

MERMAID MARITIME PUBLIC COMPANY LIMITED

**CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS**

30 SEPTEMBER 2008

AUDITOR'S REPORT

To the Shareholders of Mermaid Maritime Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 30 September 2008, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the year then ended of Mermaid Maritime Public Company Limited and its subsidiaries, and of Mermaid Maritime Public Company Limited, respectively. The company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 30 September 2007 (before restatement) of Mermaid Maritime Public Company Limited and its subsidiaries, and of Mermaid Maritime Public Company Limited, respectively, presented herewith for comparative purposes, were audited by another auditor in the same firm as myself whose report dated 11 December 2007, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 30 September 2008, and the consolidated and the company results of operations and cash flows for the year then ended of Mermaid Maritime Public Company Limited and its subsidiaries, and of Mermaid Maritime Public Company Limited, respectively, in accordance with generally accepted accounting principles.



Kajornkiet Aroonpirodkul
Certified Public Accountant (Thailand) No. 3445
PricewaterhouseCoopers ABAS Limited

Bangkok
19 November 2008

Mermaid Maritime Public Company Limited
Balance Sheets
As at 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000	Baht'000	Baht'000	Restated Baht'000
Assets					
Current assets					
Cash and cash equivalents	5	1,726,430	511,700	1,141,842	21,139
Trade accounts receivable - others, net	6	1,461,783	966,140	-	-
- related parties	26.2	152	260	-	56
Amounts due from related parties	26.2	14,252	89	275,692	107,470
Short-term loans to related parties	26.3	1,147,989	-	2,080,811	108,000
Supplies and spare parts		147,515	113,581	-	-
Other current assets	8	358,112	226,892	16,955	89,952
Total current assets		4,856,233	1,818,662	3,515,300	326,617
Non-current assets					
Investments in subsidiaries - cost method	7	-	-	3,543,392	1,228,824
Investments in associates - equity method	7	405,296	-	-	-
Property, plant and equipment, net	9	7,492,276	4,011,342	208,054	237,363
Goodwill		180,898	-	-	-
Intangible assets, net	10	16,942	10,317	4,097	9,131
Deferred tax assets	11	213,605	59,606	-	-
Other non-current assets		14,352	45,803	569	569
Total non-current assets		8,323,369	4,127,068	3,756,112	1,475,887
Total assets		13,179,602	5,945,730	7,271,412	1,802,504

The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

Mermaid Maritime Public Company Limited
Balance Sheets (Cont'd)
As at 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000	Baht'000	Baht'000	Restated Baht'000
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	12	-	20,274	-	-
Short-term loans from financial institutions	13	-	201,578	-	-
Trade accounts payable - others		327,150	353,796	-	-
- related parties	26.2	-	46,778	-	16
Other accounts payable		952,140	20,898	2,312	8,682
Amounts due to related parties	26.2	51	1,269	17	-
Current portion of long-term loans from financial institutions	14	416,570	406,245	24,800	24,800
Current portion of finance lease liabilities	15	4,587	6,010	1,845	2,584
Income taxes payable		20,210	14,154	-	-
Accrued expenses		74,813	104,446	606	41,826
Other current liabilities		176,926	93,330	10,865	9,109
Total current liabilities		1,972,447	1,268,778	40,445	87,017
Non-current liabilities					
Long-term loans from financial institutions	14	1,521,857	1,773,410	60,800	85,600
Finance lease liabilities	15	5,983	5,149	659	2,200
Retirement benefit obligations	16	5,373	3,359	2,065	1,545
Total non-current liabilities		1,533,213	1,781,918	63,524	89,345
Total liabilities		3,505,660	3,050,696	103,969	176,362
Shareholders' equity					
Share capital	17				
Registered share capital		674,537	674,537	674,537	674,537
Issued and fully paid up		541,205	383,205	541,205	383,205
Premium on share capital	17	6,470,791	1,226,352	6,470,791	1,226,352
Translation adjustments for investments in foreign subsidiaries		(24,536)	496	-	-
Retained earnings					
Appropriated - legal reserve	18	39,717	5,720	39,717	5,720
Unappropriated		2,261,511	1,139,217	115,730	10,865
Total parent's shareholders' equity		9,288,688	2,754,990	7,167,443	1,626,142
Minority interests		385,254	140,044	-	-
Total shareholders' equity		9,673,942	2,895,034	7,167,443	1,626,142
Total liabilities and shareholders' equity		13,179,602	5,945,730	7,271,412	1,802,504

The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

Mermaid Maritime Public Company Limited
Statements of Income
For the years that ended on 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000	Baht'000	Baht'000	Restated Baht'000
Service income	4	5,285,443	4,130,309	-	-
Sales	4	-	964	-	-
Total service income and sales		5,285,443	4,131,273	-	-
Cost of services	19	(3,686,546)	(2,813,739)	-	-
Cost of sales		-	(931)	-	-
Total cost of services and sales		(3,686,546)	(2,814,670)	-	-
Gross profit from services and sales		1,598,897	1,316,603	-	-
Service and administrative expenses	19	(731,561)	(729,968)	(90,031)	(103,591)
Management fee income	26	-	-	70,320	93,776
Dividend income		-	-	-	30,331
Interest income		37,975	11,053	44,216	8,664
Gains on exchange rates		159,750	114,493	106,678	127
Net gains (losses) on disposal and write off of property, plant and equipment		(5,855)	(10,198)	1,298	699
Gains on disposal of investments	7	-	2,995	-	4,307
Other income		102,751	22,389	12,743	13,455
Operating profit	19	1,161,957	727,367	145,224	47,768
Profit share of investments in associates - equity method	7	32,132	-	-	-
Profit before interest expenses and income taxes		1,194,089	727,367	145,224	47,768
Interest expenses		(123,994)	(175,263)	(6,362)	(9,427)
Profit before income taxes		1,070,095	552,104	138,862	38,341
Income taxes	20	91,962	(18,817)	-	(2,419)
Net profit for the year		1,162,057	533,287	138,862	35,922
Attributable to:					
Shareholders of the parent		1,162,057	533,287	138,862	35,922
Minority interests		(5,766)	7,795	-	-
		1,156,291	541,082	138,862	35,922
Earnings per share for profit attributable to the shareholders of the parent					
Basic (Baht)	21	<u>2.17</u>	<u>1.41</u>	<u>0.26</u>	<u>0.09</u>

The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

Mermaid Maritime Public Company Limited
Statements of Changes in Shareholders' Equity
For the years that ended on 30 September 2008 and 2007

Consolidated 2008								Unit: Baht'000
Notes	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserves	Unappropriated retained earnings	Minority interests	Total	
Beginning balance as at 1 October 2007	383,205	1,226,352	496	5,720	1,139,217	140,044	2,895,034	
Issued share capital	17 158,000	5,244,439	-	-	-	325,188	5,727,627	
Return of capital investment from a subsidiary	-	-	-	-	-	(90,547)	(90,547)	
Effect of additional investments in subsidiaries	-	-	-	-	-	11,830	11,830	
Net profit for the year	-	-	-	-	1,156,291	5,766	1,162,057	
Legal reserves	18 -	-	-	33,997	(33,997)	-	-	
Translation adjustments for investments in foreign subsidiaries	-	-	(25,032)	-	-	(7,027)	(32,059)	
Ending balance as at 30 September 2008	541,205	6,470,791	(24,536)	39,717	2,261,511	385,254	9,673,942	

Company 2008								Unit: Baht'000
Note	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserves	Unappropriated retained earnings	Total		
Beginning balance as at 1 October 2007	383,205	1,226,352	496	5,720	1,139,217	2,754,990		
Retrospective adjustments due to change in accounting policy	3 -	-	(496)	-	(1,128,352)	(1,128,848)		
Beginning balance after retrospective adjustment	383,205	1,226,352	-	5,720	10,865	1,626,142		
Issued share capital	158,000	5,244,439	-	-	-	5,402,439		
Net profit for the year	-	-	-	-	138,862	138,862		
Legal reserves	-	-	-	33,997	(33,997)	-		
Ending balance as at 30 September 2008	541,205	6,470,791	-	39,717	115,730	7,167,443		

The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

Mermaid Maritime Public Company Limited
Statements of Changes in Shareholders' Equity
For the years that ended on 30 September 2008 and 2007

	Consolidated 2007						Unit: Baht'000
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserves	Unappropriated retained earnings	Minority interests	Total
Beginning balance as at 1 October 2006	383,205	1,226,352	(4,138)	5,720	598,135	176,094	2,385,368
Net profit for the year	-	-	-	-	541,082	(7,795)	533,287
Dividends paid by a subsidiary	-	-	-	-	-	(29,141)	(29,141)
Translation adjustments for investments in foreign subsidiaries	-	-	4,634	-	-	886	5,520
Ending balance as at 30 September 2007	383,205	1,226,352	496	5,720	1,139,217	140,044	2,895,034

	Company 2007 (Restated)						Unit: Baht'000
Note	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserves	Unappropriated retained earnings	Total	
Beginning balance as at 1 October 2006	383,205	1,226,352	(4,138)	5,720	598,135	2,209,274	
Retrospective adjustments due to change in accounting policy	3	-	-	4,138	-	(623,192)	(619,054)
Beginning balance after retrospective adjustment	383,205	1,226,352	-	5,720	(25,057)	1,590,220	
Net profit for the year	-	-	-	-	35,922	35,922	
Ending balance as at 30 September 2007	383,205	1,226,352	-	5,720	10,865	1,626,142	

The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

Mermaid Maritime Public Company Limited
Statements of Cash Flows
For the years that ended on 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000		Baht'000	Restated Baht'000
Cash flows from operating activities					
Profit before income taxes		1,070,095	552,104	138,862	38,341
Adjustments for:					
Depreciation	9	561,255	498,872	20,499	21,707
Amortisation of intangible assets	10	8,580	8,589	6,680	8,198
Interest expenses		123,994	175,263	6,362	9,427
Net (gains) losses on disposal and write off of property, plant and equipment		5,988	10,198	(1,298)	(699)
Gains on disposals of investments in subsidiaries	7	-	(2,995)	-	(4,307)
Realised gains on exchange rates		(10,363)	(16,303)	-	-
Unrealised gains on exchange rates		(86,709)	(165,290)	(106,496)	-
Provision (reversal) of bad and doubtful accounts receivable		9,468	1,706	-	(1,044)
Retirement benefit obligations		2,014	(2,010)	520	(2,830)
Dividends received from a subsidiary		-	-	-	(30,331)
Profit share of investments in associates	7	(32,132)	-	-	-
Changes in operating assets and liabilities (excluding the effects of acquisitions and disposals as described in Note 7)					
- Trade accounts receivable - others		(452,870)	(45,614)	-	1,317
- Trade accounts receivable - related parties		109	15,244	56	194
- Amounts due from related parties		(14,163)	(12)	(168,221)	(39,006)
- Inventories		-	864	-	-
- Supplies and spare parts		(33,934)	(29,348)	-	-
- Other current assets		(111,690)	(90,220)	76,043	(71,751)
- Other non-current assets		32,376	(36,120)	-	20
- Trade accounts payable - others		(46,354)	138,401	(6,369)	-
- Trade accounts payable - related parties		(46,778)	10,896	(16)	(609)
- Other accounts payable		3,215	(7,778)	-	7,086
- Amounts due to related parties		(1,218)	468	17	-
- Accrued expenses		(43,517)	83,854	(41,172)	38,783
- Other current liabilities		44,410	28,310	1,754	6,028
Cash generated from operations		981,776	1,129,079	(72,779)	(19,476)
- Interest paid		(123,502)	(175,263)	(6,412)	(9,416)
- Income taxes paid		(63,773)	(59,948)	(3,045)	(2,420)
Net cash inflows (outflows) from operating activities		794,501	893,868	(82,236)	(31,312)

The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

Mermaid Maritime Public Company Limited
Statements of Cash Flows (Cont'd)
For the years that ended on 30 September 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000	Baht'000	Baht'000	Restated Baht'000
Cash flows from investing activities					
Proceeds of short-term loans to related parties		-	-	659,208	666,000
Payments of short-term loans to related parties		(1,147,989)	-	(2,597,593)	(654,000)
Proceeds from disposal of investment in subsidiaries		-	31,763	-	42,394
Payments for investments in subsidiaries	7	(202,784)	-	(2,408,572)	-
Payments for investments in associates	7	(373,164)	-	-	-
Proceeds from return of capital investment from a subsidiary being liquidated	7	-	-	94,004	-
Dividends received from a subsidiary		-	-	-	30,331
Proceeds from disposals of property, plant and equipment		17,494	254,211	13,683	4,096
Purchases of property, plant and equipment		(3,124,869)	(716,910)	(3,574)	(2,243)
Purchases of intangible assets		(12,941)	(1,666)	(1,646)	(251)
Net cash inflows (outflows) from investing activities		(4,844,253)	(432,602)	(4,244,490)	86,327
Cash flows from financing activities					
Net payments from bank overdrafts		(20,274)	(19,785)	-	-
Proceeds of short-term loans from financial institutions	13	41,514	202,704	-	-
Payments on short-term loans from financial institutions	13	(243,092)	(160,000)	-	(20,000)
Payments on finance lease liabilities		(6,590)	(8,466)	(2,280)	(4,224)
Proceeds from long-term loans from financial institutions	14	170,565	144,036	-	-
Payments on long-term loans from financial institutions	14	(395,882)	(264,227)	(24,800)	(24,800)
Dividends paid to minorities		-	(29,141)	-	-
Payments on capital investment to minorities		(90,547)	-	-	-
Proceeds from issuance of share capital	17	158,000	-	158,000	-
Proceeds from share premium	17	5,244,439	-	5,244,439	-
Proceeds from issuance of share capital received from minorities		325,188	-	-	-
Net cash inflows (outflows) from financing activities		5,183,321	(134,879)	5,375,359	(49,024)

The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

Mermaid Maritime Public Company Limited
Statements of Cash Flows (Cont'd)
For the years that ended on 30 September 2008 and 2007

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Restated Baht'000
Net increase in cash and cash equivalents	1,133,569	326,387	1,048,633	5,991
Cash and cash equivalents at the beginning of year	511,700	185,313	21,139	15,148
Effects of exchange rate changes	81,161	-	72,070	-
Cash and cash equivalents at the end of year	1,726,430	511,700	1,141,842	21,139

Non-cash transactions

During the years that ended on 30 September 2008 and 2007, the following significant non-cash transactions occurred:

Unpaid liabilities under finance lease agreements for purchase of fixed assets	10,570	11,159	2,504	4,784
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The notes to the consolidated and Company financial statements on pages 10 to 43 form an integral part of these consolidated financial statements

1 General information

Mermaid Maritime Public Company Limited (the “Company”) is a public company limited which is incorporated in Thailand and is a listed company on the Singapore Exchange Securities Trading Limited (SGX-ST). The address of its registered office is as follows:

26/28-29 Orakarn Building, 9th floor
Soi Chidlom, Ploenchit Road
Kwaeng Lumpinee, Khet Pathumwan
Bangkok 10330, Thailand

The Company and its subsidiaries (the “Group”) provide a wide range of services to the offshore oil & gas industries. The scope of services comprises sub-sea engineering and inspection by divers and remotely operated vehicle (“ROV”) systems, non-destructive testing, and ownership and operation of a fleet of offshore service vessels and tender drilling rigs.

As at 30 September 2008, the Group employed 376 persons. (30 September 2007 : 288 persons).

The Company is a subsidiary of Thoresen Thai Agencies Public Company Limited, which is incorporated in Thailand.

The Board of Directors approved the issue of the audited consolidated and Company financial statements on 19 November 2008.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547.

The consolidated and Company financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

An English version of the consolidated and Company financial statements has been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Amendments to Thai Accounting Standards

The following standards were revised and are mandatory for accounting periods beginning on or after 1 January 2007.

TAS 44 :	Consolidated and separate financial statements
TAS 45 :	Investments in associates
TAS 46 :	Interest in joint ventures

The amendments relating to TAS 44 “Consolidated and separate financial statements”, TAS 45 “Investments in associates”, and TAS 46 “Interests in joint ventures” are effective for the period beginning on or after 1 January 2007. Such amendments to accounting standards No. 44, 45, and 46 require a change from the equity method to the cost method for investments in subsidiaries, associates, and joint ventures presented in the Company separate financial statements. Under the cost method, income from investments will be recorded when dividends are declared. This change has an impact to the Company financial statements only and will not have an impact to the consolidated financial statements as described in Note 3.

The following standards were revised and are mandatory for accounting periods beginning on or after 1 January 2008. These have not been early adopted by the Group.

TAS 25 :	Cash flow statements
TAS 29 :	Leases
TAS 31 :	Inventories
TAS 33 :	Borrowing costs
TAS 35 :	Presentation of financial statements
TAS 39 :	Accounting policies, changes in accounting estimates and errors
TAS 41 :	Interim financial reporting
TAS 49 :	Construction contracts

The management assessed and determined that there is no significant impact to the consolidated and Company financial statements being presented related to the revised standards.

2.1.2 Early adoption of new accounting standards

New accounting policies applied during the year are set out below:

TAS 43 :	Business combinations
TAS 51 :	Intangible assets

Investments in associates

An investment in an associate is an investment in a company in which the Group exercises significant influence but not control. The equity method of accounting for associated enterprises is adopted in the consolidated financial statements. In applying the equity method, account is taken of the Group’s share of accumulated retained earnings and movements in reserves from the effective date on which the enterprise became an associate and up to the effective date of disposal.

2 Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Early adoption of new accounting standards (Cont'd)

Goodwill arising on the acquisition of associates is included in the carrying amount of the investment in associate and is treated in accordance with the Group's accounting policy for goodwill. The share of associated retained earnings and reserves is generally determined from the associate's latest annual financial statements or interim financial statements when appropriate. Dividends received from associates are deducted from the carrying value of the investment. Where the Group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at zero value. Additional losses are only recognised to the extent that the Group has incurred obligations or made payments on behalf of the associates.

A list of the Group's principal associates and the effects of acquisitions and disposals of associates are shown in Note 7.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to forecast future cash-generating units and is no longer amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

2.2 Critical accounting estimates, assumptions, and judgments

Estimates, assumptions, and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2.1 Property, plant, and equipment and intangible assets

Management determines the carrying value of tender rigs and vessels based on estimates, assumptions, and judgments in respect of remaining useful lives and residual values of these assets. These estimates, assumptions, and judgments reflect both historical experience and expectations regarding future operations, utilisation, and performance.

2.2.2 Deferred income taxes

Deferred income tax assets are recorded based on management's judgment and estimates on the extent to which there will be future taxable profits against which they can be offset. In preparing their forward projections for taxable income, management consider both historical performance and expectations regarding future operations, utilisation, and performance, as well as other industry specific information.

2 Summary of significant accounting policies (Cont'd)

2.3 Accounting policies

2.3.1 Investments in subsidiaries

Subsidiaries, which are those entities (including special purpose entities) in which the Group has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition and costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated, unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method of accounting.

A list of the Group's principal subsidiaries is set out in Note 7.

2.3.2 Foreign currencies translation

Items included in the financial statements of each entity in the Group are measured using the reporting currency of each entity in which the entity incorporated. The consolidated and Company financial statements are presented in Thai Baht.

Transactions denominated in foreign currencies are translated into the entity's reporting currency at the rates of exchange ruling on the transaction dates. Realised gains and losses on foreign exchange transactions are recognised in the statements of income as incurred. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the rate prevailing on that date. Unrealised gains and losses on foreign exchange are recognised in the statements of income as incurred.

Statements of income of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year, and balance sheets are translated at the exchange rates on the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statements of income as part of the gain or loss on sale.

2 Summary of significant accounting policies (Cont'd)

2.3 Accounting policies (Cont'd)

2.3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits at call with banks, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.3.4 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured as the remaining amount less an allowance for doubtful receivables based on a review of all outstanding amounts at year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collected. Bad debts are written off in the statements of income within service and administrative expenses.

2.3.5 Supplies and spare parts

Vessel supplies and spare parts mainly comprise bunker and vessel supplies and spare parts. Bunker supplies are stated at cost, determined on the first-in, first-out basis. Vessel supplies, rig supplies, and spare parts are stated at historical cost. The vessel supplies and spare parts purchased to replace those used during the year are reported as vessel costs of service in the statements of income.

2.3.6 Property, plant, and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is unrecognised. All other repair and maintenance cost are charged to the consolidated and Company statements of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and building improvement	10 and 20 years
Second-hand supply and support vessels	5 to 16 years
Second-hand tender rigs	1 to 20 years
Motor launches	10 years
Tools and equipment	3 to 10 years
Office equipment	5 years
Motor vehicles	5 years

The estimated useful lives of supply and support vessels and tender rigs are based on their remaining useful lives at the acquisition date. Depreciation is calculated based on component approach on the cost of the vessel and tender rigs less an estimated scrap value.

2 Summary of significant accounting policies (Cont'd)

2.3 Accounting policies (Cont'd)

2.3.6 Property, plant, and equipment

Expenditure incurred during inspections, major repairs, or dry-docking is recognised in the carrying amount of property, plant, and equipment as a replacement if the recognition criteria are satisfied. Dry-docking costs are considered a separate component of the vessels' cost that have a different pattern of economic benefits and are therefore depreciated separately. Dry-docking expenses are amortised over the period until the next scheduled dry-docking, up to a maximum of 5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the consolidated and Company statements of income.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. All other borrowing costs are expensed. The borrowing costs include interest on bank short-term and long-term borrowings. Others borrowing costs are recorded in the statements of income.

2.3.7 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated using the straight-line method to allocate the cost of computer software over their estimated useful lives (3 and 5 years).

2.3.8 Leases - where the Group is the lessee

Leases of assets, which substantially transfer all the risks, and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statements of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease period.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases (net of any incentive received from the lessor). Lease expenses, which are primarily rental and interest expenses, are charged to the statements of income on a straight-line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2 Summary of significant accounting policies (Cont'd)

2.3 Accounting policies (Cont'd)

2.3.9 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.3.10 Revenue recognition

Revenue comprises the invoiced value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates, and discounts and after eliminating sales and services within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement.

(a) Sales of goods

The Group sells ships chandlery, and safety equipment and supply. Sales of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the buyers, typically when goods are delivered to customers.

(b) Rendering of services

The Group recognises revenue as services are performed based upon (a) contracted day-rates and the number of operating days during the period or (b) agreed service charge. When the arrangement contains a lease obligation, revenue is evenly recognised over the contract period.

Mobilisation activities related to drilling rig activity to mobilise a rig from one geographic area to another are linked to the underlying contracts. Certain contracts include mobilisation fees paid at the start of the contracts. Where the mobilisation fee covers a general or specific upgrade of a rig or equipment, the fee is recognised as revenue over the contract period. In cases where the fee covers specific operating expenses at the start up of the contract, the fee is recognised in the same period as the expenses.

(c) Interest income

Interest income is recognised on a time-proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will be accrued to the Group.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2 Summary of significant accounting policies (Cont'd)

2.3 Accounting policies (Cont'd)

2.3.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated and Company financial statements in the period in which the interim dividends are approved by the Board of Directors and the annual dividends are approved by the Company's shareholders.

2.3.12 Financial instruments

The Group is party to financial instruments that reduce its exposure to fluctuations in foreign exchange risk. These instruments, which are foreign currency forward contracts, are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset and liability will be settled. Gains or losses from the foreign currency forward contracts will be recorded on the settlement date.

2.3.13 Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and Company's financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 Summary of significant accounting policies (Cont'd)

2.3 Accounting policies (Cont'd)

2.3.14 Employee benefits

(a) Provident fund

The Group operates a provident fund, being a defined contribution plan, the asset for which is held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Group.

The Group's contributions to the provident fund are charged to the consolidated and Company statements of income in the year to which they relate.

(b) Retirement benefits

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labour Law depending on age and years of service.

The liability of retirement benefit is recognised in the consolidated and Company balance sheet using the present value of the obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The retirement benefit is calculated annually by an independent actuary using the projected unit credit method. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of benefit obligations are charged or credited to the statements of income over the employees' expected average remaining working lives.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.3.15 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment information is presented by business segment of the Group's Company's operations.

2 Summary of significant accounting policies (Cont'd)

2.3 Accounting policies (Cont'd)

2.3.16 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3 Change/ adoption of new accounting policies

Change in accounting policy

The notification of Federation of Accounting Professions dated 2 May 2007 relating to the amendment of TAS 44 "Consolidated and separate financial statements" requires a change from the equity method to the cost method for investments in subsidiaries presented in the Company's separate financial statements. Under the cost method, income from investments will be recorded when dividends are declared. This change has an impact to the Company's separate financial statements and does not have any impact on the consolidated financial statements. The Company has complied with this change beginning on 1 October 2007.

	Company 2007 Baht'000
	<hr/>
Balance Sheets	
Decrease in investments in subsidiaries	(1,128,848)
Decrease in translation adjustments for investments in foreign subsidiaries	(496)
Decrease in beginning balance of retained earnings as at 1 October 2006	(623,192)
Decrease in ending balance of retained earnings	(505,160)
Statement of income	
Decrease in profit share of investments in subsidiaries and associates	(536,803)
Increase dividend income	30,331
Increase in gains on disposal of investments	1,312
	<hr/>
	(505,160)
	<hr/>
Decrease in earning per share (Baht)	(1.32)

Early adoption of new accounting standards

During 2008, the Group's management chose to adopt earlier than required TAS 43 (as amended in 2007) "Business Combination" and TAS 51 (as amended in 2007) "Intangible Assets". Under the standards, an intangible asset of indefinite life will not be amortised and instead, an impairment review will be conducted if there is any indication of impairment. If the carrying value of the intangible asset is less than its recoverable amount, an impairment loss will be charged to the statements of income.

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4 Business segment information

The segment results for the years ended 30 September 2008 and 2007 are as follows:

	Consolidated						Unit: Baht'000
	For the year that ended on 30 September 2008						
	Turn-key diving, ROV and NDT services to offshore industries	Drilling services	Ownership and operation of multi purpose offshore service vessels	Training services	Surveys	Unallocated	Group
Total service income	3,927,191	1,249,044	-	24,949	136,141	-	5,337,325
Inter-segment service income	-	-	-	(521)	(51,361)	-	(51,882)
Service income	3,927,191	1,249,044	-	24,428	84,780	-	5,285,443
Operating profit (loss)	971,596	25,421	2,026	2,084	19,357	141,473	1,161,957
Interest expenses							(123,994)
Income taxes							91,962
Profit share from associates							32,132
Net profit for the year							<u>1,162,057</u>
Property, plant, equipment, and intangible assets	<u>2,980,818</u>	<u>4,247,947</u>	<u>-</u>	<u>9,102</u>	<u>59,200</u>	<u>212,151</u>	<u>7,509,218</u>
Total assets							<u>13,179,602</u>

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4 Business segment information (Cont'd)

	Consolidated						Unit: Baht'000
	For the year that ended on 30 September 2007						
	Turn-key diving, ROV and NDT services to offshore industries	Drilling services	Ownership and operation of multi purpose offshore service vessels	Training services	Ships chandlery	Unallocated	Group
Total service income	2,867,437	1,242,865	8,651	14,976	-	-	4,133,929
Inter-segment service income	-	(2,844)	-	(776)	-	-	(3,620)
Service income	2,867,437	1,240,021	8,651	14,200	-	-	4,130,309
Sales	-	-	-	-	964	-	964
Total service income and sales	2,867,437	1,240,021	8,651	14,200	964	-	4,131,273
Operating profit (loss)	717,450	123,248	(3,778)	(1,314)	(14,142)	(94,097)	727,367
Interest expenses							(175,263)
Income taxes							(18,817)
Net profit for the year							<u>533,287</u>
Property, plant, equipment, and intangible assets	2,123,776	1,640,229	-	11,160	-	246,494	4,021,659
Total assets							<u>5,945,730</u>

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5 Cash and cash equivalents

Cash and cash equivalents comprise:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	2,827	1,285	34	193
Cash at banks	1,723,603	510,415	1,141,808	20,946
Total cash and cash equivalents	1,726,430	511,700	1,141,842	21,139

6 Trade accounts receivable - others, net

Trade accounts receivable - others, net comprise:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable - others	1,439,054	921,178	-	-
Accrued income	26,908	58,609	-	-
	1,465,962	979,787		
<u>Less</u> Allowance for doubtful accounts	(4,179)	(13,647)	-	-
Trade accounts receivable - others, net	1,461,783	966,140	-	-

The aging of the trade accounts receivable balance is as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable under credit term	1,079,138	643,334	-	-
Aging of trade accounts receivable past due				
Less than 3 months	341,468	222,204	-	-
Overdue 3 to 6 months	7,737	4,926	-	-
Overdue 6 to 12 months	3,268	53,985	-	-
Overdue 12 months	34,351	55,338	-	-
	1,465,962	979,787	-	-
<u>Less</u> Allowance for doubtful accounts	(4,179)	(13,647)	-	-
Trade accounts receivable - other, net	1,461,783	966,140	-	-

7 Investments in subsidiaries and associates

The movement of investments in subsidiaries and associates during the years is as follows:

	Subsidiaries 2008 Baht'000	Subsidiaries 2007 Restated Baht'000
Opening balance	2,357,672	1,885,966
Retrospective adjustments (Note 3)	(1,128,848)	(619,055)
Opening balance after retrospective adjustments	1,228,824	1,266,911
Additional investments in subsidiaries	2,408,572	-
Proceeds from disposal of investments in subsidiaries	-	(42,394)
Gains from disposal of investments in subsidiaries	-	4,307
Return of capital investment from a subsidiary being liquidated	(94,004)	-
Ending balance	<u>3,543,392</u>	<u>1,228,824</u>
	Associates 2008 Baht'000	Associates 2007 Baht'000
Opening balance	-	-
Additional investments in associates	373,164	-
Profit share of investments in associates	32,132	-
Ending balance	<u>405,296</u>	<u>-</u>

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7 Investments in subsidiaries and associates (Cont'd)

Investments in subsidiaries and associates comprise investments in the following companies:

Name of subsidiaries	Country of incorporation	Percentage of holding	
		As at 30 September 2008	As at 30 September 2007
Darium Thai Offshore Ltd.	Thailand	51.0	51.0
Mermaid Offshore Services Ltd. which has one associate and two subsidiaries as follows:	Thailand	100.0	100.0
Worldclass Inspiration Sdn. Bhd.	Malaysia	25.0	-
Seascope Surveys (Thailand) Ltd.	Thailand	80.0	-
Seascope Surveys Pte. Ltd. which has two subsidiaries as follows:	Singapore	80.0	-
PT Seascope Surveys Indonesia	Indonesia	77.6	-
Seascope Inspection Services Pte. Ltd.	Singapore	80.0	-
Mermaid Drilling Ltd. which has three subsidiaries as follows:	Thailand	95.0	95.0
MTR-1 Ltd.	Thailand	100.0	100.0
MTR-2 Ltd.	Thailand	100.0	100.0
Mermaid Drilling (Malaysia) Sdn. Bhd.	Malaysia	100.0	100.0
Mermaid Training and Technical Services Ltd.	Thailand	100.0	100.0
Mermaid Drilling (Singapore) Pte. Ltd. which has four subsidiaries and one associate as follows:	Singapore	100.0	100.0
MTR-1 (Singapore) Ltd.	Singapore	100.0	100.0
MTR-2 (Singapore) Ltd.	Singapore	100.0	100.0
Mermaid Kencana Rig 1 Pte. Ltd.	Singapore	75.0	-
Mermaid Kencana Rig 2 Pte. Ltd.	Singapore	100.0	-
Kencana Mermaid Drilling Sdn. Bhd.	Malaysia	40.0	-

Additional investments in subsidiaries

On 22 October 2007, Mermaid Drilling (Singapore) Pte. Ltd. entered into a contract with Kencana Petroleum Ventures Sdn. Bhd., incorporated in Malaysia, to establish a new company named Mermaid Kencana Rig 1 Pte. Ltd. in Singapore with share capital of USD 100, with 25% held by Kencana Petroleum Ventures Sdn. Bhd. and 75% held by Mermaid Drilling (Singapore) Pte. Ltd. The company was incorporated in Singapore on 19 October 2007.

On 1 December 2007, Mermaid Offshore Services Ltd. increased its share capital from Baht 550 million to Baht 2,003 million by issuing 145.3 million new ordinary shares at par value of Baht 10 per share. The Company invested Baht 1,453 million to subscribe for the issued shares, which is equivalent to Baht 10 per share.

On 6 December 2007, the Company subscribed for shares of Mermaid Drilling (Singapore) Pte. Ltd., totalling Baht 513.7 million (or USD 15.3 million) for Mermaid Drilling (Singapore) Pte. Ltd., to invest further in Mermaid Kencana Rig 1 Pte. Ltd. as mentioned above. On the same date, Mermaid Kencana Rig 1 Pte. Ltd., increased its paid-up capital by USD 20.4 million. USD 15.3 million and USD 5.1 million were received from Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., respectively, reflecting their proportion of shareholding.

On 4 March 2008, Mermaid Offshore Services Ltd. acquired 80 ordinary shares in Seascope Surveys Pte. Ltd., with par value of SGD 1.00 per share, at a subscription price of SGD 124,928 per share, totalling SGD 9.99 million, or equivalent to Baht 224.1 million. The total subscribed shares represent 80% of the total share capital of Seascope Surveys Pte. Ltd.

Details of the acquisition and goodwill arisen are as follows:-

	Baht'000
Total cash paid for purchase consideration	224,073
Fair value of net assets acquired	(43,175)
Goodwill	180,898

7 Investments in subsidiaries and associates (Cont'd)

Additional investments in subsidiaries (Cont'd)

On 26 March 2008, Mermaid Offshore Services Ltd. subscribed to 2,119,995 ordinary shares in Seascope Surveys (Thailand) Ltd. with a par value of Baht 10 per share, at a subscription price of Baht 10 per share. As at 30 September 2008, Seascope Surveys (Thailand) Ltd. has also received share subscription in advance from Mermaid Offshore Services Ltd. of Baht 6 million to further invest in Seascope Surveys (Thailand) Ltd.

On 30 July 2008, Mermaid Drilling (Singapore) Pte. Ltd. incorporated a new company named Mermaid Kencana Rig 2 Pte. Ltd. in Singapore with a share capital of USD 100. Pursuant to a Letter of Agreement between Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., incorporated in Malaysia, this new company will eventually be 25% owned by Kencana Petroleum Ventures Sdn. Bhd. and 75% owned by Mermaid Drilling (Singapore) Pte. Ltd.

On 31 July 2008, the Company subscribed for additional shares in Mermaid Drilling (Singapore) Pte. Ltd., totalling Baht 326 million (or USD 8.7 million) for Mermaid Drilling (Singapore) Pte. Ltd. to invest further in Mermaid Kencana Rig 1 Pte. Ltd. as mentioned above. On the same date, Mermaid Kencana Rig 1 Pte. Ltd., increased its paid-up capital by USD 11.6 million. USD 8.7 million and USD 2.9 million were received from Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., respectively, reflecting their proportion of shareholding. As at 30 September 2008, Mermaid Drilling (Singapore) Pte. Ltd. received the share subscription in advance from the Company of Baht 115.8 million (or USD 3.4 million) to invest further in Mermaid Kencana Rig 1 Pte. Ltd. Mermaid Kencana Rig 1 Pte. Ltd. also received the share subscription in advance from Mermaid Drilling (Singapore) Pte. Ltd. and in Kencana Petroleum Ventures Sdn. Bhd., at USD 3.4 million and USD 1.1 million, respectively, according to the proportion of shareholding.

Return of capital investment from a subsidiary

Darium Thai Offshore Ltd., a subsidiary, registered its dissolution with the Ministry of Commerce on 24 August 2007. In October 2007, the Company partially received a return of its capital investment from this subsidiary amounting to Baht 94 million. As at 30 September 2008, the subsidiary is in the process of liquidation.

Additional investments in associates

On 26 September 2007, Mermaid Drilling (Singapore) Pte. Ltd., a subsidiary, beneficially subscribed to 1 ordinary share in Kencana Mermaid Drilling Sdn. Bhd. with a par value of RM 1.00 per share, at a subscription price of RM 1.00 per share. On 24 October 2007, Mermaid Drilling (Singapore) Pte. Ltd. acquired another 39,999 ordinary shares in Kencana Mermaid Drilling Sdn. Bhd. with a par value of RM 1.00 per share, at a subscription price of RM 1.00 per share, totalling RM 39,999 equivalent to Baht 377,906. The total subscribed shares represent 40% of the total share capital of Kencana Mermaid Drilling Sdn. Bhd.

On 6 December 2007, Mermaid Offshore Services Ltd., a subsidiary, acquired 8,162,963 ordinary shares in Worldclass Inspiration Sdn. Bhd. with a par value of RM 1 per share, at a subscription price of RM 4.1 per share, totalling RM 33.5 million, or equivalent to Baht 337.4 million. The subscribed shares represent 25% of the total paid-up share capital of Worldclass Inspiration Sdn. Bhd. On 11 February 2008, Mermaid Offshore Services Ltd. acquired another 844,444 new ordinary shares with a par value of RM 1.00 per share, at the subscription price of RM 4.1 per share, totalling RM 3.5 million, which is equivalent to Baht 35.4 million.

Details of the acquisition are as follows:

	Baht'000
Total cash paid for purchase consideration	337,372
Fair value of net tangible assets	(104,092)
Fair value of intangible assets	(68,715)
Goodwill	<u>164,565</u>

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7 Investments in subsidiaries and associates (Cont'd)

Additional investments in associates (Cont'd)

The intangible asset amount of Baht 68.7 million represents value adjustments relating to the vessels, Allied Commander and Allied Centurion, based on a review of current market prices for similar vessels. These amounts will be amortised over 11 and 12 years, respectively. The amount of Baht 164.5 million is non-specific goodwill, which is not amortised, but tested for impairment annually, or more often if circumstances suggest an impairment is likely.

Details of associates are as follows:

Name	Country of incorporation	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profit/loss Baht'000	% Interest held	Profit sharing Baht'000
Worldclass Inspiration Sdn. Bhd.	Malaysia	1,814,703	1,197,496	14,755	(11,171)	25	(2,793)
Allied Marine & Equipment Sdn. Bhd.	Malaysia	2,039,854	1,413,798	741,739	176,499	22.5 (indirect)	39,712
Kencana Mermaid Drilling Sdn. Bhd.	Malaysia	1,021	2,045	-	(1,830)	40	(409)
							36,510
<u>Less</u> Amortisation of intangible assets							(4,378)
							<u>32,132</u>

8 Other current assets

Other current assets comprise:

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Value added taxes refundable	42,806	39,778	10,821	12,814
Prepaid expenses	40,947	32,714	1,013	514
Advances to employees	6,251	3,727	796	947
Advances for business expenses	153,093	11,390	119	1
Other receivables	95,124	24,582	-	-
Deferred mobilisation costs	-	4,006	-	-
Transaction costs relating to Initial Public Offering	-	75,592	-	75,592
Other current assets	19,891	35,103	4,206	84
	<u>358,112</u>	<u>226,892</u>	<u>16,955</u>	<u>89,952</u>

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9 Property, plant and equipment, net

9.1) Property, plant, and equipment, net in the balance sheet comprise:

	Consolidated										Unit : Baht'000
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in process	Total
At 30 September 2007											
Cost	42,227	197,221	15,303	475,762	39,508	23,306	3,413,462	137,586	1,232	675,223	5,020,830
Less Accumulated depreciation	-	(26,990)	(5,633)	(97,041)	(21,097)	(9,979)	(806,590)	(41,157)	(1,001)	-	(1,009,488)
Net book amount	42,227	170,231	9,670	378,721	18,411	13,327	2,606,872	96,429	231	675,223	4,011,342
For the year that ended on 30 September 2008											
Opening net book amount	42,227	170,231	9,670	378,721	18,411	13,327	2,606,872	96,429	231	675,223	4,011,342
Additions	-	3,352	3	504,748	5,883	5,967	4,916	303,114	-	3,227,218	4,055,201
Additions of investments in subsidiaries	-	-	-	1,828	5,957	2,553	-	-	-	-	10,338
Transferred in (out)	-	-	-	343,770	-	-	636,403	-	-	(980,173)	-
Disposals	(6,872)	(5,213)	(274)	(4,800)	(46)	(621)	(5,516)	-	-	-	(23,342)
Write off	-	-	-	-	(8)	-	-	-	-	-	(8)
Depreciation charge	-	(12,245)	(2,976)	(94,449)	(8,050)	(4,997)	(380,880)	(57,475)	(183)	-	(561,255)
Closing net book amount	35,355	156,125	6,423	1,129,818	22,147	16,229	2,861,795	342,068	48	2,922,268	7,492,276
At 30 September 2008											
Cost	35,355	192,787	14,946	1,320,707	52,104	27,959	4,047,389	440,700	298	2,922,268	9,054,513
Less Accumulated depreciation	-	(36,662)	(8,523)	(190,889)	(29,957)	(11,730)	(1,185,594)	(98,632)	(250)	-	(1,562,237)
Net book amount	35,355	156,125	6,423	1,129,818	22,147	16,229	2,861,795	342,068	48	2,922,268	7,492,276

During 2008, the Group reviewed the estimated useful lives of the equipment. As a result of the review, management has revised the estimated useful lives of tender rigs from 5 to 13 years to 1 to 20 years. The revision is accounted for prospectively which results in a decrease in depreciation charge amounting to Baht 58.4 million in 2008.

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9 Property, plant and equipment, net (Cont'd)

9.1) Property, plant, and equipment, net in the balance sheet comprise: (Cont'd)

	Company							Total
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Construction in process	
At 30 September 2007								
Cost	42,227	197,221	14,686	278	28,479	11,187	37	294,115
<u>Less</u> Accumulated depreciation	-	(26,990)	(5,633)	(97)	(17,954)	(6,078)	-	(56,752)
Net book amount	<u>42,227</u>	<u>170,231</u>	<u>9,053</u>	<u>181</u>	<u>10,525</u>	<u>5,109</u>	<u>37</u>	<u>237,363</u>
For the year that ended on 30 September 2008								
Opening net book amount	42,227	170,231	9,053	181	10,525	5,109	37	237,363
Additions	-	-	3	-	3,571	-	-	3,574
Disposals	(6,872)	(5,212)	(273)	-	(8)	(11)	-	(12,376)
Write off	-	-	-	-	(8)	-	-	(8)
Depreciation charge	-	(11,744)	(2,821)	(55)	(4,110)	(1,769)	-	(20,499)
Closing net book amount	<u>35,355</u>	<u>153,275</u>	<u>5,962</u>	<u>126</u>	<u>9,970</u>	<u>3,329</u>	<u>37</u>	<u>208,054</u>
At 30 September 2008								
Cost	35,355	189,431	14,329	278	31,944	8,745	37	280,119
<u>Less</u> Accumulated depreciation	-	(36,156)	(8,367)	(152)	(21,974)	(5,416)	-	(72,065)
Net book amount	<u>35,355</u>	<u>153,275</u>	<u>5,962</u>	<u>126</u>	<u>9,970</u>	<u>3,329</u>	<u>37</u>	<u>208,054</u>

As at 30 September 2008, one land and building, one support vessel, one saturation diving system, and two tender rigs are mortgaged with various banks as collateral for their overdrafts and loans facilities as described in Note 12, 13, and 14. These assets are mortgaged at a total value of Baht 2,522 million and USD 15 million (30 September 2007 : Baht 2,574.8 million and USD 15 million).

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9 Property, plant, and equipment, net (Cont'd)

9.2) The depreciation charges for the years that ended on 30 September are as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Depreciation charged to				
- Cost of service	453,958	400,148	-	-
- Service and administrative expenses	107,297	98,724	20,499	21,707
	<u>561,255</u>	<u>498,872</u>	<u>20,499</u>	<u>21,707</u>

10 Intangible assets, net

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Beginning balance				
Cost	24,603	22,937	22,960	22,709
<u>Less</u> Accumulated amortisation	<u>(14,286)</u>	<u>(5,697)</u>	<u>(13,829)</u>	<u>(5,631)</u>
Net book amount	<u>10,317</u>	<u>17,240</u>	<u>9,131</u>	<u>17,078</u>
For the year that ended on 30 September				
Opening net book amount	10,317	17,240	9,131	17,078
Additions	15,205	1,666	1,646	251
Amortisation charge	<u>(8,580)</u>	<u>(8,589)</u>	<u>(6,680)</u>	<u>(8,198)</u>
Closing net book amount	<u>16,942</u>	<u>10,317</u>	<u>4,097</u>	<u>9,131</u>
Ending balance				
Cost	39,808	24,603	24,606	22,960
<u>Less</u> Accumulated amortisation	<u>(22,866)</u>	<u>(14,286)</u>	<u>(20,509)</u>	<u>(13,829)</u>
Net book amount	<u>16,942</u>	<u>10,317</u>	<u>4,097</u>	<u>9,131</u>

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11 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax assets are as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred income tax assets:				
Deferred income tax assets to be recovered after 12 months	213,605	59,062	-	-
Deferred income tax assets to be recovered within 12 months	-	544	-	-
Total	213,605	59,606	-	-

The gross movement on the deferred income tax account is as follows:

Beginning of the year	59,606	31,241	-	-
Statements of income charged	153,999	28,365	-	-
Ending of the year	213,605	59,606	-	-

The movement in deferred income tax assets during the year is as follows:

	Retirement benefit obligations	Impairment losses	Decelerated tax depreciation	Total
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred tax assets				
At 30 September 2006	120	-	31,121	31,241
Charged/(credited) to the consolidated statement of income	424	-	27,941	28,365
At 30 September 2007	544	-	59,062	59,606
Charged/(credited) to the consolidated statement of income	313	145,510	8,176	153,999
At 30 September 2008	857	145,510	67,238	213,605

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

The Group did not recognise deferred income tax assets of Baht 79.2 million (2007 : Baht 51.9 million) in respect of tax loss carry-forwards amounting to Baht 264.1 million (2007 : Baht 173.2 million) as management's view is that insufficient taxable income will be available for offset in the foreseeable future. These tax losses will expire in 5 years.

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12 Bank overdrafts

The Group has bank overdraft facilities of Baht 75 million (30 September 2007 : Baht 75 million), which are guaranteed by the Company and a mortgage of the Company's land and buildings as mentioned in Note 9.1.

As at 30 September 2008, the Group has unused bank overdraft facilities of Baht 75 million (30 September 2007 : Baht 54.7 million).

13 Short-term loans from financial institutions

As at 30 September 2008, the Group has no remaining short-term loans from financial institutions (30 September 2007 : Baht 201.6 million)

The movement of short-term loans from financial institutions for the years that ended on 30 September 2008 and 2007 is as follows:

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Beginning balance	201,578	160,000	-	20,000
Addition during year	41,514	202,704	-	-
Repayment during year	(243,092)	(160,000)	-	(20,000)
Realised gains on exchange rate	-	(1,126)	-	-
Ending balance	-	201,578	-	-

14 Long-term loans from financial institutions

Long-term loans from financial institutions comprise:

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Long-term loans from financial institutions	1,938,427	2,179,655	85,600	110,400
<u>Less</u> Current portion of long-term loans	(416,570)	(406,245)	(24,800)	(24,800)
Long-term portion of loans	1,521,857	1,773,410	60,800	85,600

The movement of long-term loans from financial institutions is summarised as follows:

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Beginning balance	2,179,655	2,480,314	110,400	135,200
Addition during year	170,565	144,036	-	-
Repayment during year	(395,882)	(264,227)	(24,800)	(24,800)
Realised gains on exchange rate	(10,363)	(15,177)	-	-
Unrealised gains on exchange rate	(5,548)	(165,291)	-	-
Ending balance	1,938,427	2,179,655	85,600	110,400

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14 Long-term loans from financial institutions (Cont'd)

Maturity of long-term loans from financial institutions is as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Less than 1 year	416,570	406,245	24,800	24,800
1 - 5 years	1,340,933	1,615,445	60,800	85,600
Over 5 years	180,924	157,965	-	-
	<u>1,938,427</u>	<u>2,179,655</u>	<u>85,600</u>	<u>110,400</u>

The carrying amounts of long-term loans from financial institutions are dominated in the following currencies:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Currency				
USD	1,697,277	1,856,305	-	-
Baht	241,150	323,350	85,600	110,400
	<u>1,938,427</u>	<u>2,179,655</u>	<u>85,600</u>	<u>110,400</u>

Long-term loans from financial institutions comprise:

Loans for the purchase of support vessels and equipment are granted by local commercial banks and are denominated in Thai Baht and US Dollars, having a total outstanding balance of Baht 155.5 million and USD 21.9 million as at 30 September 2008 (30 September 2007 : Baht 213 million and USD 21.6 million) with repayment terms within 5 - 7 years. As at 30 September 2008, interest rates on the Thai Baht loans and US Dollar loans are as follows:

- The loan balance of Baht 20 million (30 September 2007 : Baht 30 million): fixed rates for the first 3 years and MLR thereafter;
- The loan balance of Baht 121 million (30 September 2007 : Baht 163 million): MLR minus a certain margin for the first 2 years and MLR thereafter;
- The loan balance of Baht 14.5 million (30 September 2007 : Baht 20 million): MLR minus a certain margin.
- The loan balance of USD 10 million (30 September 2007 : USD 12.5 million): USD-LIBOR plus a certain margin.
- The loan balance of USD 9.4 million (30 September 2007 : USD 9.1 million): USD-LIBOR plus a certain margin; and
- The loan balance of USD 2.5 million (30 September 2007 : Nil): USD-LIBOR plus a certain margin.

Certain loans are secured by mortgages of support vessels and their integral parts and equipment as mentioned in Note 9.1 and are guaranteed by the Company.

14 Long-term loans from financial institutions (Cont'd)

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 27.7 million as at 30 September 2008 (30 September 2007 : USD 32.3 million) 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 as mentioned in Note 9.1, and guaranteed by the Company and two subsidiaries.

According to a condition of the loan agreements for the purchase of support vessels, equipment, and tender rigs, the Company and its subsidiaries are not allowed to create any encumbrance on the assets which are used as collateral, except for encumbrances created with the prior consent of the banks and permitted liens. The Company and its subsidiaries must comply with other conditions and restrictions stated in the term loan agreements.

Loan for the purchase of land and construction of a building is granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 85.6 million as at of 30 September 2008 (30 September 2007 : Baht 110.4 million) with repayment term of 6.5 years. The loan is secured by mortgages of the Company's land and building as mentioned in Note 9.1. This loan bears interest at the rate of MLR minus a certain margin until June 2007 and MLR thereafter.

Credit facilities

As at 30 September 2008, the available credit facilities for long-term loans from financial institutions were nil (30 September 2007 : Baht 89.4 million (or USD 2.6 million)).

15 Finance lease liabilities

Finance lease liabilities comprise:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Finance lease liabilities	12,416	12,160	2,631	5,215
<u>Less</u> Deferred interest expenses	(1,846)	(1,001)	(127)	(431)
Total finance lease liabilities	10,570	11,159	2,504	4,784
<u>Less</u> Current portion of finance lease liabilities	(4,587)	(6,010)	(1,845)	(2,584)
Long-term portion of finance lease liabilities	<u>5,983</u>	<u>5,149</u>	<u>659</u>	<u>2,200</u>

As at 30 September 2008, finance lease liabilities to purchase motor vehicles carry fixed interest rates (30 September 2007 : fixed interest rates). The leases have repayment terms within 3 - 5 years without guarantee (30 September 2007 : without guarantee).

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16 Retirement benefit obligations

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Balance sheet obligations for retirement benefits	5,373	3,359	2,065	1,545
Statements of income charge for retirement benefits	2,389	2,392	895	495
The amounts recognised in the balance sheet are determined as follows:				
Present value of funded obligations	6,012	3,687	2,079	1,537
Unrecognised actuarial (gains) losses	(639)	(328)	(14)	8
Liability in the balance sheet	5,373	3,359	2,065	1,545

The movement in the defined benefit obligation during the year is as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Beginning of the year	3,687	6,803	1,537	1,537
Current service cost	2,884	2,080	1,244	435
Interest cost	243	230	100	84
Actuarial (gains) losses	-	(1,024)	-	2,535
Benefits paid	(802)	(4,402)	(802)	(3,054)
Ending of the year	6,012	3,687	2,079	1,537

The amounts recognised in the statements of income are as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Current service cost	2,113	2,080	780	435
Interest cost	243	230	100	84
Amortisation of actuarial (gains) losses	33	82	15	(24)
Total, included in staff costs	2,389	2,392	895	495

These amounts were included in service and administrative expenses.

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2008	2007	2008	2007
Discount rate	6.00%	6.00%	6.00%	6.00%
Future salary increase	6.00%	6.00%	6.00%	6.00%

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17 Share capital and premium on share capital

Share capital, issued and paid - up, comprises:

	Par value Baht	Number of registered shares Shares'000	Issued and paid-up shares Shares'000	Ordinary shares Baht'000	Share premium Baht'000	Total Baht'000
As at 30 September 2006 Pre - split	10	38,321	38,321	383,205	1,226,352	1,609,557
As at 2 August 2007 Post - split	1	383,205	383,205	383,205	1,226,352	1,609,557
Additional shares registered	1	291,332	-	-	-	-
As at 30 September 2007	1	674,537	383,205	383,205	1,226,352	1,609,557
Issued shares	1	-	158,000	158,000	5,244,439	5,402,439
As at 30 September 2008	1	674,537	541,205	541,205	6,470,791	7,011,996

On 11 July 2007, the Extraordinary Shareholders' Meetings passed a resolution to approve the alteration of par value of the Company's share capital from Baht 10 each to Baht 1 each and an increase the Company's share capital from Baht 383.2 million to Baht 674.5 million by issuing 291.3 million new ordinary shares at par value of Baht 1 per share. The Company registered the alteration of par value and the increased share capital with the Ministry of Commerce on 2 August and 9 August 2007, respectively.

On 11 October 2007, the Company successfully placed and priced its Initial Public Offering ("IPO") amounting to 158 million new ordinary shares with an offering price of SGD 1.56 per share totalling SGD 246.5 million, on the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 16 October 2007, the new ordinary shares of the Company were traded on the main board of the SGX-ST.

The Company registered the increased paid-up share capital with the Ministry of Commerce on 15 October 2007 for 140 million shares and on 26 October 2007 for 18 million shares at the par value of Baht 1 each.

As at 30 September 2008, the registered and paid-up share capital of the Company was 674.5 million ordinary shares with a par value of Baht 1 per share and paid-up share capital of the Company was 541.2 million ordinary shares, with a par value of Baht 1 per share (30 September 2007 : 674.5 million ordinary shares with a par value of Baht 1 per share and paid-up share capital of the Company was 383.2 million ordinary shares, with a par value of Baht 1 per share). There remains another 133.3 million unissued ordinary shares.

18 Legal reserves

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
At 1 October	5,720	5,720	5,720	5,720
Allocation during the year	33,997	-	33,997	-
At 30 September	39,717	5,720	39,717	5,720

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

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19 Operating profit

The following expenditures, classified by nature, have been charged in arriving at operating profit.

	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Expenses included in cost of services				
Crew, staff and subcontractor costs	1,615,943	1,249,776	-	-
Vessel expenses and repair and maintenance expenses	719,684	469,982	-	-
Charter hire and equipment rental	492,124	603,640	-	-
Depreciation	453,958	400,148	-	-
Expense included in service and administrative expenses				
Staff cost	373,863	151,909	38,858	47,014
Depreciation	107,297	98,724	20,499	21,707

The following item of an unusual nature has been charged to the operating profit during the year:

	Consolidated	
	2008	2007
	Baht'000	Baht'000
Loss of fixed assets due to fire damage	-	129,803

20 Income tax expenses

	Consolidated	
	2008	2007
	Baht'000	Baht'000
Current tax	62,037	47,182
Deferred tax (Note 11)	(153,999)	(28,365)
Total	(91,962)	18,817

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20 Income tax expenses (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average effective tax rate to profits of the consolidated entities as follows:

	Consolidated	
	2008	2007
	Baht'000	Baht'000
Profit before income taxes - accounting	1,070,095	552,104
Tax at the domestic rate of 30%	321,028	165,631
Adjustments:		
Income not subject to tax and additional taxable expenses	(340,413)	(212,730)
Expenses not deductible for tax purposes	8,788	2,321
Utilisation of previously unrecognised tax losses	(65,801)	(725)
Tax losses for which no deferred income tax assets were recognised	79,234	51,961
Tax charges from domestic operations	2,836	6,458
Tax charges from overseas operations	59,201	40,724
Total tax charges	62,037	47,182
Tax charges	62,037	47,182
The effect from change of deferred tax assets	(153,999)	(28,365)
	(91,962)	18,817
The average effective tax rate	(8.59%)	3.41%

The average effective tax rate is calculated including taxes due from overseas operations.

21 Basic earnings per share

On 11 July 2007, the Extraordinary Shareholders' Meetings passed resolution to approve the alteration of par value of the Company's share capital from Baht 10 each to Baht 1 each as described in Note 17.

The Company, therefore, calculated basic earnings per share for the years that ended on 30 September 2008 and 2007 by using the weighted average number of post - split ordinary shares as shown below:

	Consolidated		Company	
	2008	2007	2008	2007
		Restated		Restated
Net profit for the year attributable to ordinary shareholders (Baht'000)	1,156,291	541,082	138,862	35,922
Weighted average number of ordinary shares (shares'000)	534,066	383,205	534,066	383,205
Basic earnings per share (Baht)	2.17	1.41	0.26	0.09

There are no potential dilutive ordinary shares in issue for the years that ended on 30 September 2008 and 2007.

22 Financial instruments

The principal financial risks faced by the Group are interest rate risk, exchange rate risk, and credit risk. The Group borrows at both fixed and floating interest rates to finance its investments and operations. Exchange rate risk arises from loans denominated in foreign currencies. Credit risk arises when services and sales are made on deferred credit terms. However, the Group does not make use of any derivative financial instruments to reduce the uncertainty over future cash flows arising from movements in interest rates and from credit risk, except for exchange rate risk, as management is of the opinion that the costs of hedging will outweigh the possible benefits.

As at 30 September 2008 and 2007, financial assets carried on the consolidated balance sheet include cash and cash equivalents, trade accounts receivable amounts due from related parties, and loans to related parties. Financial liabilities carried on the consolidated balance sheet include bank overdrafts, loans from financial institutions, trade accounts payable, amounts due to and loans from related parties, other current liabilities, and finance lease liabilities.

The carrying amounts of the financial assets and financial liabilities equal approximately their fair value. In addition, management is of the opinion that there are no significant financial risks.

The fair value of long-term loans bearing interest at floating rates approximates the contract amount.

Forward foreign exchange contract

As at 30 September 2008, there is no forward foreign exchange contract.

As at 30 September 2007, the settlement dates on open forward foreign exchange contracts were within 1 year. The local currency amounts to be paid and received, and contractual exchange rates of the outstanding contracts were:

	Consolidated		Company	
	30 September 2008 Baht'000	30 September 2007 Baht'000	30 September 2008 Baht'000	30 September 2007 Baht'000
Foreign currency forward purchase contracts				
30 September 2008 : nil				
(30 September 2007 : GBP 46,892 at the average rate of Baht 68.00)	-	3,189	-	-
30 September 2008 : nil				
(30 September 2007 : USD 1,631,990 at the average rate of Baht 34.27)	-	55,920	-	-
	-	59,109	-	-
Foreign currency forward sell contracts				
30 September 2008 : nil				
(30 September 2007 : USD 3,000,000 at the average rate of Baht 34.20)	-	102,600	-	-
	-	102,600	-	-

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22 Financial instruments (Cont'd)

Net fair values

The net fair values of the derivative financial instruments at the balance sheet date were:

	Consolidated		Company	
	30 September 2008 Baht'000	30 September 2007 Baht'000	30 September 2008 Baht'000	30 September 2007 Baht'000
Foreign currency forward purchase contracts				
Favourable forward - GBP foreign exchange contracts	-	46	-	-
Unfavourable forward - USD foreign exchange contracts	-	(164)	-	-
Foreign currency forward sell contracts				
Unfavourable forward - USD foreign exchange contracts	-	(114)	-	-
Net unfavourable forward	-	(232)	-	-

The mark to market evaluation of forward foreign exchange contracts was calculated using rates quoted by the Group's bankers as if the contracts were terminated at the balance sheet date.

23 Promotional privileges

As at 30 September 2008, four offshore and drilling subsidiaries received promotional privileges from the Board of Investment ("BOI") under a number of different categories, including services of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, and drilling services. The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

To be entitled to the privileges, the subsidiaries must comply with the conditions and restrictions provided in the promotional certificates.

24 Guarantees

As at 30 September, the Group and the Company have guarantees as follows:

	Consolidated/Company			
	2008		2007	
	Baht'000	USD'000	Baht'000	USD'000
Letters of guarantee issued by banks in the normal course of business	15,650	2,062	71,264	990
A guarantee for short-term loans of subsidiaries to a financial institution	305,000	2,000	321,320	2,000
A guarantee for long-term loans of subsidiaries to a financial institution	155,550	49,664	212,950	53,986
A guarantee for forward contract facility of a subsidiary to a financial institution	55,000	-	55,000	-

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25 Commitments

(a) *Capital commitments*

	Consolidated		Company	
	30 September 2008 Baht'000	30 September 2007 Baht'000	30 September 2008 Baht'000	30 September 2007 Baht'000
Vessel and rig building contracts				
USD	3,037,081	-	-	-
THB	-	45,320	-	-
NOK	9,739	-	-	-
Vessel equipment contracts				
USD	201,243	79,430	-	-
SGD	37,237	-	-	-
GBP	172,519	-	-	-

(b) *Operating lease commitments - group company as lessee*

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases of vessels are as follows:

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
No later than 1 year	113,870	443,842	-	-
Later than 1 year and no later than 5 years	292,801	355,471	-	-

Vessel Charter Contract

In May 2007, a subsidiary entered into a long-term charter agreement for the dynamically positioned (Class 2) dive support vessel for a period of ten years with an exclusive option to purchase the vessel, at a fixed price, commencing from the third to the tenth years after the vessel is delivered. The expected date of delivery is approximately 15 June 2009.

(c) *Service Agreements*

As at 30 September 2008, the Group has two outstanding drilling service agreements. The remaining agreement periods are between six months and nineteen months.

26 Related party transactions

As at 30 September 2008, the Group is controlled by Thoresen Thai Agencies Public Company Limited; an immediate parent company, which owns 57.14% of the Company's shares (30 September 2007 : 78.09%).

Significant related party transactions are as follows:

26.1 Transactions with related parties

Significant related party transactions between the Company and its subsidiaries and group companies of Thoresen Thai Agencies Public Company Limited, the parent company, and other related parties other than those already disclosed in the consolidated and Company balance sheets are as follows:

	For the year that ended on 30 September			
	Consolidated		Company	
	2008	2007	2008	2007
	Baht'000	Baht'000	Baht'000	Baht'000
Revenue				
<u>Interest income</u>				
Subsidiaries	-	-	26,324	8,201
Other related parties	14,147	-	-	-
	<u>14,147</u>	<u>-</u>	<u>26,324</u>	<u>8,201</u>
<u>Management income</u>				
Subsidiaries	-	-	70,320	93,776
<u>Rental income</u>				
Subsidiaries	-	-	8,289	8,674
Other related parties	1,686	863	1,686	863
	<u>1,686</u>	<u>863</u>	<u>9,975</u>	<u>9,537</u>
Expenses				
<u>Vessel and equipment rental</u>				
Other related parties	24,111	271,402	-	-

The Group's policies in respect of related party transactions are set out below:

- a) The interest income rates charged are not less than fixed deposit rate.
- b) Management fee income is charged based on actual cost plus margin.
- c) Rental income is transacted at contract prices.
- d) Expenses of rental vessel and equipment are transacted at prices normally charged to a third party.

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26 Related party transactions (Cont'd)

26.2 Accounts receivable and payable - related parties

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
<u>Accounts receivable - trade</u>				
Other related parties	152	260	-	56
<u>Amounts due from related parties</u>				
Subsidiaries	-	-	275,665	107,415
Other related parties	14,252	89	27	55
	<u>14,252</u>	<u>89</u>	<u>275,692</u>	<u>107,470</u>
<u>Accounts payable - trade</u>				
Other related parties	-	46,778	-	16
	<u>-</u>	<u>46,778</u>	<u>-</u>	<u>16</u>
<u>Amounts due to related parties</u>				
Subsidiaries	-	-	3	-
Other related parties	51	1,269	14	-
	<u>51</u>	<u>1,269</u>	<u>17</u>	<u>-</u>

26.3 Short-term loans to related parties

	For the year ended 30 September			
	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Subsidiaries	-	-	2,080,811	108,000
Associate	1,147,989	-	-	-
	<u>1,147,989</u>	<u>-</u>	<u>2,080,811</u>	<u>108,000</u>

As at 30 September 2008, the Group provided a short-term loan in Singapore Dollars to an associate company, Worldclass Inspiration Sdn. Bhd., which has an outstanding balance of Baht 1,117.1 million (30 September 2007 : nil) and carries an interest rate at 8.5% per annum (30 September 2007 : nil) and a short-term loan in Malaysia Ringgit to an associate company, Worldclass Inspiration Sdn. Bhd. which has an outstanding balance of Baht 30.8 million (30 September 2007 : nil) and carries an interest rate at LIBOR plus 3.5% per annum (30 September 2007 : nil). The loans are unsecured and have repayment terms at call.

As at 30 September 2008, the Company provided a short-term loan in Singapore Dollar to a subsidiary company, Mermaid offshore Services Ltd., which has an outstanding balance of Baht 1,117.2 million (30 September 2007 : nil) and carries an interest rate at 7% per annum (30 September 2007 : nil) and a short-term loan in Thai Baht to a subsidiary company, Mermaid Offshore Services Ltd., which has an outstanding balance of Baht 65 million (30 September 2007 : Baht 108 million) and carries an interest rate at MLR plus 1% per annum (30 September 2007 : MLR plus 1%) and a short term loan in US Dollars to a subsidiary company, Mermaid Drilling Ltd., which has an outstanding balance of Baht 898.6 million (30 September 2007 : nil) and carries an interest rate at 2.75% per annum (30 September 2007 : nil). The loans are unsecured and have repayment terms at call.

27 Subsequent event

On 18 November 2008, the Remuneration Committee passed a resolution to approve the allocation of warrants under the approved Employee Stock Option Scheme (“ESOP”) for employees totalling 698,000 warrants. One warrant can be exercised for one share. The warrant’s exercise price shall be calculated based on the weighted average closing price of the Company’s shares traded on the SGX-ST for the 15 consecutive trading days prior to the issue date of the warrants. The warrant holders can exercise the warrants every six months after the third anniversary of the issue date but not later than five years from the issue date.