MERCATOR LINES LIMITED

PRESS RELEASE

Mercator announces unaudited results for the Quarter ended June 2011(Q1 FY12)

Mercator Lines Limited, announced its unaudited financial results for the quarter ended 30th June 2011 (FY12).The total consolidated income for Q1FY12 was Rs. 799.3 Cr. against Rs. 602.9 Cr. the Q1 FY11 ended on 30th June 2010; recording an increase of 33% on YOY basis. The consolidated Net Profit was Rs. 14.7 Cr.

BUSINESS COMMENTARY / HIGHLIGHTS:

The composition of revenue and its contribution segment wise is as under:

Amount INR Cr

Revenue	Q1 11-12	%	Q1 10-11	%	FY 10-11	%
Dry Bulk	174.5	22%	197.9	33%	751.2	27%
Tankers	80.9	10%	105.6	18%	463.1	16%
Dredgers	30.6	4%	21.9	4%	84.7	3%
OffShore	34.3	4%	39.3	7%	141.8	5%
Coal	478.9	60%	234.6	39%	1,388.1	49%
	799.2	100%	599.3	100%	2,828.9	100%

COAL:

Coal division has contributed 60% of total revenues to the company. Mercator has achieved overall volumes of 1.5mln MT during Q1 FY12 which comprises of own mining volume of 0.25 mln MT and balance 1.25 mln MT through outsourced mining. Mercator through its subsidiary is concluding acquisition of one more mining concession located in East Kalimantan, Indonesia and the production is expected to start from Q4. The new mine has estimated 45mln MT resources of coal. Mercator is further looking to expand its activities and operations in coal business.

OFFSHORE:

Oil and Gas

Floating Production Unit (FPU), Nigeria: Mercator has successfully commissioned its Floating Production Unit in Nigeria which it has chartered out to Afren Plc (LSE listed oil major). Mercator has a 9 year contract with Afren Plc for charter of FPU generating revenue @ USD 111K per day. The FPU has commenced commercial production w.e.f. 30th April 2011. It's a significant milestone and achievement in Mercator's history. Mercator is eyeing further opportunities in FPSO, FPU segment in offshore services area.

E&P (Exploration and Production)

Mercator has been awarded the right to explore , develop and produce Oil and Gas from two onshore blocks in the Cambay basin in Gujarat under NELP VII , Mercator is currently carrying out seismic studies (2D and 3D).

SHIPPING:

Tankers:

The tanker freight rates in all segments continued to soften during the period under review. The earnings for tanker owners were further impacted as the bunker rate of heavy fuel oil increased. While the number of reported fixtures during each month remained more or less unchanged, the softening of the freight market was a result of oversupply. The oversupply of tonnage in most tanker segments offered charterers more than the required comfort.

Dry Bulk:

Mercator currently operates 21 Dry bulk carriers of which 18 are owned vessels and 3 are chartered in vessels. Global slowdown of the economy and lower freight rates impacted earnings adversely.

Dredging:

Mercator forayed into dredging in 2007-08. Mercator has upgraded its dredgers, built up a strong team and has secured good contracts for dredging with ports. Mercator has confirmed order book of INR 300 Cr .Mercator is in very good position to capitalize on growing demand of dredging by rapid port and marine infrastructure development.

To meet the increased capacity requirements of dredging division Mercator is on the lookout to acquire 3 more dredgers during the year, valued at about USD 30 mln.

About the Company:

Mercator Lines Limited has global presence through its subsidiaries. The group has diversified interests in Shipping (Tankers & Bulk Carriers),Dredgers, Offshore (Oil& Gas and E&P), Coal Mining & Procurement and Logistics. As at 30th June 2011; Mercator Group owns or operates a fleet of 18 dry carriers; 8 tankers and 4 dredgers with an aggregate capacity of about 2.41 million DWT of an average age of about eight years in addition to 1 MOPU and 1 FSO. The Group also owns Coal mining concessions in Indonesia and Mozambique and the Group has been awarded right to explore, develop and produce Oil and Gas from two onshore oil blocks in the Cambay basin in Gujarat under NELP VII.

For Mercator Lines Ltd.

Suchita Shirambekar

Company Secretary

Mumbai, August 12, 2011