New Build Vessels
To : Shareholders

Thoresen Thai Agencies Public Company Limited ("the Company") confirms that Thoresen Shipping Singapore Pte. Ltd. ("TSS"), which is a wholly owned subsidiary of the Company, has agreed to enter into construction contracts (each, a "Contract") to build four new Handymax vessels. The total delivered cost of four vessels is USD157,568,000 which is equivalent to Baht 5,319,495,680, using a USD/THB exchange rate of 33.76.

The size of the transaction equals 18.90% of the total assets of the Company and its subsidiaries as of 30 September 2007 (the total assets of the Company and its subsidiaries as of 30 September 2007 amounted to Baht 28,143,963,088). When these transactions are included with other asset acquisition transactions in the past six months, there has been a 59.62% increase in the total assets of the Company and its subsidiaries as of 30 September 2007. Regulations consider these acquisitions as Class 1 transactions in accordance with the Rules, Procedures, and Disclosure of Information of the Stock Exchange of Thailand ("SET") regarding the Acquisition and Disposition of Assets of Listed Companies, the Company is required to prepare a report disclosing the transaction containing at least the information specified in Schedule 1 and then shall convene a shareholders meeting to approve the decision to enter into transaction without delay. A resolution of the shareholders' meeting of at least three-fourths (3/4) of the total number of votes of the shareholders who attend and have the right to vote, excluding the votes of interested shareholders, is required to approve such transaction.

Please be informed accordingly.

Yours faithfully,
Thoresen Thai Agencies Public Company Limited

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M.R. Chandram S. Chandratat	M.L. Chandchutha Chandratat
Chairman	Managing Director

Summary of Assets Acquisitions
Thoresen Thai Agencies Public Company Limited

Information as per Schedule (2) in accordance with the acquisition and disposition of assets of listed companies

1. Information as per Schedule (1) In Accordance With the Acquisition and Disposition of Assets of Listed Companies

Thoresen Shipping Singapore Pte. Ltd. ("TSS"), which is a wholly owned subsidiary of Thoresen Thai Agencies Plc. ("the Company"), has agreed to enter into construction contracts (each, a "Contract") to build four new Handymax vessels. The total delivered cost of four vessels is USD157,568,000 which is equivalent to Baht 5,319,495,680, using a USD/THB exchange rate of 33.76. The transaction details are as follows:

1.1 Date of Transaction

TSS has agreed to enter into the Contracts to build four new vessels with PT PAL INDONESIA (PERSERO) ("PT PAL").

1.2 The Parties Involved

New Vessel Buyer: Thoresen Shipping Singapore Pte. Ltd.

New Vessel Builder: PT PAL INDONESIA (PERSERO)

Relationship between New Vessel Buyer and New Vessel Builder: None

1.3 General Characteristics of the Transaction/Details of the Acquired Assets

Pursuant to the Contracts between PT PAL and TSS, PT PAL is engaged to design, build and equip at their shipyard in Indonesia and deliver to TSS four identical 50,223 deadweight tons open-hatch box-shaped bulk carriers (the "Vessels"). Upon, delivery, the Vessels will be chartered out to increase the Company's profitability.

The four Vessels expected to be delivered around July 2009, October 2009, April 2010, and July 2010, respectively.

At present TSS has a registered and paid-up capital of SGD 58.9 million. It will increase its share capital from time to time to accommodate the instalment payments of the four Vessels. New shares will be fully subscribed by the Company from time to time pursuant to the payment terms in the Contracts.

1.4 Total Value of Consideration

The total delivered cost of four Vessels (the "Delivery Cost") is USD 157,568,000 (US Dollars One Hundred Fifty Seven Million Five Hundred and Sixty Eight Thousand) which is equivalent to Baht 5,319,495,680 (Baht Five Billion Three Hundred Nineteen Million Four Hundred Ninety Five Thousand Six Hundred and Eighty), using a USD/THB exchange rate of 33.76.

Payment terms are as follows:

<u>New Build Vessels Delivered in 2009</u>

Instalment	Thoresen Shipping Singapore Pte. Ltd.
1	A 10% deposit will be payable within seven business days after signing the Contracts and upon the New Vessel Builder's presentation of refund guarantees.
2	The balance of 90% will be payable upon delivery of the Vessels, which is expected to occur in July 2009 and October 2009.

<u>New Build Vessels Delivered in 2010</u>

Instalment	Thoresen Shipping Singapore Pte. Ltd.
1	A 25% deposit will be payable within seven business days after signing the Contracts and upon the New Vessels Builder's presentation of refund guarantees.
2	A 25% deposit will be payable on steel cutting.
3	A 20% deposit will be payable on keel laying.
4	A 20% deposit will be payable on launching.
5	The balance of 10% will be payable upon delivery of the Vessels, which is expected to occur in April 2010 and July 2010.

The purchase price includes a number of upgrades to the normal specifications of PT PAL such as main engine modification to reduce lube oil consumption, larger sewage and oily water separator systems, and increased paint specification in cargo holds and ballast tanks. These upgrades were requested to increase each Vessel's durability and environmental safety precautions.

The size of the transaction equals 18.90% of the total assets of the Company and its subsidiaries as of 30 September 2007 (the total assets of the Company and its subsidiaries as of 30 September 2007 amounted to Baht 28,143,963,088).

When these transactions are included with other asset acquisition transactions in the past six months, there has been a 59.62% increase in the total assets of the Company and its subsidiaries as of 30 September 2007. Regulations consider these acquisitions as Class 1 transactions in accordance with the Rules, Procedures, and Disclosure of Information of the Stock Exchange of Thailand regarding the Acquisition and Disposition of Assets of Listed Companies, the Company is required to prepare a report disclosing the transaction containing at least the information specified in Schedule 1 and then shall convene a shareholders meeting to approve the decision to enter into transaction without delay. A resolution of the shareholders' meeting of at least three-fourths of the total number of votes of the shareholders who attend and have the right to vote, excluding the votes of interested shareholders, is required to approve such transaction.

1.5 Basis Used to Determine the Value of Consideration

As per the Certificate of Valuation dated 7 December 2007 of Simpson Spence & Young Ltd. ("SSY"), which is an independent vessel appraiser and has no relationship with the Company and its subsidiaries, it has assumed that the Vessels will be constructed in accordance with good shipbuilding practice, and that they will be delivered in good working order and sound seaworthy condition as regards hull and machinery as per the Shipbuilding Specification and Classification Society rules. It is estimated that the Vessel to be delivered in 2009 is valued at USD 50,000,000 (US Dollars Fifty Million) per vessel and the Vessel to be delivered in 2010 is valued at USD 47,500,000 (US Dollars Forty Seven Million and Five Hundred Thousand) per vessel. Therefore, the four Vessels are approximately valued at USD 195,000,000 (US Dollars One Hundred and Ninety Five Million).

The value given above by Simpson Spence & Young Ltd is based on current market comparables between willing Buyers and willing Sellers, as well as our notional ideas taking into account the perceived market levels at the relevant time. The valuation details are as per Attachment 1.

Simpson Spence & Young Ltd. were formed in 1880. Since inception their business has concentrated on ship brokering and independent vessel valuations. Today, they are the largest independent shipbrokers with offices worldwide. SSY provide valuations for numerous banks, financial institutions, shipowners and lawyers, and insurance companies.

1.6 Benefit Expected to be Generated from the Transaction

The Company's principal activities include vessel chartering and ownership. The Vessels are Handymax in size. The acquisitions are part of the Company's strategy to sustain a fleet of young and modern open-hatch box-shaped bulk carriers to serve the growing needs of our client base.

The Company currently owns forty-three (43) general cargo and dry bulk carriers. Five new build vessels, which were disclosed to the SET, are expected to be delivered between 2009 and 2011. With this acquisition, the Company will have nine new build vessels to be delivered between 2009 and 2011.

1.7 Source of Funds

Sources of funds will mainly (about 60%) come from USD syndicated loans, while the remaining (about 40%) from equity of TSS, which is funded by a combination of its operating cash flows and the Company's equity injection.

1.8 Board of Directors' Opinions for The Transaction

The Board of Directors considers that these terms and conditions are fair and reasonable in the current market situation and in the Company's best interests. the Company believes that it is an opportune time to renew the fleet, since the Vessels will likely replace some older vessels upon delivery. Furthermore, the Vessels will enhance the Company's market position in terms of modern bulk carrier vessels.

1.9 Audit Committee/or Directors' Opinions, Which Are Different From The Board of Directors

- None -

2. An opinion of an independent expert (appraiser of assets)

It is included as Attachment 1. The contents are summarised in item 1.5.

3. The Company's debt structure (as at 30 September 2007)

3.1 The total amount of debt instruments having been issued and those not having been issued pursuant to the resolution of the shareholders meeting which authorises the Board of Directors of the Company to consider issuing them for sale as it deems appropriate.

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

The convertible bonds are issued at par with a face value of USD 300,000 per bond. Interest is payable semi-annually in arrears at an annual interest rate of 2.50%. Each bond is convertible at any time up to maturity at an initial conversion ratio at 171,535.8932 shares per bond (a fixed exchange rate of Baht 34.25 equivalent to USD 1 and initial conversion price of Baht 59.90). 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.

At the Company's Extraordinary General Meeting of Shareholders dated 19 October 2006, the shareholders resolved that the Company can issue and offer all or any types of debentures in one and/or more issues in Thai Baht or foreign currencies with a total issue size not exceeding Baht 10.0 Billion or its equivalent in USD or other foreign currencies. The proceeds from the issue shall be used to refinance existing secured bank debts and to make further investments.

The debentures may be secured or unsecured, and with or without a debenture holders' representative. The debentures may be offered through a public offering and/or private placement, pursuant to the Notifications of the Office of Securities and Exchange Commission and/or the Securities and Exchange Commission. The debentures may be offered in one and/or more issues and may be placed either onshore or offshore. In the event, that the debentures are redeemed or repurchased for any reason, resulting in the outstanding principle under the debentures are redeemed or repurchased for any reason, resulting in the outstanding principle under the debentures being reduced, the Company may issue additional debentures subject to the maximum total issue size approved by the shareholders' meeting.

Currently, the Company has not yet issued the above debentures.

3.2 The total amount of loans with specified repayment period, including the liability to place assets as collateral

1. Loans for the purchase of ocean vessels are granted by a local commercial bank and are denominated in US Dollars with a total outstanding balance of USD 23,161,800 as of 30 September 2007 and repayment terms between 1.15 - 8.58 years with an interest bearing at USD-LIBOR plus a certain margin. The loans are secured by mortgages of the subsidiaries' ocean vessels and by assignments of the beneficial rights in the insurance policies on the ocean vessels to the banks and are guaranteed by the Company.

2. Loans for the purchase of support vessels and equipments are granted by three local commercial banks, and are in Thai Baht and US Dollars, having a total outstanding balance of Baht 212,950,000 and USD 21,647,750 as of 30 September 2007 with repayment terms within 5 - 7 years. These loans from these local commercial banks bear different interest rates and are secured by mortgages of supply vessels and their integral parts and equipments and are guaranteed by a subsidiary company.

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

4. Apart from loans for the purchase of vessels, the Company and its subsidiaries has loans for the construction of a building and warehouse which are granted by a local commercial bank with a total outstanding balance of Baht 172,929,747 as of 30 September 2007 and repayment terms within 7.5 - 10 years. Interest rates and the detail of mortgages are 2 parts as follows:

   - Interest at the rate of MLR minus a certain margin. The loans are secured by mortgages of land and buildings of a subsidiary and guaranteed by the Company and a shareholder; and

- Interest at the rate of the 1-year fixed deposit rate plus a certain margin. The loans are secured by mortgages of the subsidiaries' land & buildings and guaranteed the Company.

5. Loan for the purchase of land and construction of a building is granted by a local commercial bank with a total outstanding balance of Baht 110,400,000 as of 30 September 2007 and a repayment term of 6.5 years. The loan is secured by mortgages of the subsidiary's land and building. This loan bears interest at the rate of MLR minus a certain margin until 14 June 2007 and MLR thereafter. The loan is secured by mortgages of the subsidiaries' land & buildings.

   Besides the mentioned item no. 1 to no.5, the Company and its subsidiaries also has the available credit facilities from financial institutions as of 30 September 2007 amounting to USD 224.66 million and Baht 58.11 million, respectively, which will mainly be used for acquisitions of ocean vessels.

6. On 9 November 2007, the Company and its subsidiaries entered into senior secured credit facilities with seven foreign syndicated banks to provide part finance for newbuild and second-hand vessels.

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

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

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

   Summary of credit facilities of the Company and its subsidiaries that have not yet been withdrawn and the outstanding amount as of 30 September 2007

Thai Baht		**US Dollars**	
Undrawn amount	**Outstanding amount**	**Undrawn amount**	**Outstanding amount**
Baht 58,110,254	Baht 496,279,747	Baht 224,660,000	Baht 77,147,550

3.3 The total value of debts in other categories, including overdrafts, indicating the liability to place assets as collateral

Bank overdraft facilities of the Group in the amount of Baht 345 million are guaranteed by the Company and a subsidiary, and a mortgage of the Group's land and buildings. As of 30 September 2007, the Group has used the overdraft in the amount of Baht 20 million and has an outstanding for the unused overdraft facilities of Baht 325 million.

3.4 Indebtedness to be incurred in the future

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

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

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

4. As of 30 September 2007, a subsidiary acts as a guarantor of the loans, bank overdraft facilities, and other contracts of its subsidiaries totalling Baht 719.27 million and USD 57.99 million.

4. Company Profile

4.1 Nature of business operations and business trend of the Company, subsidiaries and associated companies

The Company and its subsidiaries (herein after the "Group") is organised into three core business groups: the Dry Bulk Shipping Group, the Offshore Services Group, and the Shipping Services Group.

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

  <u>Notes:</u> Handysize: vessels upto 35,000 dwt.

  Handymax: vessels between 35,000 dwt. and 60,000 dwt.

- **<u>The Offshore Services Group</u>** provides offshore oil and gas related services, including sub-sea engineering and contract drilling, through its fleet of four (4) offshore support vessels and two (2) tender drilling rigs. The Offshore Services Group also chartered-in two (2) offshore support vessels through 2010. The Offshore Services Group operates primarily in South-East Asia. Mermaid Maritime Public Company Limited ("Mermaid") is the main operating and holding company for the Offshore Services Group. As of 30 September 2007, the Company owned 78.09% of Mermaid, but after its initial public offering of shares and listing on the Singapore

Exchange Securities Trading Limited ("SGX"), the Company currently owns 55.29% of Mermaid.

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

Business Trend

In 2007, the higher net profit was the result of higher freight rates and strong fleet utilisation in the Dry Bulk Shipping Group and higher day rates in the Offshore Services Group, which were offset by lower asset utilisation in the Offshore Services Group, higher vessel and administrative expenses, and a stronger Thai Baht currency. Dry bulk shipping supply and demand remains tightly balanced. the Company expects that dry bulk shipping demand will remain relatively strong in 2008.

At this time, the Company has fixed about 22.16% of total available capacity for the current financial year on period time charters and has entered into contracts of affreightment, which cover an additional 2,780 vessel days.

The Company also expects strong contributions from the Offshore Services Group in 2008, as demand and pricing for offshore services remain high. Altogether, we believe that the Company is progressing towards another good year of profitability.

4.2 Summary of audited financial statements by PricewaterhouseCoopers ABAS Limited during the past 3 years, as well as the explanation and analysis of financial position and operating result in the past years including risk factors which may affect the profit of the Company.

(Unit : Baht million)

Consolidated financial statements	**Audited**		
	30 Sep 05	30 Sep 06	30 Sep 07
Total operating revenue	14,893.43	16,034.45	20,360.24
Total cost operating expenses	6,588.14	9,798.29	12,157.55
Gross profit	8,305.29	6,236.16	8,202.69
Total revenue	15,119.76	17,053.84	21,318.59
Total costs and expenses	8,629.92	12,470.26	15,450.26
Interest expense	445.32	701.08	665.47
Net income (loss) for year	5,948.65	3,502.44	4,968.52
Total current assets	4,213.60	4,795.05	7,862.65
Total non-current assets	15,255.78	18,345.34	20,281.31
Total Assets	**19,469.38**	**23,140.39**	**28,143.96**
Total current liabilities	2,852.07	3,805.60	4,483.90
Total non-current liabilities	7,473.40	7,311.73	7,605.53
Total liabilities	**10,325.47**	**11,117.33**	**12,089.43**
Registered capital	693.68	693.68	868.68
Issued and paid-up capital	643.68	643.68	643.68
Retained earnings	6,938.87	9,057.65	13,103.77
Shareholders' equity	**9,143.91**	**12,023.06**	**16,054.53**
Total liabilities and shareholders' equity	**19,469.38**	**23,140.39**	**28,143.96**
Earning (loss) per share (Bt.)	9.24	5.44	7.72
Book value per share (Bt.)	14.21	18.68	24.94
Dividend per share (Bt.)	3.50	1.35	1.65
Gross profit margin (%)	55.76	38.91	40.29
Net profit margin (%)	39.34	20.54	23.31
Return on equity (%)	75.45	34.54	37.73

(Unit : Baht million)

Consolidated financial statements	Audited		
	30 Sep 05	30 Sep 06	30 Sep 07
Return on assets (%)	33.76	16.44	19.38
Return on fixed assets (%)	58.45	33.31	37.91

Management Discussion & Analysis

The discussion and analysis of our operating results is based upon our consolidated financial statements, which have been prepared in accordance with Thai Generally Accepted Accounting Principles ("GAAP"). We use a variety of financial and operational terms and concepts to analyse our performance. These include the following:

- Calendar-ship-days/Calendar-rig-days. We define calendar-ship-days and calendar-rig-days as the total number of days during which the vessels and drilling rigs in our fleet have been owned and operated by us.

- Available days. We define available days as the number of calendar-ship-days or calendar-rig-days less the total number of days that our vessels and drilling rigs are off-hire due to scheduled repairs or repairs under guarantee, upgrades or special surveys, and the amount of time that we spend positioning our fleet. Available days represent the number of days during which our fleet is capable of generating revenues.

- Operating days. We define operating days as the number of available days less the total number of days that our fleet is off-hire due to any reason, including unforeseen circumstances. Operating days match up to the number of days during which our fleet actually generate revenues.

- Fleet utilisation. We calculate fleet utilisation by dividing the number of operating days by the number of available days. Fleet utilisation measures our efficiency in finding suitable employment for our vessels and drilling rigs and minimising the amount of days that they are off-hire for reasons other than scheduled repairs or repairs under guarantee, upgrades, special surveys, or positioning.

- Voyage revenues. Voyage revenues are primarily generated from our liner services, voyage charters, time charters, and COA's. Hire rates and the number of operating days for our vessels affect our revenues. The mix between liner services, time charters, voyage charters, and COA's also affects voyage revenues. Hire rates for voyage charters are more volatile, since they are typically tied to prevailing market rates at the time of a voyage.

- Voyage expenses. Voyage expenses are all expenses related to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees, and commissions. Voyage expenses are typically paid by the client under time charters and by us under our liner services, voyage charters, and COA's. When we pay voyage expenses, we typically add them to our hire rates at an approximate cost. We expect that cargo loading and unloading and fuel expenses will represent a relatively large portion of our overall voyage expenses, because a large portion of our vessels is employed in our liner, voyage, and COA trades.

- Net voyage revenues. Net voyage revenues represent voyage revenues less voyage expenses. Because the amount of voyage expenses we incur for a particular charter differs, we use net voyage revenues to compare between revenues that are generated by different forms of charters.

- Time charter equivalent rates. Time charter equivalent (“TC”) rates are calculated as our net voyage revenues divided by the number of calendar-ship-days. The TC rate is the main performance measure used to compare daily earnings generated on time charters with daily earnings generated on our liner services, voyage charters, and COA’s, because charter rates for vessels on these services are generally not expressed in per day amounts, while charter rates for vessels on time charters generally are expressed in such amounts.

- Vessel operating expenses. Under all types of charters for our vessels, except for bareboat charters, we are responsible for vessel operating expenses, which include crewing, repairs and maintenance, insurance, stores, lube oils, tonnage taxes, communication expenses, etc. Our vessel operating expenses, which generally represent fixed costs, will increase as our fleet grows. There are a number of factors beyond our control that cause these expenses to rise. For example, insurance premiums may rise quickly if the number of global marine accidents increases above historical norms, or the cost of lubricants, which are made from crude oil, may rise when oil prices increase rapidly.

- Dry-docking. We must periodically dry-dock each of our vessels and drilling rigs for inspection, repairs and maintenance, and any modifications to comply with industry certification or government requirements. Generally, we dry-dock each of our vessels every two and a half years and each of our drilling rigs every five years. We capitalise a substantial portion of the dry-docking costs and amortise them on a straight-line basis from the completion of a dry-docking to the estimated completion of the next dry-docking. We expense costs related to routine repairs and maintenance that do not improve or extend a vessel’s or a drilling rig’s useful life during the quarter in which the expenses are incurred.

- Depreciation and amortisation. Our depreciation and amortisation expenses typically consist of two components. First, there is a depreciation charge for the acquisition cost of our fleet less an estimated residual value. For example, the acquisition cost of a dry bulk vessel is depreciated on a straight-line basis over its expected useful life which is twenty-five years from the date of initial delivery from the shipyard to the original owner. Furthermore, we estimate the residual value of a dry bulk vessel to be USD 140 per lightweight ton. Our depreciation charges will increase as our fleet grows. Second, there is an amortisation charge related to dry-docking expenses, which is reported in our total vessel operating expenses.

- General and administrative expenses. General and administrative expenses include our onshore fleet related expenses such as payroll, rent, legal and professional expenses, and other general expenses. We expect general and administrative expenses to increase as our fleet grows.

The following table summarises our operating results from the Dry Bulk Shipping Group and the Offshore Services Group.

Operating Results From Key Business Groups

Unit: Baht in Millions

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

Dry Bulk Shipping Group

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

In accordance with GAAP, we report gross voyage revenues in our income statements and include voyage expenses among our operating expenses. However, we base economic decisions regarding vessel employment upon anticipated TC rates.

The following table provides a summary of the change in fleet size, based on calendar-ship-days of our owned and chartered-in vessels.

Calendar-Ship-Days For Dry Bulk Vessels

Unit: Days

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

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

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

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

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

<u>TC Rates By Type Of Service (the Company's Fleet Only)</u>

Unit: USD/Per Day

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

<u>Fleet Utilisation</u>

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

Cargo Volumes By Type Of Service

Unit: Tonnes

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

Vessel Operating Expenses (Owner Expenses): Vessel operating expenses decreased 7.98% to Baht 2,519.71 million in 2007 from Baht 2,738.11 million in 2006. The decrease was primarily due to strict cost controls that led to lower crew and repair and maintenance expenses. These decreases were offset by higher insurance premiums due to the higher insured value of the fleet and additional amortisation of dry-docking costs of Baht 52.77 million. In 2007, there were outstanding dry-docking expenses to be amortised on forty-two (42) vessels, which was higher than in 2006. Our repair and maintenance costs equalled 55.52% of vessel operating expenses. Each major component of vessel operating expenses, such as crew salaries, insurance premiums, spare parts orders, repairs that are not covered under insurance policies, and lubricants, is specific to a vessel. The average Thai Baht currency strengthened 9.8% relative to the U.S. dollar in 2007, causing vessel operating expenses to rise from USD 4,177 per calendar-ship-day in 2006 to USD 4,422 per calendar-ship-day in 2007.

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

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

Gain on Sale of Vessels: Due to the sale of one older vessel, we recorded a gain of Baht 16.45 million in 2007. The gain on sale of vessels in 2006 was Baht 99.38 million.

Offshore Services Group

The following table provides a summary of the changes in calendar-ship-days by owned and chartered-in vessels for our offshore service vessels.

Calendar-Ship-Days For Offshore Service Vessels

Unit: Days

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

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

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

Fleet Utilisation For Offshore Service Vessels

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

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

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

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

Calendar-Rig-Days For Drilling Rigs

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

Fleet Utilisation For Drilling Rigs

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

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

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

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

Other Operating Results

General and Administrative Expenses: General and administrative expenses increased 49.17% to Baht 1,674.76 million in 2007, from Baht 1,122.75 million in 2006. One of the primary reasons was the accrual of a variable compensation reserve totalling Baht 188.15 million in 2007. Other general and administrative expenses in the Dry Bulk Shipping Group and Shipping Services Group increased 33.74% to Baht 1,020.40 million in 2007 due to the establishment of seven (7) new subsidiaries resulting in higher direct service costs and legal fees for establishing these companies. We also paid Baht 18.04 million of prepayment fees as we refinanced the Dry Bulk Shipping Group's bank loans with the convertible bond proceeds. Some hedging costs were also recorded for our two Japanese newbuild vessels. General and administrative expenses in Mermaid decreased 6.67% to Baht 301.90 million in 2007, due to the disposal and dissolution of four (4) subsidiaries.

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

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

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

Foreign Exchange Gains (Losses): Foreign exchange gains of Baht 723.36 million were recorded in 2007, as a result of the strengthening of the Thai Baht in 2007 relative to US dollar. Most of our foreign exchange gains or losses are attributable to the revaluation of our US dollar denominated term loans at the end of each financial reporting period, and substantially all of the gains or losses are unrealised.

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

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

Liquidity and Capital Resources

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

Total Capitalisation

Unit: Baht

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

Cash Flows

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

Summary of Cash Flows

	FY 2006	FY 2007
Net Operating Cash Flows	4,206,516,415	6,848,647,052
Net Investing Cash Flows	(1,869,914,089)	(4,366,270,411)
Net Financing Cash Flows	(2,860,635,320)	(99,069,489)

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

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

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

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

As of 30 September 2007, the Company had total long-term debt of USD 261.38 million, compared to USD 231.30 million as of 30 September 2006. We also have revolving credit facilities up to USD 10 million provided by a foreign bank and Baht 365.00 million provided by local banks. As of 30 September 2007, Baht 201.60 million was drawn down. The revolving credit facilities are secured by mortgages over certain vessels, land, and buildings.

The typical credit facility used to finance our vessel acquisitions will be secured by a first priority mortgage on one or more vessels in our fleet, a first assignment of all freight earnings, insurances, and requisition compensation. Our credit facilities will also limit our ability to create liens on our assets in favour of other parties.

Our long-term debt agreements generally provide for the maintenance of certain market value to loan ratios and minimum consolidated financial covenants and prepayment privileges (with penalties). Certain loan agreements require that we maintain a certain minimum level of free cash. As of 30 September 2007, this amount was USD 15 million.

Our treasury activities follow a clear policy to minimise borrowing costs and to maximise investment returns, but we must maintain the safety of the funds and appropriate levels of liquidity to conduct our business. We hold the majority of our cash and cash equivalents in U.S. dollar, with the remaining balances in Thai Baht.

Dividends paid during 2007 were Baht 922.40 million.

Capital Expenditures

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

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

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

Vessels Reaching 25 Years

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

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

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

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

With the funds from the Mermaid IPO and credit facilities under processing, Mermaid plans to further expand its assets, particularly drilling rigs and offshore service vessels, to serve the offshore oil and gas industry.

Qualitative and Quantitative Market Risk

Foreign Currency Fluctuation Risk

The international maritime industry utilises the U.S. dollar as its functional currency. Consequently, virtually all of our revenues and most of our operating costs are in U.S. dollars. We incur certain voyage expenses, vessel operating expenses, dry-docking and overhead costs in other foreign currencies, the most significant of which are the Euro and Singapore dollar. During 2007, approximately 39.22% of vessel and voyage costs, overhead, and dry-dock expenditures were denominated in other currencies besides the US dollar.

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

The Summary of Forward Foreign Exchange Sale and Purchase Contracts

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

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

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

Interest Rate Risk

We are subject to market risks relating to changes in U.S. dollar interest rates, because almost all of our loans are denominated in U.S. dollars and set against LIBOR. We pay interest on debt incurred under our existing credit facilities at a rate of LIBOR plus certain margins. The convertible bonds have a fixed annual interest rate of 2.50%. We also have entered into interest rate caps to manage the impact of interest rate changes on our earnings and cash flows. The table below provides information about our long-term debt maturity and interest rate caps as at 30 September 2007.

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

Debt Maturity, Capital Commitments, And Interest Rate Cap Profile

Unit: USD in Millions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Risks Relating to the Group's Offshore Services Group

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

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

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

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

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

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

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

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

- **The Group’s offshore services business industry is highly competitive with intense price competition**.

  The market segments and region in which the Offshore Services Group operates are highly competitive. Pricing is often the primary factor in determining which contractor is awarded a contract. Some of its competitors are larger than the Group, have more diverse fleets or fleets with generally higher specifications, have greater resources than the Group, and have greater brand recognition and greater geographic reach and/or lower capital costs than the Group has. This allows them to withstand industry downturns better, compete on the basis of price, and relocate, build, and/or acquire additional assets, all of which may affect the Group’s sales or profitability.

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

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

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

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

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

4.3 Financial projections in the present year (if any), including assumptions on trade, economics, industry and review of the figures by a certified public auditor and the opinion of an independent financial advisor that the projections have been carefully prepared.

- None –

4.4 List of the management and list of the first 10 shareholders as at the date of close of share register book

- List of Board of Directors as of 10 January 2008 is as follows:

Name	Position
1. M.R. Chandram S. Chandratat	Chairman
2. M.L. Chandchutha Chandratat	Managing Director
3. Mr. Stephen Fordham	Independent Director/Chairman of Nomination Committee
4. Dr. Pichit Nithivasin	Independent Director/Chairman of Remuneration Committee/Nomination Committee
5. Mr. Bjorn Ostrom	Independent Director/Chairman of Audit Committee
6. Mr. Sak Euarchukiati	Independent Director/Remuneration Committee/ Nomination Committee
7. Dr. Siri Ganjarerndee	Independent Director/Audit Committee/Remuneration Committee/Nomination Committee
8. Ms. Pratana Manomaiphiboon	Independent Director/Audit Committee
9. Mr. Lance Karl Depew	Director
10. Mr. Andrew John Airey	Director
11. Mr. Anders Soedergren	Director

- List of Executive Officers s of 10 January 2008 is as follows:

Name	Position
1. M.L. Chandchutha Chandratat	Managing Director
2. Ms. Nuch Kalyawongsa	Director, Group Finance/Accounting
3. Mr. Pongsak Kanchanakpan	Director, Group Personnel/Administration
4. Mr. Andrew John Airey	Fleet Director
5. Capt. Yodchai Ratanachiwakorn	Fleet Manager
6. Mr. Ivar Harald Saus	Director, Liner Services
7. Mr. Anders Soedergren	Commercial Director

- List of shareholders as of 28 September 2007, the latest date of share register closing, is shown as below:

Name	Number of shares	%
1. Thai NVDR Co., Ltd.	178,612,132	27.75
2. Goldman Sachs International	39,675,000	6.16
3. The Bank of New York (Nominee) Limited	26,300,449	4.09
4. State Street Bank and Trust Company	18,958,689	2.95
5. State Street Bank and Trust Company, For London	15,603,300	2.42
6. State Street Bank and Trust Company, For Australia	15,226,500	2.37
7. HSBC (Singapore) Nominee Pte Ltd	14,814,380	2.30
8. UOB Kay Hian Private Limited	10,692,000	1.66

Name	Number of shares	%
9. Somers (U.K.) Limited	10,652,600	1.65
10. Mellon Bank, N.A.	10,407,262	1.62
Total	**340,942,312**	**52.97**
11. Others	302,742,110	47.03
Total	**643,684,422**	**100.00**

4.5 Other information that may materially affect the decision of investors (if any).

- None -

5. The opinion of the Board of Directors of the Company relating to the sufficiency of cash flow. Where cash flow is not sufficient, the source of funds to resolve the situation shall also be included.

Sources of funds will mainly come from US Dollars syndicated loans, while the remaining from equity of Thoresen Shipping Singapore Pte. Ltd. ("TSS"). Currently, TSS has already signed loan agreement with syndicated financial institutions. Therefore, it has sufficient funds to acquire the four new build vessels.

6. Pending material lawsuits or claims.

- None -

7. Interests or connected transactions between the Company and directors, management and shareholders directly or indirectly holding shares amounting to 10 percent to more, including the nature of the transactions or the interests.

- None -

8. Summaries of material contracts during the past 2 years

Vessel and rig charter contracts

- As of 30 September 2007, the Group entered into long-term charter-out agreements of 14 ocean vessels and 2 tender rigs with the remaining charter periods between 4-24 months (30 September 2006: 16 ocean vessels and 2 tender rigs entered into long-term charter agreements, with the remaining charter periods between 1-28 months and 20 and 31 months, respectively).
- As at 30 September 2007, a subsidiary entered into long-term charter-in agreements for 5 ocean vessels from ship owners with the remaining charter period between 12-36 months.
- In May 2007, a subsidiary entered into a long-term charter agreement for a dynamically positioned (Class 2) supply vessel for a period of 10 years with an option to purchase the vessel commencing from the third to the tenth years after the vessel is delivered. The expected date of delivery is approximately 15 June 2009.

Ship building contracts

- In November 2005, a subsidiary entered into a ship building contract at the contract price of Baht 453,200,000. As at 30 September 2007, the subsidiary has a remaining commitment of Baht 45,320,000.

- On 22 October 2007, a subsidiary entered into a contract with Kencana HL Sdn. Bhd. for the design and construction of a Self-Erected Tender Rig and a Derrick Equipment Set at a purchase price of USD 91.0 million and USD 45.0 million, respectively.
- On 6 December 2007, a subsidiary entered into a contract with Jaya Shipbuilding and Engineering Pte. Ltd. for the design and construction of a 63-meter DP2 ROV support vessel at the purchase price of USD 26.39 million.

<u>Marine diesel engines contract</u>

- In November 2005, a subsidiary entered into a marine diesel engines contract at the contract price of Euro 1,950,000.

<u>Long-term loans agreements</u>

- On 9 November 2007, a subsidiary entered into senior secured credit facilities with 7 foreign syndicated banks to provide part finance for newbuild and second-hand vessels to be acquired by the Company.

  The facilities comprise:

  (i) A revolving credit facility of up to USD 36 million for general corporate purposes, which has repayment terms within six years;

  (ii) A term loan facility and guarantee facility of up to USD 360 million to issue of letters of guarantee and to part finance the purchase of newbuild and second hand vessels with a repayment term of 10 years.

<u>Disposals of vessels contracts</u>

- A subsidiary entered into a conditional contract to sell an ocean vessel with a foreign company at a sales price of USD 12.3 million. On 23 October 2007, this vessel was sold and delivered to the buyer, and a gain on the sale of Baht 196.7 million was recorded. All proceeds were received in October 2007.
- On 1 November 2007, a subsidiary sold and delivered an ocean vessel to a foreign company at a sales price of USD 7.0 million and had a gain on the sale of Baht 143.4 million. The price will be paid in monthly installments of USD 120,000 for 72 months. The sale of this vessel was done for the purpose of investment in such foreign company by the Group which is completed for early 2008 and the Group will fully receive for the outstanding amount of the vessel sales price.

We certify that the acquisitions and investments in the past six months were made on reasonable grounds and based on shareholders' interest. We certify that the disclosure of information is true and correct.

Yours faithfully,
Thoresen Thai Agencies Public Company Limited

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M.R. Chandram S. Chandratat	M.L. Chandchutha Chandratat
Chairman	Managing Director

Attachment 1

SSY
SIMPSON SPENCE & YOUNG
L O N D O N

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TO: THORESEN SHIPPING SINGAPORE PTE. LTD

CERTIFICATE OF VALUATION

NEWBUILDING HANDYMAX BULKCARRIERS

Four Newbuilding open hatch, box shaped Bulkcarriers to be constructed at PT PAL Indonesia (Persero), Surabaya, Indonesia;

Type: Double Skin, Bulk Carrier, (Star 50).
Flag: Singapore
Class NK, NS* (BCM-A) (Grab) MNS* (MO) IWS
Delivery: two in 2009 and two in 2010
DWT: 50,000ts
Cubic: 60,162ts
Holds/Hatches: 5/5
Cranes: 4x35ts SWL
Main Engine: Man B&W 6S50 MC-C MK VII, 9,480kW
Auxiliary Engines: 3 x Daihatsu 740kW
Speed/Draft: 14.2kts at 12.8m
Bunker Consumption: 34.0ts main engine + 2.5ts generators, on HFO: 380cst
Tank Top: 25ts/m2 – Two tiers of 25ts x 1.2m steel coils

(ALL PARTICULARS BELIEVED CORRECT, BUT NOT GUARANTEED)

WE HEREBY CERTIFY THAT we have examined our records for the purpose of ascertaining the value of the above mentioned vessels and are of the opinion that the approximate value, for cash on normal commercial sale terms as between willing Sellers and willing Buyers is as follows as at 07 December 2007:

Delivery 2009 : Approximately US$ 50,000,000
Delivery 2010 : Approximately US$ 47,500,000

We have assumed that the details provided above are true and accurate in every respect.

The value given above is based on current market comparables between willing Buyers and willing Sellers, as well as our notional ideas taking into account the perceived market levels at the relevant time.

We have assumed that the vessels will be constructed in accordance with good shipbuilding practice, that it will be delivered in good working order and sound seaworthy condition as regards hull and machinery as per the Shipbuilding Specification and Classification Society rules.

However we have not inspected the newbuilding specifications of the vessels and have relied solely on the above and other information which has been supplied to us. This valuation is therefore not a representation of fact or of the correctness of the above information or any other information available to us and no representations or warranties as to the correctness of the information are made or implied by giving of this valuation which is a statement of our opinion only.

Continued/...

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Company registered in England Registered No. 1037999

We acknowledge that the valuation report will be presented in full and sent to the shareholders of Thoresen Thai Agencies Public Company Limited, Bangkok Thailand as part of the disclosure required on the newbuilding orders for this type of vessel.

Simpson Spence & Young Ltd. and its Directors do not hold any shares in Thoresen Thai Agencies Public Company Limited and are not directly or indirectly interested in Thoresen Thai Agencies Public Company Limited or its subsidiaries.

This valuation relates solely to our opinion as to the market value on the date specified and no assurances can be given that such a figure will be sustained or can be realised in an actual transaction.

The above opinion has been given in good faith but neither the company nor its officers shall be held responsible for any errors or omissions. It has been provided solely for the use of the party who commissioned it and no responsibility can be accepted to any other parties.

Furthermore this valuation is not to be used without our prior consent in any arbitration/ court proceedings and we reserve the right to with-hold such consent without providing any reason for such refusal.

For SIMPSON SPENCE & YOUNG LTD

Director

Dated: 07 December 2007