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27 November 2009

Subject : The Audited Financial Results  
To : The President of the Stock Exchange of Thailand

### **Performance Summary**

Thoresen Thai Agencies Public Company Limited (“TTA” or the “Company”) reports net profit of Baht 1,813.71 million and earnings per share of Baht 2.56 for the financial year that ended on 30 September 2009 (“FY2009”). This compares with net profit and earnings per share of Baht 8,776.44 million and Baht 12.40, respectively for the financial year that ended on 30 September 2008 (“FY2008”).

### **FY2009 Analysis on Operations**

For FY2009, total operating revenues were Baht 19,959.92 million, total operating expenses were Baht 18,494.04 million, and thus operating profits were Baht 1,465.88 million. FY2009 operating profits decreased 83.77%, due to the global economic recession, which lowered demand for our core assets and services.

The breakdown of net profit contribution to TTA for different business segments for the fourth quarter FY2009 and for the FY2009 is as follows:

<b>Net Profit Contributions</b>	<b>Q4 2009</b>	<b>2009</b>	<b>% Breakdown</b>
Dry Bulk Shipping	130.9	623.7	34.4%
Shipping Services	56.8	221.7	12.2%
Offshore Services & Drilling Group	67.7	400.9	22.1%
Holding companies and inter-company eliminations	209.4	567.4	31.3%
Baht (Million)	<u>464.8</u>	<u>1,813.7</u>	100.0%

Our Dry Bulk Shipping Group contributed 34.4% to the company’s net profit during FY2009 versus 94.7% during FY2008. Mermaid Maritime Public Company Limited (“MMPLC”), or our Offshore Services & Drilling Group, contributed 22.1% to the Company’s net profit during FY2009 compared to only 6.5% during FY2008. Holding companies and inter-company eliminations for FY 2008 reported a loss of Baht 358.84 million.

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At FY2009 year end, cash and cash equivalents were Baht 10,718.89 million, a decrease of Baht 808.91 million from FY2008. The Company generated cash of Baht 5,000.68 million from operating activities and used Baht 4,757.44 million and Baht 1,111.25 million for investing purposes and financing activities, respectively. Cash receipts of Baht 140.36 million were due to investments in new subsidiaries. The remaining Baht 81.26 million resulted from the effect of exchange rate changes.

During this financial year, investing activities originated mainly in MMPLC and included instalments of Baht 979 million on tender rig construction, Baht 1,050 million for remote operated vehicles (“ROV”) and ROV support vessel construction, and Baht 396 million for saturation diving system construction. The remaining capital expenditures are related to the accumulated dry-docking payments for both TTA and MMPLC.

During FY2009, the Company scrapped and sold eight dry bulk vessels to third parties and one dry bulk vessel to the Company’s subsidiary, PT. Perusahaan Pelayaran Equinox. The total cash received for the eight vessels sold to third parties amounted to Baht 623.29 million. The total accounting gains from the sales of these eight vessels amounted to Baht 33.51 million. The total net book values of these eight vessels were approximately Baht 463.90 million, dry docking Baht 42.98 million, vessel supplies & others Baht 82.90 million.

During FY2009, the Company repurchased and cancelled a portion of the outstanding convertible bonds amounting to USD 56.4 million or Baht 1,927.5 million. This represented 33.2% of the outstanding principal amount of the bonds. Gains on convertible bonds cancellation of Baht 676.3 million are recognised in the consolidated and company financial statements for FY2009.

On 23 July 2009, TTA’s wholly owned subsidiary, Soleado Holdings Pte. Ltd., acquired a 100% interest in EMC Gestion S.A.S. (“EMCG”) which is the 100% shareholder of Baconco Co., Ltd. incorporated in Vietnam, at the total purchase price of Euro 7.8 million or equivalent to Baht 374.1 million. There was negative goodwill arising from the acquisition of EMCG amounting to Baht 287.2 million, as our price was below its book value. The acquired business contributed revenues of Baht 365.9 million and net profit of Baht 17.6 million to TTA for the period from the acquisition date to 30 September 2009.

**Dry Bulk Shipping Group:** The Dry Bulk Shipping Group recorded a consolidated net profit of Baht 608.59 million in FY 2009, excluding exchange gains, compared with the net profit of Baht 8,389.26 million, excluding exchange losses, for FY2008.

**Summary Data:**

	<b>2009 Audited Financial Results</b>	<b>2008 Audited Financial Results</b>	<b>% Change</b>
<b>FLEET DATA</b>			
Calendar days for owned fleet <sup>(1)</sup>	14,308	15,713	-8.94%
Available days for owned fleet <sup>(2)</sup>	13,721	14,881	-7.80%
Owned fleet utilisation <sup>(3)</sup>	95.90%	94.71%	+1.26%
Available days for chartered-in fleet	5,023	7,274	-30.95%
Average number of vessels <sup>(4)</sup>	52.96	62.81	-15.68%

<b>AVERAGE DAILY RESULTS (US\$/Day)</b>	<b>2009</b>	<b>2008</b>	<b>% Change</b>
Time charter equivalent (TC Rate)	\$10,973	\$25,303	-56.63%
Vessel operating expenses (owner expenses)	\$5,563	\$5,297	+5.02%
General and administrative expenses	\$1,342	\$1,527	-12.12%
Total operating expenses	\$6,905	\$6,824	+1.19%

Note:

- 1) Calendar days are the total 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 days are the total calendar days less off hire days associated with major repairs, drydockings, or special or intermediate surveys.
- 3) Fleet utilisation is the percentage of time that our vessels were available for revenue generation and is determined by dividing available days by calendar days for the relevant period.
- 4) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the total calendar days for owned fleet plus available days for chartered in fleet for each vessel, including chartered-in tonnage, was a part of our fleet during the period divided by the number of calendar days in the relevant period.

At the end of FY2009, TTA had 36 owned vessels and long term time charters of 3 dry bulk carriers. Two of the chartered vessels will expire by the third quarter of financial year 2010 (FY 2010) and the remaining one will expire during second quarter of financial year 2011 (FY 2011).

By end of 2010, about 26% of our current owned fleet will reach 25 years of age. Consequently, TTA needs to have an aggressive fleet renewal plan. Currently, TTA has 5 newbuild vessels scheduled for delivery starting from January 2010 to February 2012. The total project cost of these newbuild vessels is USD 182 million. Financing of this renewal plan will come from a combination of cash flows from operations and a USD 360 million syndicated loan facility led by Nordea Bank.

The second hand vessel values have in the past reflected the age and condition of the vessel. The other less obvious but equally important factor would include the particular need of the prospective buyer after he/she considers both immediate and longer term prospects of making a profit with the new acquisition. Although vessel prices have fallen significantly (about 60% from its peak in September 2008), we still believe that there is measurable room to further decline. However, management continues to actively search, inspect, and offer for any potential second hand vessels that will provide investment returns that meet the Company's hurdle rate.

Our total fleet cargo volume for FY2009 decreased 31.85% to 11.718 million revenue tons. Despite increases in the utilisation rate of our owned fleet, the reduction in the number of owned vessels during the year coupled with lower chartered-in vessel days has significantly impacted our revenue tonnage. We chartered-in 5,023 vessel days (13.76 full-time equivalent vessels) in FY2009, compared to 7,274 vessel days (19.87 full-time equivalent vessels) in FY2008.

The dry bulk sector witnessed volatile albeit deteriorating trends during the year from 1 October 2008 to 30 September 2009. The Baltic Dry Index ("BDI") started the year at 3,025 (as of 1 October 2008) but by the end of FY2009, the BDI went downward to 2,220 (as of 30 September 2009), or a 27.77% percent decline. Similarly, the Baltic Supramax time charter average was USD 27,179 on 1 October 2008 and USD 20,562 on 30 September 2009, a 24.35% decrease. This declining trend affected our TC rate, since more than 65% of our vessel days were related to the spot markets. Our average TC rate fell about 56.63% from a high USD 25,303/day during FY 2008 to USD 10,973/day during FY2009.

### **Business Outlooks for Dry Bulk Shipping Group**

The recent rally in the BDI of more than 430% from the beginning of this year has been basically fuelled by port congestion in key ports of China, Australia, and Brazil. China has seen high imports of iron ore and coals, and the unusual bumper harvest of grains and soy in the USA has led to greater exports into Asia. The last two reasons significantly impacted revenue tonnage and tonne-miles. This can be compared by China's exports to typically South Korea, Japan, and Taiwan versus imports from Australia, Brazil, and Africa, as well as the USA's exports of grains and soy to customers as far as Southeast Asia and the Far East.

Going forward, we expect the BDI to be highly volatile and heavily dependent upon Chinese demand for the iron ore and coal imports. Nevertheless, the damping effects on the BDI would be the large order books of newbuilds scheduled for deliveries in 2010 and 2011.

For the first 10 months of 2009, deliveries were at 32.9 million DWT, about 57.7% of the scheduled deliveries this year. Assuming the deliveries of the final 2 months of this year equalling to the average of the first 10 months, we estimated that the final deliveries for the entire year of 2009 will be approximately 40 million DWT, or approximately 70.2% of the 2009 scheduled deliveries. The actual final deliveries may exceed our expectations, given that the speed of deliveries has accelerated considerably over the last 3 months (since August 2009).

Meanwhile, the order book of 2,850 vessels of 259.26 million DWT over the next few years will add significant supply (about 58%) to the current fleet. There are reports that at least 600 newbuild vessels were cancelled. However, we feel this does not mean much, as most yards especially the Chinese and South Korean shipyards are still heavily subsidized by their governments and continue building vessels, in hopes of finding other buyers. This is especially true for the Chinese buyers who are backed by local Chinese banks and the government.

In summary, we are still concerned about the shipping market over the course of 2010 and 2011 due to the structural overcapacity and the sustained weak global economic conditions.

**Shipping Services Group:** The Shipping Services Group made a net profit contribution (after deducting minority interests) of Baht 209.14 million, excluding exchange gains, to TTA's financial results. The net profit contribution (after deducting minority interests) decreased 17.38% between FY2009 and FY2008. Baconco Co., Ltd. made the highest net contributions, followed by ISS Thoresen Agencies Ltd.

**Business Outlooks for Shipping Services Group:** We expect the performance of this Group to be mixed. ISS Thoresen Agencies Ltd. (ITA) is unlikely to repeat the similar outstanding performance in 2010 as the economy stabilises and competition in the ship agency business is becoming more severe. Fearnleys (Thailand) Ltd. may continue to experience comparable earnings performance to that of FY 2009 in the future especially in the weaker freight rate environment.

**Mermaid Maritime Public Company Limited ("MMPLC"):** For FY2009, MMPLC recorded service income of Baht 5,209.87 million, a 1.4% decrease from FY2008. Its core businesses, which consist of the Offshore Services Group and the Drilling Group, made a net profit contribution to TTA's FY2009 of Baht 432.62 million, excluding exchange losses, a decrease of 10.67% from FY2008. (Note: The net profit contribution to TTA consolidated earnings is based on Thai GAAP. However, all information below came from MMPLC's IFRS figures.)

Baht million*	2009	2008	% ch
Service Income	5,210	5,285	-1.4%
Gross Profit	1,439	1,599	-10.0%
Operating Profit	947	1,194	-20.7%
Selling & Admin Expense	486	732	-33.6%
Foreign Exchange Gains (-Loss)	-56 <sup>1</sup>	160 <sup>2</sup>	-134.7%
Net Profit	747	1,162	-35.7%
Note: <sup>1</sup> 100% unrealized; <sup>2</sup> 68.5% unrealised			

Note \*: The data is extracted from MMPLC's financial statements that were sent to Singapore Exchange Securities Trading Limited ("SGX").

The losses on exchange rates of Baht 56 million in FY2009 and Baht 160 million in FY2008 were mainly due to the translation of US Dollar assets and liabilities into Thai Baht on the balance sheet date. There is no cash flow impact from the gains or losses.

For FY2009, non-current assets increased by Baht 3,124 million (37.5% YoY) to Baht 11,447 million in FY2009 due mainly to an increase in (i) other long-term investments of Baht 78 million resulting from Nemo Subsea IS, (ii) property, plant, and equipment of Baht 2,809 million resulting from additional payments for newbuild tender rig instalments (KM-1) of Baht 946 million, newbuild vessel instalments (Mermaid Endurer) of Baht 963 million, saturation diving system instalments of Baht 396 million, ROV support vessel instalments (Mermaid Sapphire) of Baht 418 million, purchases of ROVs of Baht 287 million, and purchases of tools and equipment of Baht 353 million which were partially offset by depreciation of Baht 554 million, (iii) goodwill of Baht 87 million which was from the second and final instalment payments in respect of the acquisition of 80% shareholding in Seascope Surveys Pte. Ltd. transacted in March 2008, and (iv) deferred expenses of Baht 84 million which was mainly from deferred borrowing costs in relation to vessel and asset acquisitions.

**Offshore Services Group:** The 2009 utilisation of assets in the subsea engineering segment was 52.6% and generated 57.5% of FY2009 MMPLC's revenues. Utilisation levels bottomed out in January and February 2009 during the peak of the economic crisis and have picked up since then. Despite that, during fourth quarter of FY2009, the utilisation was significantly lower primarily due to the "Mermaid Commander" and the "Team Siam", which account for a majority of the sub-sea engineering revenues in the previous quarters, was under-utilised. While asset utilisation is lower than one year ago, average day rates remain high.

<b>Offshore Services Group</b>	<b>2009</b>	<b>2008</b>	<b>% ch</b>
Revenue (Baht million)	2,997	4,036	-25.7%
Gross Profit (Baht million)	495	1,377	-64.1%
Gross Margin (%)	16.5%	34.1%	-51.6%
Utilisation rate	52.6%	86.1%	-38.9%

The "Mermaid Commander" underwent scheduled maintenance and repair, which put it off-hire for approximately 20 days. The "Mermaid Commander" returned from its successful project in Brazil taking about 38 days sailing time to return to Thailand on a reduced demobilisation rate. On arrival in Thailand, 21 days were further required to prepare the vessel for its current project with CUEL. The vessel continues to fulfil its commitment under this contract.

The "Team Siam", which was mobilised to the Middle East in the second quarter of FY2009, was off-hire for a period of approximately 30 days as one of the projects for which it had been contracted experienced a delay. However, the vessel has since proceeded to work and continues to serve its existing contract with extension opportunities.

**Business Outlooks for Offshore Services Group:** Since these delays, all of our subsea specialised vessels have maintained a very high utilisation rate.

Towards the end of the previous quarter, we observe a surge in requests for vessel availability as many oil and gas companies began to re-activate the work programmes and projects that had been delayed. As a result of these tenders, we expect to further secure work for our fleet and some long-term charters for our more technical vessels.

During this quarter, the overall impact on project and charter rates has been minimal. The subsea sector in general is not experiencing downward pressure on day rates, and in some cases, we have witnessed marginal day rate increases for the more technical vessels. We continue to successfully operate within the subsea market in the Middle East, where we are performing construction support, saturation diving, ROV, and survey services.

Our two newbuild DP2 dive support vessels are presently under construction and due for delivery the first and the second quarter of the 2010 Financial Year. We have experienced some project slippage on delivery on both vessels primarily due to final commissioning and testing. These vessels are very technical due to their special purpose application, which has caused the shipyards some unforeseen delays.

Our newbuild DP2 ROV vessel is scheduled for delivery in November 2009. We expect to release our chartered DP2 ROV vessel to coincide with the delivery of our new build vessel.

Present market conditions have highlighted an increase in demand for our specialised fleet and we are hopeful to maintain a strong utilisation performance.

**Drilling Group:** The drilling segment generated 42.5% of MMPLC's FY2009 total revenues. Average utilisation of MTR-1 and MTR-2 for FY2009 was 94.9%. During the fourth quarter of FY2009, we experienced a similar level of activity within the tender rig global fleet as the previously reported quarter. Our tender rig MTR-1, as expected, was released by Hess Indonesia on 8 September 2009 as it reached the end of its contract extension period. This rig is presently located at facilities in Thailand where it is undergoing some inspection and maintenance activities. Our tender rig MTR-2 continues to operate under its existing contract with Chevron Indonesia with the primary term due for completion in April 2010. We expect that this contract will be extended at the end of its primary term completion.

<b>Drilling Group</b>	<b>2009</b>	<b>2008</b>	<b>% ch</b>
Revenue (Baht million)	2,213	1,249	+77.2%
Gross Profit (Baht million)	944	290	+225.5%
Gross Margin (%)	42.7%	23.2%	+84.1%
Utilisation rate	94.9%	69.1%	+37.3%

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Our new build tender rig KM-1 is currently being completed at the shipyard in Malaysia and is scheduled for delivery in the first quarter of the 2010 calendar year. The rig will proceed immediately on delivery to Petronas Malaysia where it is contracted on a five year term.

**Business Outlooks for Offshore Services Group:** Across the global tender rig fleet, we still experience a reasonable utilisation rate. Some oil and gas companies who had previously cancelled or deferred their drilling programmes have recently issued calls for tenders that will see an additional two or three rig requirements commencing February through April 2010. We have offered our MTR-1 on all tender requirements.

As oil prices continue to stabilise and the global economic recovery continues, we expect to see additional requirements for tender rigs. We also believe that day rates have stabilised and as additional rigs secure new contracts there will be opportunity for day rates to increase. We continue to observe customers showing a preference for newer equipment and are in discussions with them on newbuild opportunities.

### **Conclusions**

Amidst the present challenging economic environment, TTA remained profitable and generated positive operating cash flows in FY2009. We have seen stabilisation and some improvements in our core businesses, but believe that the economic environment remains difficult as we head into 2010.

Yours faithfully,  
**Thoresen Thai Agencies Public Company Limited**

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M.L. Chandchutha Chandratat  
President & Chief Executive Officer

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Ms. Thitima Rungkwansiroj  
Executive Vice President  
Group Finance and Accounting

Remarks: The full disclosure report about FY2009 Financial Results of MMPLC can be viewed at <http://www.mermaid-maritime.com>.