

MERMAID MARITIME PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED)**

31 DECEMBER 2007

AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of Mermaid Maritime Public Company Limited

I have reviewed the accompanying consolidated and company balance sheets of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited as at 31 December 2007, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the three-month period ended 31 December 2007. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my review.

I conducted my review in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform a review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit, and accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the interim financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated and company balance sheets of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited as at 30 September 2007, presented herewith for comparative purposes, are components of the financial statements for the year ended 30 September 2007 which 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 have not performed any other auditing procedures subsequent to the date of that report.

The consolidated and company statements of income, changes in shareholders' equity, and cash flows for the three-month period ended 31 December 2006 of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited, presented herewith for comparative purposes, are components of the interim consolidated and company financial statements for the three-month period ended 31 December 2006, which were reviewed by the same auditor as mentioned above, whose report dated 9 February 2007, stated that nothing had come to her attention that caused her to believe that those interim consolidated and company financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.



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

Bangkok
13 February 2008

Mermaid Maritime Public Company Limited
Balance Sheets
As at 31 December 2007 and 30 September 2007

	Notes	Consolidated		Company	
		Unaudited 31 December 2007 Baht'000	Audited 30 September 2007 Baht'000	Unaudited 31 December 2007 Baht'000	Audited 30 September 2007 Baht'000 Restated
Assets					
Current assets					
Cash and cash equivalents		4,651,061	511,700	4,390,997	21,139
Trade accounts receivable - others, net	5	899,169	966,140	-	-
- related parties	20	241	260	38	56
Amounts due from related parties	20	-	89	99,666	107,470
Short-term loans to related parties	20	-	-	127,752	108,000
Supplies and spare parts		122,976	113,581	-	-
Other current assets		134,763	226,892	23,500	89,952
Total current assets		5,808,210	1,818,662	4,641,953	326,617
Non-current assets					
Investments in subsidiaries - cost method	6	-	-	2,302,400	1,228,824
Investments in associates - equity method	6	341,125	-	-	-
Property, plant, and equipment, net	7	4,959,632	4,011,342	219,771	237,363
Intangible assets, net		8,321	10,317	7,267	9,131
Deferred tax assets	8	164,174	59,606	11,915	-
Other non-current assets		11,145	45,803	569	569
Total non-current assets		5,484,397	4,127,068	2,541,922	1,475,887
Total assets		11,292,607	5,945,730	7,183,875	1,802,504

The notes on pages 9 to 25 are an integral part of these interim financial statements.

Mermaid Maritime Public Company Limited
Balance Sheets (Cont'd)
As at 31 December 2007 and 30 September 2007

	Notes	Consolidated		Company	
		Unaudited 31 December 2007 Baht'000	Audited 30 September 2007 Baht'000	Unaudited 31 December 2007 Baht'000	Audited 30 September 2007 Baht'000 Restated Baht'000
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	9	-	20,274	-	-
Short-term loans from financial institutions	10	121,514	201,578	-	-
Trade accounts payable - others		273,251	353,796	-	-
- related parties	20	515	46,778	14	16
Other accounts payable		74,615	20,898	6,080	8,682
Amounts due to related parties	20	-	1,269	38	-
Current portion of long-term loans					
from financial institutions	11	401,532	406,245	24,800	24,800
Current portion of finance lease liabilities	12	6,025	6,010	2,506	2,584
Income taxes payable		17,296	14,154	-	-
Accrued expenses		38,548	104,446	9,527	41,826
Other current liabilities		64,930	93,330	8,408	9,109
Total current liabilities		998,226	1,268,778	51,373	87,017
Non-current liabilities					
Long-term loans from financial institutions	11	1,648,242	1,773,410	79,400	85,600
Finance lease liabilities	12	4,783	5,149	1,819	2,200
Retirement benefit obligations		3,956	3,359	1,844	1,545
Total non-current liabilities		1,656,981	1,781,918	83,063	89,345
Total liabilities		2,655,207	3,050,696	134,436	176,362
Shareholders' equity					
Share capital	13				
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	13	6,478,566	1,226,352	6,478,566	1,226,352
Translation adjustments for investments in foreign subsidiaries		9,622	496	-	-
Retained earnings					
Appropriated - legal reserve	14	32,774	5,720	32,774	5,720
Unappropriated		1,352,442	1,139,217	(3,106)	10,865
Total parent's shareholders' equity		8,414,609	2,754,990	7,049,439	1,626,142
Minority interests		222,791	140,044	-	-
Total shareholders' equity		8,637,400	2,895,034	7,049,439	1,626,142
Total liabilities and shareholders' equity		11,292,607	5,945,730	7,183,875	1,802,504

The notes on pages 9 to 25 are an integral part of these interim financial statements.

Mermaid Maritime Public Company Limited

Statements of Income (Unaudited)

For the three-month periods that ended on 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
Service income		1,097,906	955,682	-	-
Sales		-	706	-	-
Total service income and sales		1,097,906	956,388	-	-
Cost of services		(711,875)	(749,657)	-	-
Cost of sales		-	(674)	-	-
Total cost of services and sales		(711,875)	(750,331)	-	-
Gross profit from services and sales		386,031	206,057	-	-
Service and administrative expenses	21	(237,953)	(88,859)	(23,045)	(27,071)
Management income	20	-	-	17,580	30,042
Dividend income		-	-	-	30,331
Interest income		15,133	2,677	12,126	2,872
Gains (losses) on exchange rates		18,237	47,566	(7,326)	43
Net gains on disposal and write off of property, plant, and equipment		514	12,557	514	-
Gains on disposal of investments		-	2,729	-	8,026
Other income		1,430	9,357	3,317	3,815
Operating profit		183,392	192,084	3,166	48,058
Share of profit of investments in associates	6	3,341	-	-	-
Profit before interest expenses and income taxes		186,733	192,084	3,166	48,058
Interest expenses	4	(37,937)	(49,639)	(1,998)	(2,901)
Profit before income taxes		148,796	142,445	1,168	45,157
Income taxes	15	92,495	(1,087)	11,915	-
Profit before minorities		241,291	141,358	13,083	45,157
(Profit) loss attributable to minorities		(1,012)	1,441	-	-
Net profit for the period		240,279	142,799	13,083	45,157
Basic earnings per share		Baht	Restated Baht	Baht	Restated Baht
Net profit for the period	16	0.47	0.37	0.03	0.12

The notes on pages 9 to 25 are an integral part of these interim financial statements.

Mermaid Maritime Public Company Limited
 Statements of Changes in Shareholders' Equity (Unaudited)
 For the three-month periods that ended on 31 December 2007 and 2006

	Consolidated 2007						
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Translation adjustments for investments in foreign subsidiaries Baht'000	Appropriated retained earnings-legal reserve Baht'000	Unappropriated retained earnings Baht'000	Minority interests Baht'000	Total Baht'000
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	158,000	5,252,214	-	-	-	171,243	5,581,457
Return of capital investment from a subsidiary	-	-	-	-	-	(90,547)	(90,547)
Net profit for the period	-	-	-	-	240,279	1,012	241,291
Legal reserve	-	-	-	27,054	(27,054)	-	-
Translation adjustment for investments in foreign subsidiaries	-	-	9,126	-	-	1,039	10,165
Ending balance as at 31 December 2007	541,205	6,478,566	9,622	32,774	1,352,442	222,791	8,637,400

	Company 2007					
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Translation adjustments for investments in foreign subsidiaries Baht'000	Appropriated retained earnings-legal reserve Baht'000	Unappropriated retained earnings Baht'000	Total Baht'000
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 adoption of new accounting policy	-	-	(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	5,252,214	-	-	-	5,410,214
Net profit for the period	-	-	-	-	-	13,083
Legal reserve	-	-	-	27,054	(27,054)	-
Ending balance as at 31 December 2007	541,205	6,478,566	-	32,774	(3,106)	7,049,439

The notes on pages 9 to 25 are an integral part of these interim financial statements.

Mermaid Maritime Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited)
For the three-month periods that ended on 31 December 2007 and 2006

	Consolidated 2006 (Restated)						
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Translation adjustments for investments in foreign subsidiaries Baht'000	Appropriated retained earnings-legal reserve Baht'000	Unappropriated retained earnings Baht'000	Minority interests Baht'000	Total Baht'000
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 period	-	-	-	-	142,799	(1,441)	141,358
Dividends paid by a subsidiary	-	-	-	-	-	(29,140)	(29,140)
Translation adjustment for investments in overseas subsidiaries	-	-	2,726	-	-	173	2,899
Ending balance as at 31 December 2006	<u>383,205</u>	<u>1,226,352</u>	<u>(1,412)</u>	<u>5,720</u>	<u>740,934</u>	<u>145,686</u>	<u>2,500,485</u>

	Company 2006 (Restated)					
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Translation adjustments for investments in foreign subsidiaries Baht'000	Appropriated retained earnings-legal reserve Baht'000	Unappropriated retained earnings Baht'000	Total Baht'000
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 adoption of new accounting policy	-	-	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 period	-	-	-	-	45,157	45,157
Ending balance as at 31 December 2006	<u>383,205</u>	<u>1,226,352</u>	<u>-</u>	<u>5,720</u>	<u>20,100</u>	<u>1,635,377</u>

The notes on pages 9 to 25 are an integral part of these interim financial statements.

Mermaid Maritime Public Company Limited
Statements of Cash Flows (Unaudited)
For the three-month periods that ended on 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
Cash flows from operating activities					
Net profit for period		240,279	142,799	13,083	45,157
Adjusted by:					
Depreciation	7	129,128	126,925	5,303	5,736
Amortisation of intangible assets		1,999	1,920	1,867	1,908
Net gains on disposal and write off of property, plant, and equipment		(364)	(12,417)	(514)	-
Gains on disposals of investments in subsidiaries		-	(2,729)	-	(8,026)
Realised gains on exchange rates	11	(8,404)	(1,000)	-	-
Unrealised gains on exchange rates	10, 11	(18,046)	(76,862)	(626)	-
Reversal of bad and doubtful accounts receivable		-	(238)	-	-
Retirement benefit obligations		597	-	299	-
Share of profit of investment in associates	6	(3,341)	-	-	-
Dividends received from a subsidiary		-	-	-	(30,331)
Profit (loss) attributable to minority interests		1,012	(1,441)	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
- Trade accounts receivable - others		66,971	102,005	-	74
- Trade accounts receivable - related parties		19	15,448	18	190
- Amounts due from related parties		89	77	7,804	(2,502)
- Accounts receivable from sale of vessel		-	(126,167)	-	-
- Inventories		-	650	-	-
- Supplies and spare parts		(9,395)	6,284	-	-
- Other current assets		92,129	(36,924)	66,453	(21,362)
- Deferred tax assets		(104,568)	(5,910)	(11,915)	-
- Other non-current assets		44,824	(9,290)	-	19
- Trade accounts payable - others		(80,545)	35,538	-	-
- Trade accounts payable - related parties		(46,263)	(8,203)	(2)	(569)
- Other accounts payable		53,717	24,493	(2,602)	3,342
- Amounts due to related parties		(1,269)	(800)	38	-
- Income tax payable		3,142	(1,079)	-	-
- Accrued expenses		(65,898)	40,836	(32,299)	(651)
- Other current liabilities		(28,400)	29,031	(701)	3,352
Net cash inflows (outflows) from operating activities		267,413	242,946	46,206	(3,663)

Mermaid Maritime Public Company Limited
Statements of Cash Flows (Unaudited)
For the three-month periods that ended on 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
Cash flows from investing activities					
Receipt from short-term loans repaid by related parties		-	-	409,000	42,000
Short-term loans provided to related party		-	-	(428,126)	(71,000)
Proceeds from disposal of investments in subsidiaries		-	28,898	-	36,094
Payments for investments in subsidiaries	6	-	-	(1,167,581)	-
Payments for investments in associates	6	(337,784)	-	-	-
Proceeds from return of capital investment from a subsidiary being liquidated	6	-	-	94,005	-
Proceeds from disposals of property, plant, and equipment		12,882	248,961	12,882	-
Dividends received from subsidiaries		-	-	-	30,331
Purchases of property, plant and equipment		(1,089,046)	(219,614)	(79)	(248)
Purchases of intangible assets		(4)	(184)	(4)	(182)
Net cash inflows (outflows) from investing activities		(1,413,952)	58,061	(1,079,903)	36,995
Cash flows from financing activities					
Net payments from bank overdrafts		(20,274)	(40,058)	-	-
Proceeds from short-term loans from financial institutions	10	41,514	72,703	-	-
Repayments on short-term loans from financial institutions	10	(121,578)	-	-	-
Repayments on finance lease liabilities		(1,241)	(4,548)	(459)	(2,927)
Proceeds from long-term loans from financial institutions	11	-	24,000	-	-
Repayments on long-term loans from financial institutions	11	(103,431)	(47,987)	(6,200)	(6,200)
Dividends paid to minorities		-	(29,140)	-	-
Payments on capital investment to minorities		(90,547)	-	-	-
Proceeds from issuance of share capital	13	158,000	-	158,000	-
Proceeds from share premium	13	5,252,214	-	5,252,214	-
Proceeds from issuance of share capital received from minorities		171,243	-	-	-
Net cash inflows (outflows) from financing activities		5,285,900	(25,030)	5,403,555	(9,127)
Net increase (decrease) in cash and cash equivalents		4,139,361	275,977	4,369,858	24,205
Cash and cash equivalents at beginning of period		511,700	185,314	21,139	15,148
Cash and cash equivalents at the end of period		4,651,061	461,291	4,390,997	39,353
Supplementary information for cash flows:					
Interest paid		37,938	49,639	1,982	2,880
Taxes paid		1,298	11,862	1,254	3,429
Non-cash transactions					
During the quarter ended 31 December 2007 and 2006, the following significant non-cash transactions were incurred:					
Unpaid liabilities under finance lease agreements for purchase of fixed assets		10,808	12,467	4,325	6,081
Disposals of investments in MTR-3 Ltd. and MTR-4 Ltd. not yet received		-	2,000	-	2,000

The notes on pages 9 to 25 are an integral part of these interim financial statements.

1 General information

Mermaid Maritime Public Company Limited (the “Company”) is a public company limited which is incorporated in Thailand. The address of its registered office is as follows:

26/49 Orakarn Building, 9th floor
Soi Chidlom, Ploenchit Road
Kwaeng Lumpinee, Khet Pathumwan
Bangkok 10330

The Company and its subsidiaries (the “Group”) provide a wide range of services to the offshore oil & gas industries and merchant shipping lines. 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 31 December 2007, the Group employed 293 persons (30 September 2007 : 288 persons).

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

These consolidated and Company interim financial statements have been approved for issue by the Board of Directors on 13 February 2008.

2 Accounting policies

Basis of preparation of interim consolidated and company financial statements

These interim 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 primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity, and cash flows) are prepared in the full format. The notes to the financial statements are prepared in condensed format according to Thai Accounting Standard 41, “Interim Financial Reporting”.

The preparation of the interim financial statements in conformity with Thai generally accepted accounting principles required 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 interim 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.

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

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2007 except for the accounting policy for investments as described in Note 3.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

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

These interim financial statements should be read in conjunction with the 2007 annual financial statements.

3 Changes/ adoption of new accounting policies

Change in accounting policy

- (1) TAS 44: Consolidated and separate financial statements

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.

Adoption of new accounting policies

- (2) The Group has adopted the following accounting policies for the first time in the financial statements for the year that ended on 30 September 2007.

- (2.1) IAS 12 : Income taxes
(2.2) IAS 16 : Property, plant and equipment
(2.3) IAS 19 : Employee benefits
(2.4) Revenue - recognition of mobilisation fees

For comparative purposes, these standards have been applied retroactively to the financial statements for the period that ended on 31 December 2006.

The effects of changes in accounting policies and the adoption of new accounting standards are as follows:

	Ref.	Company		
		31 December 2007 Baht'000	30 September 2007 Baht'000	31 December 2006 Baht'000
Balance sheets				
Decrease in investments in subsidiaries	(1)	(1,365,172)	(1,128,848)	(719,422)
Increase (decrease) in translation adjustments for investments in foreign subsidiaries	(1)	(9,623)	(496)	1,412
Decrease in property, plant and equipment	(2.2)	-	-	(554)
Decrease in beginning balance of retained earnings as at 1 October 2006	(1)	-	(623,192)	(623,192)
Decrease in beginning balance of retained earnings as at 1 October 2007	(1)	(1,128,352)	-	-
Decrease in ending balance of retained earnings	(1), (2.2)	(227,197)	(505,160)	(98,196)
Statements of income				
Decrease in share profit of investments in subsidiaries	(1)	(227,197)	(536,803)	(133,270)
Increase dividend income	(1)	-	30,331	30,331
Increase in gain on disposal of investments	(1)	-	1,312	5,297
Increase in service and administrative expenses	(2.2)	-	-	(554)
		(227,197)	(505,160)	(98,196)
Decrease in earnings per share (Baht)		(0.44)	(1.32)	(0.26)

Mermaid Maritime Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the three-month periods that ended on 31 December 2007 and 2006

3 Change in accounting policies / Adoption of new accounting policies (Cont'd)

	Ref.	Consolidated 31 December 2006 Baht'000
Balance sheets		
Increase in other current assets	(2.4)	9,336
Decrease in property, plant and equipment	(2.2)	(20,160)
Increase in deferred tax assets	(2.1)	5,910
Increase in other current liabilities	(2.4)	43,620
Decrease in ending balance of retained earnings	(2.1), (2.2), (2.4)	(48,534)
Statements of income for the three-month period that ended on 31 December 2006		
Decrease in service income	(2.4)	(43,620)
Increase in cost of services	(2.2), (2.4)	(10,270)
Increase in service and administrative expenses	(2.2)	(554)
Decrease in income taxes	(2.1)	5,910
		<u>(48,534)</u>
Decrease in earnings per share (Baht)		(0.13)

Mermaid Maritime Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the three-month periods that ended on 31 December 2007 and 2006

4 Business segment information

The segment results for the periods that ended on 31 December 2007 are as follows:

	Consolidated				Unit : Baht'000	
	For the three-month period that ended on 31 December 2007					
	Turn-key diving, ROV and NDT services to offshore industries	Drilling Services	Ownership and operation of multi- purpose offshore service vessels	Training Services	Unallocated	Group
Total service income	888,164	202,659	-	7,083	-	1,097,906
Inter-segment service income	-	-	-	-	-	-
Service income	888,164	202,659	-	7,083	-	1,097,906
Operating profit (loss)	239,543	(58,146)	2,026	55	(86)	183,392
Interest expenses						(37,937)
Income taxes						92,495
Share of profit from associates						3,341
(Profit) attributable to minorities						(1,012)
Net profit for the period						240,279
Property, plant, equipment and intangible assets	2,397,247	2,338,090	-	10,648	221,968	4,967,953
Total assets						11,292,607

Mermaid Maritime Public Company Limited
 Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
 For the three-month periods that ended on 31 December 2007 and 2006

4 Business segment information (Cont'd)

	Consolidated (Restated)						Unit : Baht'000
	For the three-month period that ended on 31 December 2006						
	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	681,574	263,127	8,651	5,292	8	-	958,652
Inter-segment service income	-	(2,844)	-	(126)	-	-	(2,970)
Service income	681,574	260,283	8,651	5,166	8	-	955,682
Total sales	-	-	-	-	706	-	706
Inter-segment sales	-	-	-	-	-	-	-
Total sales	-	-	-	-	706	-	706
Total service income and sales	681,574	260,283	8,651	5,166	714	-	956,388
Operating profit (loss)	150,370	42,350	(4,181)	734	(4,098)	6,909	192,084
Interest expenses							(49,639)
Income taxes							(1,087)
Loss attributable to minorities							1,441
Net profit for the period							142,799
Property, plant, equipment and intangible assets	1,830,123	1,821,357	836	10,359	-	263,618	3,926,293
Total assets							5,623,445

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5 Trade accounts receivable - others, net

Trade accounts receivable - others, net comprise:

	Consolidated		Company	
	31 December 2007 Baht'000	30 September 2007 Baht'000	31 December 2007 Baht'000	30 September 2007 Baht'000
Trade accounts receivable - others	874,566	921,178	-	-
Accrued income	38,250	58,609	-	-
	912,816	979,787	-	-
<u>Less</u> Allowance for doubtful accounts	(13,647)	(13,647)	-	-
Trade accounts receivable - others, net	899,169	966,140	-	-

6 Investments in subsidiaries and associates

The movement of investments in subsidiaries and associates during the three-month period that ended on 31 December 2007 is as follows:

	Subsidiaries
	31 December
	2007
	Baht'000
Opening balance	2,357,672
Adjustment (Note 3)	(1,128,848)
Opening balance after retrospective adjustments	1,228,824
Additional investments in subsidiaries	1,167,581
Return of capital investment from a subsidiary being liquidated	(94,005)
Ending balance	2,302,400
	Associates
	31 December
	2007
	Baht'000
Additional investments in associates	337,784
Share of profit on investments in associates	3,341
Ending balance	341,125

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6 Investments in subsidiaries and associates (Cont'd)

As at 31 December 2007, investments in subsidiaries and associates comprise investments in the following companies:

Name of subsidiaries	Country of incorporation	Percentage of holding	
		As at 31 December 2007	As at 30 September 2007
Darium Thai Offshore Ltd.	Thailand	51.0	51.0
Mermaid Offshore Services Ltd. which has one associate:	Thailand	100.0	100.0
Worldclass Inspiration Sdn. Bhd.	Malaysia	25.0	-
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 three 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	-
Kencana Mermaid Drilling Sdn. Bhd.	Malaysia	40.0	-

Additional investments in subsidiaries

On 22 October 2007, Mermaid Drilling (Singapore) Pte. Ltd., a subsidiary, 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 6 December 2007, the Company subscribed for shares of Mermaid Drilling (Singapore) Pte. Ltd., a subsidiary, totalling Baht 513.7 million (or USD 15.3 million) for the purpose that Mermaid Drilling (Singapore) Pte. Ltd., uses the proceeds to invest further in Mermaid Kencana Rig 1 Pte. Ltd. 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 1 December 2007, Mermaid Offshore Services Ltd., another subsidiary, 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 653.9 million to subscribe for the issued shares, which is equivalent to Baht 4.50 per share. The remaining Baht 5.50 per share will be paid, pending regulatory approval.

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. 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. The value of intangible assets relevant to such investment is being determined by the Group's management.

6 Investments in subsidiaries and associates (Cont'd)

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 31 December 2007, the subsidiary is in the process of liquidation.

7 Property, plant, and equipment, net

7.1) Property, plant, and equipment, net, comprise:

	Consolidated Baht'000	Company Baht'000
For the three-month period that ended on 31 December 2007		
Opening net book amount	4,011,342	237,363
Additions	1,089,935	79
Disposals	(12,368)	(12,368)
Write off	(149)	-
Depreciation charge	(129,128)	(5,303)
Closing net book amount	<u>4,959,632</u>	<u>219,771</u>

Consolidated

The major additions during the three-month period were a) a 15% installment payment under a tender rig construction contract totalling Baht 685 million, b) an installment payment under a ROV support vessel building contract totalling Baht 176.5 million, and c) dry-docking of rig and vessels totalling Baht 97.8 million.

The significant disposals during the three-month period comprised disposals of land and five buildings at net book value of Baht 12 million.

7.2) The depreciation charges are as follows:

	For the three-month periods that ended on 31 December			
	Consolidated		Company	
	2007	2006	2007	2006
	Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
Depreciation charged to				
- Cost of service	80,144	120,080	-	-
- Service and administrative expenses	48,984	6,845	5,303	5,736
	<u>129,128</u>	<u>126,925</u>	<u>5,303</u>	<u>5,736</u>

7.3) Property, plant and equipment as at 31 December 2007 used as collateral for loan facilities can be summarised as follows:

The Group owns land, three buildings, four support vessels, two motor launches, six remotely operated vehicles, one saturation diving system, and two tender rigs (30 September 2007 : Land, eight buildings, four support vessels, two motor launches, six remotely operated vehicles, one saturation diving system, and two tender rigs). All the above assets, except four remotely operated vehicles, have been mortgaged with various banks as collateral for the loan facilities as described in Notes 9 and 11. These assets are mortgaged at a total value of Baht 2,804.8 million and USD 15 million (30 September 2007 : Baht 2,849.8 million and USD 15 million).

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8 Deferred tax assets

Deferred 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 taxes relate to the same fiscal authority. Deferred tax assets are as follows:

	Consolidated		Company	
	31 December 2007 Baht'000	30 September 2007 Baht'000	31 December 2007 Baht'000	30 September 2007 Baht'000
Deferred tax assets:				
Deferred tax assets to be recovered after 12 months	164,174	59,062	11,915	-
Deferred tax assets to be recovered within 12 months	-	544	-	-
Total	164,174	59,606	11,915	-

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

Beginning of the year	59,606	31,241	-	-
Statements of income charged	104,568	28,365	11,915	-
Ending of the year	164,174	59,606	11,915	-

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

	Retirement benefit obligations Baht	Decelerated tax depreciation Baht	Loss carried forwards Baht	Total Baht
Deferred tax assets				
At 30 September 2007	544	59,062	-	59,606
Charged/(credited) to the consolidated statement of income	643	7,138	96,787	104,568
At 31 December 2007	1,187	66,200	96,787	164,174

Where appropriate, deferred tax assets relating to losses carried forward have been recognised as the Company believes that there will be future taxable profits after the expiration of Board of Investment privileges. Future taxable profits can be offset with these tax loss carried forwards.

The Group has unused tax losses amounting to Baht 60.7 million, for which no deferred tax asset is recognised as at 31 December 2007. Tax losses amounting to Baht 2.4 million, 3.0 million, and 5.1 million will expire in 2011, 2012, and 2013, respectively. The remaining unused tax loss amounting to Baht 50.2 million belongs to a subsidiary, which is in the process of liquidation.

9 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 7.3.

As at 31 December 2007, the Group has unused bank overdraft facilities of Baht 75 million (30 September 2007 : Baht 54.7 million).

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10 Short-term loans from financial institutions

As at 31 December 2007, short-term loans from financial institutions amount Baht 121.5 million (30 September 2007 : Baht 201.6 million), and bear interest at fixed rates (30 September 2007 : MLR minus a certain margin). The loans are due for repayment within 120 days from 31 December 2007.

The movement of short-term loans from financial institutions for the three-month periods that ended on 31 December 2007 and 2006 is as follows:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	Baht'000	Baht'000	Baht'000	Baht'000
Beginning balance	201,578	160,000	-	20,000
Addition during period	41,514	72,703	-	-
Repayment during period	(121,578)	-	-	-
Unrealised loss on exchange rate	-	599	-	-
	<u>121,514</u>	<u>233,302</u>	<u>-</u>	<u>20,000</u>

11 Long-term loans from financial institutions

Long-term loans from financial institutions comprise:

	Consolidated		Company	
	31 December 2007	30 September 2007	31 December 2007	30 September 2007
	Baht'000	Baht'000	Baht'000	Baht'000
Current portion of long-term loans	401,532	406,245	24,800	24,800
Long-term portion of loans	1,648,242	1,773,410	79,400	85,600
Long-term loans from financial institutions	<u>2,049,774</u>	<u>2,179,655</u>	<u>104,200</u>	<u>110,400</u>

The movement of long-term loans from financial institutions for the three-month periods that ended on 31 December 2007 and 2006 is as follows:

	Consolidated		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	Baht'000	Baht'000	Baht'000	Baht'000
Beginning balance	2,179,655	2,480,314	110,400	135,200
Addition during period	-	24,000	-	-
Repayment during period	(103,431)	(47,987)	(6,200)	(6,200)
Realised gains on exchange rates	(8,404)	(1,000)	-	-
Unrealised gains on exchange rates	(18,046)	(77,461)	-	-
Ending balance	<u>2,049,774</u>	<u>2,377,866</u>	<u>104,200</u>	<u>129,000</u>

As at 31 December 2007, the total outstanding amounts of long-term loans granted by local commercial banks are Baht 300.3 million and USD 51.7 million (30 September 2007 : Baht 323.4 million and USD 53.9 million). During the three-month period that ended on 31 December 2007, there is no significant change of the loans' conditions. These loans are secured by mortgages on the Group's assets as mentioned in Note 7.3 and are guaranteed by the Company and some subsidiaries.

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12 Finance lease liabilities

Finance lease liabilities comprise:

	Consolidated		Company	
	31 December 2007 (Unaudited) Baht'000	30 September 2007 (Audited) Baht'000	31 December 2007 (Unaudited) Baht'000	30 September 2007 (Audited) Baht'000
Finance lease liabilities	11,723	12,160	4,660	5,215
<u>Less</u> Deferred interest expense	(915)	(1,001)	(335)	(431)
Total finance lease liabilities	10,808	11,159	4,325	4,784
<u>Less</u> Current portion of finance lease liabilities	(6,025)	(6,010)	(2,506)	(2,584)
Long-term portion of finance lease liabilities	4,783	5,149	1,819	2,200

As at 31 December 2007, 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).

13 Share capital and premium on share capital

For the three-month period that ended on 31 December 2007:

	Number of registered shares Shares'000	Issued and paid-up shares Shares'000	Ordinary shares Baht'000	Premium on share capital Baht'000	Total Baht'000
Opening balance	674,537	383,205	383,205	1,226,352	1,609,577
Issue of shares	-	158,000	158,000	5,252,214	5,410,214
Closing balance	674,537	541,205	541,205	6,478,566	7,019,771

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.

14 Legal reserve

The Company registered as a public company limited on 15 January 2007. Under the Public Limited Company Act B.E. 2535, the Company is required to set aside legal reserves of at least 5% of its net profit after accumulated deficits 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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15 Income taxes

Income taxes as shown in the consolidated and Company statement of income are calculated based on net income from non-BOI activities using a principal tax rate of 30% and tax charges from overseas operations.

The reconciliation of income taxes is provided as follows:

	For the three-month periods that ended on 31 December			
	Consolidated		Company	
	2007	2006	2007	2006
	Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
Current taxes	12,073	6,997	-	-
Deferred taxes (Note 8)	(104,568)	(5,910)	(11,915)	-
	<u>(92,495)</u>	<u>1,087</u>	<u>(11,915)</u>	<u>-</u>

16 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the period.

	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
		Restated		Restated
Net profit for the period attributable to ordinary shareholders (Baht'000)	240,279	142,799	13,083	45,157
Weighted average number of ordinary shares (Shares'000)	512,803	383,205	512,803	383,205
Basic earnings per share (Baht)	0.47	0.37	0.03	0.12

There are no potential dilutive ordinary shares in issue during the periods that ended on 31 December 2007 and 2006.

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17 Financial instruments

Forward foreign exchange contracts

As at 31 December 2007 and 30 September 2007, the settlement dates on open forward foreign exchange contracts will occur within 1 year. The local currency amounts to be paid and contractual exchange rates of the outstanding contracts were:

	Consolidated		Company	
	31 December 2007 Baht'000	30 September 2007 Baht'000	31 December 2007 Baht'000	30 September 2007 Baht'000
Foreign currency forward purchase contracts				
31 December 2007: GBP 198,883 at the average rate of Baht 67.25 (30 September 2007: GBP 46,892 at the average rate of Baht 68.00)	13,375	3,189	-	-
31 December 2007: USD 711,617 at the average rate Baht 33.74 (30 September 2007: USD 1,631,990 at the average rate of Baht 34.27)	24,009	55,920	-	-
	<u>37,384</u>	<u>59,109</u>	<u>-</u>	<u>-</u>
Foreign currency forward sell contracts				
31 December 2007: USD 2,000,000 at the average rate Baht 33.70 (30 September 2007: USD 3,000,000 at the average rate of Baht 34.20)	67,400	102,600	-	-
	<u>67,400</u>	<u>102,600</u>	<u>-</u>	<u>-</u>

Net fair values

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

	Consolidated		Company	
	31 December 2007 Baht'000	30 September 2007 Baht'000	31 December 2007 Baht'000	30 September 2007 Baht'000
Foreign currency forward purchase contracts				
Favourable/(unfavourable) forward - GBP foreign exchange contracts	(48)	46	-	-
Unfavourable forward - USD foreign exchange contracts	(41)	(164)	-	-
Foreign currency forward sell contracts				
Favourable/(unfavourable) forward - USD foreign exchange contracts	16	(114)	-	-
Net unfavourable	<u>(73)</u>	<u>(232)</u>	<u>-</u>	<u>-</u>

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

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18 Guarantees

As at 31 December 2007 and 30 September 2007, the Group and the Company have outstanding guarantees as follows:

	Consolidated/Company			
	31 December 2007		30 September 2007	
	Baht'000	USD'000	Baht'000	USD'000
Letters of guarantee issued by banks in the normal course of business	33,331	1,010	71,264	990
A guarantee for short-term loans of subsidiaries to a financial institution	381,320	2,000	321,320	2,000
A guarantee for long-term loans of subsidiaries to a financial institution	196,100	51,630	212,950	53,986
A guarantee for forward contract facility of a subsidiary to a financial institution	55,000	-	55,000	-

19 Commitments

(a) Capital commitments

Vessel and rig building contracts

In November 2005, Mermaid Offshore Services Ltd., a subsidiary, entered into a ship building contract with a seller in respect of a multi-purpose offshore vessel at the purchase price of Baht 453.2 million. As at 31 December 2007, the subsidiary has a remaining commitment of Baht 45.3 million (30 September 2007 : Baht 45.3 million).

On 22 October 2007, Mermaid Kencana Rig 1 Pte. Ltd., a subsidiary, entered into a contract with Kencana HL Sdn. Bhd. for the design, construction, and completion of a self-erected tender rig and a derrick equipment set at the purchase price of Baht 3,083.5 million (or USD 91 million) and Baht 1,524.8 million (or USD 45 million), respectively. As at 31 December 2007, the subsidiary has a remaining commitment of Baht 3,917.1 million (or USD 115.6 million).

On 6 December 2007, Mermaid Offshore Services Ltd., a subsidiary, entered into a contract with Jaya Shipbuilding and Engineering Pte. Ltd. for the design, construction, and completion of a 63-meter DP2 ROV support vessel at the purchase price of Baht 907.6 million (or USD 26.4 million). As at 31 December 2007, the subsidiary has a remaining commitment of Baht 715.1 million (or USD 21.1 million).

Vessel equipment contract

On 2 November 2007, Mermaid Offshore Services Ltd., a subsidiary, entered into a contract with Lexmar Engineering Pte. Ltd. to purchase a saturation diving system at the purchase price of Baht 404 million (or USD 11.8 million). As at 31 December 2007, the subsidiary has a remaining commitment of Baht 320.8 million (or USD 9.5 million).

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19 Commitments (Cont'd)

(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	
	31 December 2007 Baht'000	30 September 2007 Baht'000	31 December 2007 Baht'000	30 September 2007 Baht'000
No later than 1 year	441,230	443,842	-	-
Later than 1 year but not later than 5 years	299,723	432,069	-	-

Vessel Charter Contract

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

(c) *Service Agreements*

As at 31 December 2007, the Group has two outstanding drilling service agreements. The remaining agreement periods are between nine months and two years.

20 Related party transactions

Significant related party transactions are as follows:

20.1 Accounts receivable and payable - related parties

	Consolidated		Company	
	31 December 2007 Baht'000	30 September 2007 Baht'000	31 December 2007 Baht'000	30 September 2007 Baht'000
<u>Accounts receivable - trade</u>				
Other related parties	241	260	38	56
	<u>241</u>	<u>260</u>	<u>38</u>	<u>56</u>
<u>Amounts due from related parties</u>				
Subsidiaries	-	-	99,666	107,415
Other related parties	-	89	-	55
	<u>-</u>	<u>89</u>	<u>99,666</u>	<u>107,470</u>
<u>Accounts payable - trade</u>				
Other related parties	515	46,778	14	16
	<u>515</u>	<u>46,778</u>	<u>14</u>	<u>16</u>
<u>Amounts due to related parties</u>				
Subsidiary	-	-	38	-
Other related parties	-	1,269	-	-
	<u>-</u>	<u>1,269</u>	<u>38</u>	<u>-</u>

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20 Related party transactions (Cont'd)

20.2 Short-term loans to related parties

	Consolidated		Company	
	31 December 2007	30 September 2007	31 December 2007	30 September 2007
	Baht'000	Baht'000	Baht'000	Baht'000
Subsidiaries	-	-	127,752	108,000
	-	-	127,752	108,000

As at 31 December 2007, the Company has provided short-term loans totalling Baht 127.8 million to MTR-2 Ltd. (30 September 2007 : loans to Mermaid Offshore Services Ltd. of Baht 108 million), which bears interest at 2.75% per annum (30 September 2007 : MLR plus 1% per annum). The loans are unsecured and repayable at call.

20.3 Transactions with related parties

Significant related party transactions between the Company and its subsidiaries, associates, and companies under Thoresen Thai Agencies Public Company Limited, the parent company, and other related parties are as follows:

	For the three-month periods that ended on 31 December			
	Consolidated		Company	
	2007	2006	2007	2006
	Baht'000	Baht'000	Baht'000	Baht'000
Revenues				
Service income	-	1,199	-	-
Interest income	-	-	1,117	2,792
Management fee	-	-	17,580	30,042
Rental income	432	-	2,565	2,576
Dividend income	-	-	-	30,331
Others	199	53	-	-
Expenses				
Crew expenses	-	3,642	-	-
Vessel expenses and repair and maintenance expenses	-	3,128	-	-
Vessel and equipment rental	-	61,351	-	-
Management fee	-	177	-	-

There has been no significant change to the Group's policies in respect of related party transactions during the three-month period that ended on 31 December 2007.

21 Service and administrative expenses

Service and administrative expenses of Baht 238.0 million for the three-month period that ended on 31 December 2007 included operating expenses comprising of crew expenses, overhead, and depreciation totalling Baht 158.2 million which relate to assets that were off-hire. One rig, MTR-2, and two vessels, Mermaid Commander and Mermaid Performer, went off-hire for their dry dockings or planned upgrades. MTR-2 incurred operating expenses during its off-hire period of Baht 118.6 million, while the vessels incurred operating expenses of Baht 39.6 million. These operating expenses are normally included in cost of services but are reclassified to service and administration expenses during off-hire periods. Once the assets are operational again, these expenses will be reflected in cost of services.

22 Subsequent event

On 7 February 2008, Mermaid Offshore Services Ltd., a subsidiary, entered into a share sale agreement to purchase an 80% stake in Seascope Surveys Pte. Ltd., a Singapore-based company engaging in hydrographic survey and positioning services to the offshore oil and gas industry.