



Mercator Lines (Singapore) Limited

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NEWS RELEASE

MERCATOR SINGAPORE'S REVENUE SURGES 155% TO US\$51.7 million

- Net profit jumps 16-fold to US\$23.2 million
- Time Charter Equivalent ("TCE") rate per vessel per day increases 96% to US\$49,894
- Vessel Operating Days rise 68% to 999 days in Q1FY2009
- Buoyant outlook driven by:
 - o High percentage of contracted available vessel days
 - 85% contracted for the remaining 9 months of FY 2009
 - o Contractual arrangements for 50% of capacity up to 2012

Said Mr. Shalabh Mittal, Managing Director and Chief Executive Officer of Mercator: "We are happy to announce a strong set Q1FY2009 results, on the back of buoyant growth from significant improvement in vessel day rates and increase in the number of total operating days.

"Our strategy of having a large portion of our capacity on long term business has shielded the Group from a volatile business environment and has helped us achieve consistent growth.

"We remain confident of our outlook for the coming year, having contracted approximately 85% of available vessel days for the remaining 9 months of FY 2009 and 50% of our capacity contracted up to 2012."

Singapore, July 30, 2008 – Mercator Lines (Singapore) Limited ("Mercator"), a leading Indian-owned international dry bulk shipping company focused on high growth markets, today reported a 155% increase in revenue to US\$51.7 million in the three months ended June 30, 2008 ("Q1FY2009") from US\$20.2 million in the previous corresponding period. Net profit jumped 16-fold to US\$23.2 million from US\$1.39 million in the previous corresponding period.

Additional capacity, as well as the Group's ability to secure new contracts at firm freight rates, has resulted in the increment in Revenue and Profits.

The TCE ("Time Charter Equivalent") rate for Q1FY2009 was US\$49,894 - a 96% increase from US\$25,443 during the previous corresponding period. Total number of Operating days also increased by 68% to 999 days in Q1FY2009 as compared to 594 days in Q1FY2008.

As at June 30, 2008, the Group maintained a strong balance sheet and working capital position with approximately US\$109.9 million cash and cash equivalents and a debt equity ratio of 0.99, down from 1.2 times reported at March 31, 2008.

Strategies and Future Plans

To draw on demand surge in the international markets, the Group has committed capital expenditure plans for FY2009 to enlarge the Group's fleet capacity, with the acquisition of a Very Large Ore Carrier ("VLOC") scheduled for delivery in March-April 2009, an option to purchase one of its chartered-in vessel Ocean Senang in January 2009 at a significantly lesser price than the market rate, and chartering-in of three post-Panamaxes, two of which are scheduled for delivery between May 2009 and September 2009 and one in mid-2010.

In addition, the Group recently took delivery of two geared Panamaxes "Kesari Prem" & "Kanak Prem".

Mercator's strengths of having the largest geared Panamax fleet in India and its ability to provide full logistics solutions have been instrumental in its bagging of some notable contracts, such as the 4-year, US\$320 million contract from Tata Power in India.

Mercator currently operates a fleet of 11 dry bulk vessels, nine owned and two chartered-in, comprising geared and gearless Panamax and Kamsarmaxes with an aggregate capacity of 829,057 dwt. The recent addition of Kesari Prem and Kanak Prem to the fleet will increase Mercator's owned fleet to nine ships comprising four gearless Panamax and Kamsarmax ships and five geared Panamaxes.

Moving forward, the Group will continue with the strategic chartering of its fleet to optimize its contract mix and vessel expansion capabilities. "We are pleased with our performance since inception and remain committed to growth and enhancing shareholders' value. Whilst we expect some financial impact from the delay of the delivery of our VLOC to March – April 2009, we remain optimistic of our outlook given our high contracted available vessel days for the remaining 9 months of FY 2009, and good contractual commitments up to 2012. Our strong Balance Sheet and cash flows will allow the company to quickly capitalise on further expansion opportunities," concluded Mr. Mittal.

About Mercator Lines (Singapore) Limited

Mercator, which commenced operations in 2005, has established a market presence in the Indian coal transport market, specializing in the transportation of dry bulk commodities such as coal into India from Australia and Indonesia, and iron ore from India to countries such as China, Japan and South Korea. With the strong support of its ultimate parent company, Mercator Lines Limited ("MLL India"), the second largest private sector shipping company in India (by aggregate fleet tonnage capacity), Mercator also provides its customers with complete and customized logistics solutions from the load port to the point of usage.

The Group services primarily large thermal-based power plants and steel companies, and has established strong relationships with its customers, including reputable names such as Arcelor Mittal Group and Tata Power.

Mercator derives its revenue largely from long term fixed rate contracts, specifically time charters and contracts of affreightment ("COAs"). Ranging from 11 months to 5 years, Mercator's long term fixed rate contracts ensure revenue visibility.

With the addition of Kesari Prem and Kanak Prem, Mercator's owned fleet has increased to nine ships. It currently operates a fleet of 11 dry bulk vessels, nine owned and two chartered-in, comprising five geared and four gearless Panamax and Kamsarmaxes with an aggregate capacity of 829,057 dwt. The geared Panamax with cranes built on them gives Mercator the competitive advantage in ports that have underdeveloped infrastructure such as in India and Indonesia where cranes are required to lift the cargo from the vessel to the barge.

Mercator's nine owned vessels averages about four years of age and the two other chartered-in vessels are less than eleven years of age. The average age of the global dry bulk fleet is approximately 15 years. The young and modern fleet increases Mercator's operational efficiency as seen from a fleet utilization rate for its owned vessels of 99.8% achieved in Q1FY2009.

The Group is also diversifying into the Very Large Ore Carrier ("VLOC") sector. Its converted VLOC is expected to join its fleet in March - April 2008. The Group has also chartered in three post Panamax vessels for five years, each of approximately 92,500 DWT, 2 scheduled to be delivered in mid 2009 and one in mid 2010.

Helmed by an experienced management team with in-depth understanding of the industry, a wide network of customer contacts and diligent risk management practices, Mercator has been able to make proactive business decisions and well-timed fleet expansion to achieve continuous growth since its inception.

None of the agencies other than Mercator Lines (Singapore) Limited assumes responsibilities for contents of this announcement.

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