



MERMAID MARITIME PUBLIC COMPANY LIMITED
 (Registered in the Kingdom of Thailand)
 (Company Registration No. 0107550000017)

Financial Statements and Dividend Announcement for the Year Ended 30 September 2010

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Consolidated		
	For the years that ended on 30 September		
	2010 Baht'000	2009 Baht'000	Changes %
Service income	3,476,365	5,209,869	-33%
Cost of services	(3,245,194)	(3,770,855)	-14%
Gross profits	231,171	1,439,014	-84%
Interest income	6,499	16,618	-61%
Other income	29,201	28,566	2%
Administrative expenses	(556,453)	(485,611)	15%
Losses on exchange rates	(79,926)	(55,513)	44%
Net gains on disposals and write-off			
of property, plant, and equipment and intangible assets	11,802	21,252	-44%
Net gains on disposals of investments in subsidiaries and associates	170,657	-	100%
Operating profits (losses)	(187,049)	964,326	-119%
Share of profits (losses) of investments in associates	19,779	(17,329)	214%
Profits (losses) before finance costs and income taxes	(167,270)	946,997	-118%
Finance costs	(95,890)	(83,908)	14%
Profits (losses) before income taxes	(263,160)	863,089	-130%
Income taxes	(193,324)	(115,711)	67%
Net profits (losses) for the year	(456,484)	747,378	-161%
Attributable to:			
Shareholders of the parent	(456,078)	714,485	
Minority interests	(406)	32,893	
	(456,484)	747,378	
Notes to the income statements			
Depreciation and amortisation	718,265	561,884	



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(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Assets				
Current assets				
Cash and cash equivalents	3,742,938	1,450,525	3,375,758	224,140
Short-term investments	606,325	334,217	606,325	334,217
Trade accounts receivable - others, net	616,323	1,036,688	-	-
Trade accounts receivable - related parties	169	113	-	-
Amounts due from related parties	22	1,953	311,798	474,045
Short-term loans to related parties	-	-	2,808,167	737,102
Supplies and spare parts	138,545	112,940	-	-
Other current assets	128,348	137,014	10,896	16,054
Total current assets	5,232,670	3,073,450	7,112,944	1,785,558
Non-current assets				
Investments in subsidiaries - cost method, net	-	-	4,995,728	5,237,264
Investments in associates - equity method	-	387,967	-	-
Other long-term investments	-	77,697	-	-
Property, plant, and equipment, net	11,985,255	10,300,959	173,444	189,264
Goodwill	332,279	266,310	-	-
Intangible assets, net	16,925	16,101	389	959
Deferred expenses, net	47,789	84,203	-	-
Deferred tax assets, net	113,240	228,424	-	-
Other non-current assets	111,143	120,397	597	569
Total non-current assets	12,606,631	11,482,058	5,170,158	5,428,056
Total assets	17,839,301	14,555,508	12,283,102	7,213,614
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable - others	116,507	173,569	-	-
Trade accounts payable - related parties	7,201	9,958	-	-
Other accounts payable	69,729	826,858	2,113	2,567
Amounts due to related parties	101	29	1,790,240	33
Current portion of long-term loans from financial institutions	695,643	466,834	24,800	24,800
Current portion of finance lease liabilities	868	2,420	-	774
Income taxes payable	26,824	55,484	-	-
Accrued expenses	178,109	107,368	6,760	800
Current portion of employee benefit obligations	66,151	115,560	-	-
Other current liabilities	41,147	29,998	8,853	8,796
Total current liabilities	1,202,280	1,788,078	1,832,766	37,770
Non-current liabilities				
Long-term loans from financial institutions	3,624,772	2,073,459	11,200	36,000
Finance lease liabilities	3,413	4,021	-	-
Employee benefit obligations	27,047	33,285	3,855	2,960
Total non-current liabilities	3,655,232	2,110,765	15,055	38,960
Total liabilities	4,857,512	3,898,843	1,847,821	76,730
Shareholders' equity				
Share capital				
Registered share capital	790,607	544,903	790,607	544,903
Issued and fully paid-up	784,748	541,205	784,748	541,205
Premium on share capital	9,818,420	6,470,791	9,818,420	6,470,791
Translation adjustments for investments in foreign subsidiaries	(270,702)	(30,384)	-	-
Retained earnings (deficit)				
Appropriated - legal reserves	39,717	39,717	39,717	39,717
Unappropriated	2,519,918	2,975,996	(207,604)	85,171
Total parent's shareholders' equity	12,892,101	9,997,325	10,435,281	7,136,884
Minority interests	89,688	659,340	-	-
Total shareholders' equity	12,981,789	10,656,665	10,435,281	7,136,884
Total liabilities and shareholders' equity	17,839,301	14,555,508	12,283,102	7,213,614



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1 (b)(ii) Aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

- (a) the amount repayable in one year or less, or on demand;**
- (b) the amount repayable after one year;**
- (c) whether the amounts are secured or unsecured; and**
- (d) details of any collaterals.**

	As at 30 September 2010		
	Secured	Unsecured	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	340,666	355,845	696,511
Amount repayable after one year (*)	2,229,951	1,398,234	3,628,185

	As at 30 September 2009		
	Secured	Unsecured	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	213,167	256,087	469,254
Amount repayable after one year (*)	731,254	1,346,226	2,077,480

(*) Including bank overdrafts, short-term loans from financial institutions, and current portions of long-term loans and finance leases, if any.

As at 30 September 2010, there are land and buildings, one saturation diving system, three remotely operated vehicles, two vessels, and two tender rigs that are mortgaged with various banks as collateral for their overdrafts, loans facilities and the maximum aggregate amount of the swap exposure. For more details, please read the notes to the consolidated and company financial statements for the year that ended on 30 September 2010, which are available in the SGX's website and the Company's website.

As at 30 September 2010, the Company in its capacity as a guarantor for loans undertaken by subsidiaries and a subsidiary as a borrower had breached two loan covenants. The Company's management had commenced discussions with the relevant banks and the status of discussions is being finalised. The Company's management is of the opinion that the outcome will not result in a material adverse effect.



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1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Consolidated	
	For the year that ended on 30 September	
	2010	2009
	Baht'000	Baht'000
Cash flows from operating activities		
Profits (losses) before income taxes	(263,160)	863,089
Adjustments for:		
Depreciation	704,088	554,433
Amortisation of intangible assets	14,177	7,451
Finance costs	95,890	83,908
Net losses on disposals and write-off of property, plant, and equipment and intangible assets	(11,802)	(21,252)
Net gains on disposals of investments in subsidiaries and associates	(170,657)	-
Write-off of goodwill	-	1,884
Realised (gains) losses on exchange rates	86,133	(29,834)
Unrealised (gains) losses on exchange rates	(6,207)	85,347
Employee benefit obligations	78,425	143,472
Share of (profits) losses of investments in associates	(19,779)	17,329
Exchange rates gains (losses) from translation of oversea subsidiaries	(125,385)	26,402
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)		
- Trade accounts receivable - others	732,906	429,604
- Trade accounts receivable - related parties	(56)	39
- Amounts due from related parties	1,931	12,299
- Supplies and spare parts	(25,605)	34,575
- Other current assets	(252,464)	234,748
- Deferred expenses	20,037	(84,203)
- Other non-current assets	9,242	(106,045)
- Trade accounts payable - others	(331,989)	(140,096)
- Trade accounts payable - related parties	(2,757)	9,958
- Other accounts payable	215,059	45,498
- Amounts due to related parties	72	(22)
- Accrued expenses	61,148	32,178
- Other current liabilities	(30,152)	(149,336)
Cash generated from operations	779,095	2,051,426
- Finance costs paid	(93,169)	(83,532)
- Income taxes paid	(110,643)	(108,906)
- Employee benefits paid	(121,572)	-
Net cash inflows from operating activities	453,711	1,858,988



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	Consolidated	
	For the year that ended on 30 September	
	2010	2009
	Baht'000	Baht'000
Cash flows from investing activities		
Repayment of short-term loans to related parties	-	1,140,394
Payments for short-term investments	(1,307,063)	(359,719)
Proceeds from short-term investments	993,595	-
Payments for investments in subsidiaries and associates	(492,348)	(87,296)
Net proceeds from disposals of investments in subsidiaries	2,135,050	-
Net proceeds from disposals of investments in associates	743,781	-
Payments for other long-term investments	-	(77,697)
Proceeds from disposals of property, plant, and equipment and intangible assets	80,392	32,303
Purchases of property and equipment	(6,014,617)	(3,583,651)
Purchases of intangible assets	(13,623)	(8,347)
Net cash outflows from investing activities	(3,874,833)	(2,944,013)
Cash flows from financing activities		
Repayments of finance lease liabilities	(2,879)	(4,076)
Proceeds from long-term loans from financial institutions	2,824,193	1,361,976
Repayments of long-term loans from financial institutions	(509,088)	(756,167)
Payments for capital investments to minorities	-	(18,667)
Proceeds from issuance of share capital	243,543	-
Net proceeds from share premium	3,347,629	-
Proceeds from issuance of share capital received from minorities	-	260,534
Net cash inflows from financing activities	5,903,398	843,600
Net increase (decrease) in cash and cash equivalents	2,482,276	(241,425)
Cash and cash equivalents at the beginning of the year	1,450,525	1,726,430
Effects of exchange rates	(189,863)	(34,480)
Cash and cash equivalents at the end of the year	3,742,938	1,450,525



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1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Consolidated 2010						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 2009	541,205	6,470,791	(30,384)	39,717	2,975,996	659,340	10,656,665
Issuance of shares	243,543	3,347,629	-	-	-	-	3,591,172
Effect of disposals of investments in subsidiaries	-	-	-	-	-	(566,644)	(566,644)
Net losses for the year	-	-	-	-	(456,078)	(406)	(456,484)
Translation adjustments for investments in foreign subsidiaries	-	-	(240,318)	-	-	(2,602)	(242,920)
Ending balance as at 30 September 2010	784,748	9,818,420	(270,702)	39,717	2,519,918	89,688	12,981,789

	Company 2010				Baht'000
	Issued and paid-up share capital	Premium on share capital	Legal reserves	Unappropriated retained earnings (deficit)	Total
Beginning balance as at 1 October 2009	541,205	6,470,791	39,717	85,171	7,136,884
Issuance of shares	243,543	3,347,629	-	-	3,591,172
Net losses for the year	-	-	-	(292,775)	(292,775)
Ending balance as at 30 September 2010	784,748	9,818,420	39,717	(207,604)	10,435,281



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	Consolidated 2009						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 2008	541,205	6,470,791	(24,536)	39,717	2,261,511	385,254	9,673,942
Issuance of shares	-	-	-	-	-	260,534	260,534
Return of capital investment from a subsidiary	-	-	-	-	-	(18,667)	(18,667)
Net profits for the year	-	-	-	-	714,485	32,893	747,378
Translation adjustments for investments in foreign subsidiaries	-	-	(5,848)	-	-	(674)	(6,522)
Ending balance as at 30 September 2009	541,205	6,470,791	(30,384)	39,717	2,975,996	659,340	10,656,665

	Company 2009				Baht'000
	Issued and paid-up share capital	Premium on share capital	Legal reserves	Unappropriated retained earnings	Total
Beginning balance as at 1 October 2008	541,205	6,470,791	39,717	115,730	7,167,443
Net losses for the year	-	-	-	(30,559)	(30,559)
Ending balance as at 30 September 2009	541,205	6,470,791	39,717	85,171	7,136,884



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1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Par value	Number of registered ordinary shares	Issued and paid-up ordinary shares	Share premium	Total
	Baht	Shares'000	Shares'000	Baht'000	Baht'000
As at 30 September 2008	1	674,537	541,205	6,470,791	7,011,996
Issued shares	1	3,000	-	-	-
Decrease in number of shares registered	1	(132,634)	-	-	-
As at 30 September 2009	1	544,903	541,205	6,470,791	7,011,996
Issued shares	1	250,894	243,543	3,347,629	3,591,172
Decrease in number of shares registered	1	(5,190)	-	-	-
As at 30 September 2010	1	790,607	784,748	9,818,420	10,603,168

At the Extraordinary General Meeting of Shareholders No.1/2009 held on 14 October 2009, there were significant matters approved by the shareholders as follows:

- A reduction in the registered share capital of the Company from Baht 544,903,340 to Baht 541,903,340 by means of the cancellation of 3,000,000 ordinary shares with a par value of Baht 1 each that have remained unissued or unallocated under ESOP 2009. The reduction in the registered share capital was registered with the Ministry of Commerce on 15 October 2009.
- An increase in the registered share capital of the Company from Baht 541,903,340 to Baht 788,797,743 by means of issuance of 246,894,403 new ordinary shares with a par value of Baht 1 each. The increase in the registered share capital was registered with the Ministry of Commerce on 16 October 2009.
- The allocation of 243,542,403 rights shares from the increase in registered share capital for offering to registered shareholders. The rights shares issue will be offered at an issue price of SGD 0.64 for each rights share on the basis of nine new ordinary shares for every twenty existing ordinary shares with a par value of Baht 1 each in the capital of the Company.
- The allocation of 352,000 new shares from the increase in registered share capital to provide for the adjustments of the options under ESOP 2008 and the allocation of 3,000,000 new shares from the increase in registered share capital for distribution under ESOP 2009.



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On 19 November 2009, the Company received the rights issue proceeds of Baht 3,696.1 million from shareholders. The proceeds are split into an increase in share capital of Baht 243.5 million and share premium of Baht 3,452.6 million before deducting expenses relating to the rights issue. The additional paid-up share capital was registered with the Ministry of Commerce on 23 November 2009.

At the Annual General Meeting of Shareholders No.1/2010 held on 28 January 2010, there were significant matters approved by the shareholders as follows:

- A reduction in the registered share capital of the Company from Baht 788,797,743 to Baht 786,607,343 by means of the cancellation of 2,190,400 ordinary shares with a par value of Baht 1 each that have remained unissued or unallocated under the Employee Stock Option Plans (“ESOP”) for 2008 and 2009.
- The issue and offer up to 4,000,000 free warrants to directors and employees of the Company or subsidiaries under ESOP 2010 pursuant to its terms.
- An increase in the registered share capital of the Company from Baht 786,607,343 to Baht 790,607,343 by means of issuance of 4,000,000 new ordinary shares with a par value of Baht 1 each.
- The allocation of 4,000,000 new ordinary shares from the increase in registered share capital for distribution under ESOP 2010.

The ESOP 2010 was subsequently approved by the Annual General Meeting of Shareholders No. 1/2010 held on 29 January 2010 of Thoresen Thai Agencies Public Company Limited, the parent company, as required by the notification No. Tor Jor 32/2551 of the Securities and Exchange Commission of Thailand.

There was no transaction of treasury shares during the years that ended on 30 September 2010 and 2009.

As at 30 September 2010 and 2009, the registered share capital of the Company was Baht 790,607,343 and Baht 544,903,340, respectively.

As at 30 September 2010 and 2009, the paid-up share capital of the Company was Baht 784,747,743 and Baht 541,205,340, respectively.

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of immediately preceding year.

As at 30 September 2010 and 2009, the issued shares of the Company were 784,747,743 shares and 541,205,340 shares with a par value of Baht 1 per share, respectively.

As at 30 September 2010 and 2009, there were no outstanding treasury shares.



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1 (d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable, since the Company has not transacted treasury shares during the year that ended on 30 September 2010.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have been prepared in accordance with Thai generally accepted accounting principles ("Thai GAAP") and audited by the Company's auditor, PricewaterhouseCoopers ABAS Limited, except for item 17 in this announcement regarding "A Reconciliation of Difference between Thai GAAP to IFRS" which is provided by the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The auditor is of opinion that the consolidated and Company financial statements present fairly, in all material respects, the consolidated and Company financial statements position as at 30 September 2010, and the consolidated and Company results of operations and cash flows for the year then ended of the Company and its subsidiaries, and of the Company, respectively, in accordance with generally accepted accounting principles.

The signed auditor's report is on page 1 of the audited consolidated and Company financial statements for the year that ended on 30 September 2010, which is reported together with this announcement and is available in the SGX's website and the Company's website.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation as in the Group's most recently audited annual Thai GAAP financial statements have been applied.

5. If there are any changes in the accounting policies and methods of computation, including any required by and accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There has been a change in an accounting policy regarding unit prices of vessel supplies and spare parts of a subsidiary from first-in, first-out to weighted average basis during the year that ended on 30 September 2010. This does not have a significant impact on the financial statements for the year that ended on 30 September 2010.



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6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

Basic earnings (losses) per share are calculated by dividing the net profits (losses) attributable to the ordinary shareholders of the parent by the weighted average number of paid-up ordinary shares in issue during the year.

For the purpose of calculating diluted earnings (losses) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has an Employee Share Option Plan in issue.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the year) based on the outstanding Employee Share Option Plan to determine the number of potential ordinary shares would have been additionally issued. The potential shares are added to the ordinary shares outstanding but no adjustment is made to net profit.

For the calculation of the diluted earnings (losses) per share, the weighted average number of shares assuming conversion of all dilutive potential ordinary shares as at 30 September 2010 are 749,784,873 shares (as at 30 September 2009: 541,540,797 shares).

	Consolidated		Company	
	2010	2009	2010	2009
Weighted average number of ordinary shares (Shares'000)	749,384	541,205	749,384	541,205
Effect of dilutive potential ordinary shares				
Employee Shares Option Plan (Shares'000)	401	335	401	335
Weighted average number of ordinary shares for diluted earnings (losses) (Shares'000)	749,785	541,540	749,785	541,540
Net profits (losses) for the period attributable to ordinary shareholders (Baht'000)	(456,078)	714,485	(292,775)	(30,559)
Basic and diluted earnings (losses) per share (Baht)	(0.61)	1.32	(0.39)	(0.06)

There is no significant impact from dilutive potential ordinary shares in issue for the years that ended on 30 September 2010 and 2009.



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7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	Consolidated		Company	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep 09
	Baht	Baht	Baht	Baht
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at end of respective period	16.54	19.69	13.30	13.19

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consolidated Income Statements

For FY2010 (“FY10”), total service income of the Group was Baht 3,476 million, a decrease of Baht 1,734 million, or 33.3%, from Baht 5,210 million for the year that ended on 30 September 2009 (“FY09”).

The difference in revenue of minus Baht 1,734 million was mainly a result of 1) lower day rates and asset utilisation in our subsea group, which resulted in a difference in revenue of minus Baht 705 million, or a 25.3% decrease from FY09; lower asset utilisation in our drilling group, which resulted in a difference in revenue of minus Baht 1,137 million, or a 51.4% decrease from FY09, offset by 2) contributions of survey and training services of Baht 108 million, or a 50.2% increase from FY09. On the subsea side, utilisation rates for FY10 were 39.5%, compared to 52.6% for FY09. On the drilling side, utilisation rates declined from 94.9% in FY09 to 56.4% in FY10 as only one rig, MTR-2, was working as compared with two rigs working in FY09.

Gross profits were Baht 231 million, a decrease of Baht 1,208 million, or 83.9%, from gross profits of Baht 1,439 million for FY09. The drilling group generated gross profits of Baht 211 million (19.6% margin) and the survey and training groups generated gross profits of Baht 124 million (38.4% margin), while the subsea group generated gross losses of Baht 170 million (minus 9.0% margin), excluding gross profits from Subtech of Baht 66 million. The decrease in gross profits was mainly due to decreased utilisation and lower rates in the subsea group, and MTR-1 being idle for a large part of the year, while fixed costs, such as minimum crews on board and depreciation, were still incurred.



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Administrative expenses were Baht 556 million, an increase of Baht 70 million, or 14.4%, from Baht 486 million for FY09. The increase was primarily due to administrative expenses of Subtech, which was acquired in February 2010, and Nemo Subsea, which was acquired in March 2010, of Baht 63 million.

Earnings Before Interests & Taxes (EBIT or Operating Profits (Losses))

Operating losses were Baht 187 million, a decrease of Baht 1,151 million, or 119.4%, from operating profits of Baht 964 million for FY09.

Finance costs were Baht 96 million, an increase of Baht 12 million, or 14.3%, from Baht 84 million for FY09. The higher costs were due to a higher average loan balance of Baht 3,430.4 million in FY10 compared to Baht 2,239.4 million in FY09.

Income taxes were Baht 193 million, an increase of Baht 77 million, or 66.4%, from Baht 116 million for FY09. The increase in income taxes was mainly due to a decrease in deferred tax assets (recognition as income tax) of Baht 130 million, offset by a decrease in current income tax of Baht 53 million. The decrease was due to lower taxes paid for MTR-1, which completed its employment contract in Indonesia during the last quarter of FY09.

Net Earnings (Losses)

Net losses were Baht 456 million, including an exchange loss of Baht 80 million, as compared to net profits for FY09 of Baht 747 million which included an exchange loss of Baht 56 million. Excluding exchange losses and income taxes, net losses increased by Baht 1,102 million, or 119.9%. The decrease was primarily due to lower asset utilisation and day rates as mentioned above.

Business Segment Analysis

Drilling: The drilling segment generated 31.0% and 9.0% (*) of the Group's total revenues and losses before finance costs and income taxes, respectively.

During the year, MTR-1 was idle but was awarded a barge accommodation contract in Saudi Arabia. MTR-1 was mobilised to Saudi Arabia on 11 August 2010, and at the end of September 2010 MTR-1 was docking for client supplies in Hamiriyah, UAE. Subsequently however, MTR-1 has received a notice of cessation of the said contract from its charterers. The cessation of the contract at this juncture was a result of the premature cessation of Cudd Pressure Control Inc.'s own contract with Saudi Aramco, the circumstances of which occurred through no fault of MTR-1. MTR-1 and Cudd Pressure Control Inc. are in discussions on arrangements surrounding the cessation of the Contract.

MTR-2 is under contract with Chevron (Indonesia) and working in Indonesia. As MTR-2 achieved 99.5% utilisation during the year, average utilisation of MTR-1 and MTR-2 for the year was 56.4%.

Subsea: The assets in our subsea segment had a 39.5% average utilisation rate during the year and generated 59.8% and 149.9% (*) of the Group's total revenues and losses before finance



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costs and income taxes, respectively. Average day rates fell by 21.7% compared to last year. Weak market conditions, and further uncertainty as a result of the Deepwater Horizon incident, have led to a number of contracts being delayed or cancelled have been delayed, resulting in lower than expected market rates and utilisation.

(*) Profits and losses before finance costs and income taxes calculations include foreign exchange gains and losses.

The utilisation rate is calculated by adding the number of days that our vessels worked including any pre-mobilisation time, divided by the number of available days, which is total calendar days minus planned maintenance.

Consolidated Balance Sheets

Current assets increased by Baht 2,159 million, or 70.3%, from Baht 3,073 million in last financial year (“FY09”) to Baht 5,233 million in the current financial year (“FY10”) due mainly to an increase in cash and cash equivalents of Baht 2,292 which resulted from the proceeds from the Rights Issue of Baht 3,591 million, which was partially offset by newbuild vessels instalments and acquisitions.

Non-current assets increased by Baht 1,125 million, or 9.8%, from Baht 11,482 million in FY09 to Baht 12,607 million in FY10 due mainly to an increase in property, plant, and equipment of Baht 1,684 million, offset with a disposal in investments in an associate of Baht 388 million. An increase in property, plant, and equipment of Baht 1,684 million was due mainly to newbuild vessels instalments and acquisitions totalling Baht 6,046 million which were partially offset by depreciation of Baht 704 million, disposal of a vessel of Baht 76 million, and disposal of investments in subsidiaries of Baht 3,423 million.

Current liabilities decreased by Baht 586 million, or 32.8%, from Baht 1,788 million in FY09 to Baht 1,202 million in FY10 due mainly to net payments of other accounts payable for rig and vessels milestone payments of Baht 757 million and net payments of employee benefit obligations of Baht 49 million, which were partially offset with an increase in current portion of long-term loans of Baht 229 million.

Non-current liabilities increased by Baht 1,544 million, or 73.1%, from Baht 2,111 million in FY09 to Baht 3,655 million in FY10 due mainly to loan draw downs offset with loan repayments and a decrease in loans from disposal of investments in subsidiaries.

Shareholders’ funds increased by Baht 2,325 million, or 21.8%, from Baht 10,657 million in FY09 to Baht 12,982 million in FY10 due mainly to an increase in share capital from the rights issue of Baht 3,591 million, offset with a decrease in minority interests of Baht 569 million, which resulted from the disposal of investments in subsidiaries, and net losses for FY10 of Baht 456 million.

Working Capital

The Group’s working capital increased by Baht 2,745 million, or 213.6%, from Baht 1,285 million in FY09 to Baht 4,030 million in FY10. This was due mainly to an increase in current



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assets by Baht 2,159 million and a decrease in current liabilities by Baht 586 million as described above.

Consolidated Cash Flow Statements for year that ended on 30 September 2010

The Group had net cash provided by operating activities of Baht 454 million. This was due mainly to cash generated from operations before changes in working capital of Baht 382 million and cash inflows from working capital changes of Baht 397 million, offset by cash outflows for finance costs of Baht 93 million, income taxes paid of Baht 111 million, and employee benefits paid of Baht 121 million.

The Group had net cash used in investing activities of Baht 3,875 million. This was due mainly to payments for long-term assets of Baht 6,028 million, payments for short-term investments of Baht 1,307 million, and payments for additional investments in subsidiaries, Nemo Subsea, of Baht 365 million, and Subtech of Baht 127 million, offset with proceeds from disposal of property and equipment of Baht 80 million, proceeds from disposals of investments in subsidiaries of Baht 2,135 million and disposals of investments in associates of Baht 744 million, and proceeds from short-term investments of Baht 993 million.

The Group had net cash provided by financing activities of Baht 5,903 million. This was due mainly to proceeds from the Rights Issue of Baht 3,591 million and proceeds from long-term loans from financial institutions of Baht 2,824 million, offset by payments on long-term loans from financial institutions of Baht 509 million and finance lease liabilities of Baht 3 million.

Subsequent events

On 22 October 2010, the Company and Keppel Offshore & Marine Limited's subsidiary, Singapore Keppel FELS Limited ("Keppel"), entered into a Letter of Intent for construction of two (2) newbuild high-specification jack-up rigs with a combined value of about USD 360 million for Asia Offshore Drilling Limited ("AOD"). The value of the first two jack-up rigs is estimated to be about USD 180 million each and the total estimated value of two jack-up rigs, including options for another two units, if exercised, is expected to be above USD 700 million.

AOD retained RS Platou Markets as Manager and Bookrunner to advise on and effect a private placement in AOD of new shares directed towards Norwegian investors and international institutional investors (the "Private Placement").

The Private Placement was successful and remains subject to a number of conditions precedent, including: (i) replacement of the Letter of Intent with Keppel for turnkey construction contracts for two (2) x 350 ft. MOD V-B class jack-ups and option contracts for another two (2) jack-ups; (ii) execution of a corporate management agreement and technical and commercial management agreements with Mermaid; (iii) registration of AOD's shares in the Norwegian Electronic Securities Register (the "VPS") for the purpose of facilitating trading of the shares in Norway; (iv) receipt of exemption from prospectus requirements from the Bermuda Ministry of Finance ("BMA"); and (v) BMA clearance of new investors.



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9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Drilling:

For MTR-1, we continue to have discussions on arrangements surrounding the cessation of the current contract with Cudd Pressure Control Inc. At the same time, we are actively investigating alternative options for the employment of MTR-1, either continuing as an accommodation barge, or by a return to tender assist drilling operations.

The current 'MTR-2' contract with Chevron Indonesia is for a period of nine months ending late FQ2/2011. Utilisation of this rig continues to remain at near full levels. Although the age of the 'MTR-2' is around the same as 'MTR-1', the 'MTR-2' had undergone refurbishment and upgrades in 2006-2007, thus allowing it to remain competitive and continue to be contracted during this time. As a result, we remain confident on procuring further drilling contracts for MTR-2 in 2011 following the end of the current contract with Chevron Indonesia.

Although day-rates for all categories of rigs have declined from the peak levels seen during the last couple of years especially after the financial crisis in 2008, we are seeing an encouraging increase in demand for new drilling assets. Contract awards continue to be for relatively short period but we see a large number of fixtures supporting high utilisation rates. An especially positive development is the return of the smaller independent oil companies. These companies are an attractive alternative source of demand and with the easing of the credit markets have been resuming their E&P activities.

As oil prices continue to stabilise and the global economic recovery continues, we expect to see additional requirements for drilling assets. We also believe that both day rates and utilisation have stabilised and will be on an uptrend moving forward.

Given the general anticipation of an improvement in demand and supply conditions in the next twelve to eighteen months, we believe that any new investment made during this period will cost less than in the future. We are therefore continuing to review various opportunities in the new build market for future acquisition of drilling assets or businesses beyond Asia Offshore Drilling Limited ("AOD"), which has successfully raised the necessary start-up capital to order two jack-up rigs with Keppel FELS Ltd. ("KFELS"). This new order is in line with our observation of an increasing number of contract tenders, particularly with clients showing a strong preference for newer equipment and more recently, various drilling companies ordering new build rigs without secured client contracts in advance of committing to these new build rigs.



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In addition to the two jack-up rigs with KFELS, AOD has an option to order another two similar jack-ups with KFELS. This initiative represents a long-term strategic intent of the Company to grow our drilling business in a manner that allows us to share the associated risks and returns with like-minded co-investors to benefit from the positive developments within the offshore drilling sector at a time where new-build prices for high-specification rigs appear to be rising, as evident in recent transactions for similar type rigs at prices ranging between USD 180 – 190 million.

There has been recent news highlighting the risk of offshore oil and gas drilling, particularly in the Gulf of Mexico. On this point, health, safety, and environmental (HSE) issues remain a key focus in our operations. In this regard, the 'MTR-2' had recently achieved one year period of no loss time accident, having previously maintained a record seven year period of no loss time accident, and our HSE standards and performance continue to be in line with global industry best practice.

Subsea:

We continue to observe and answer enquiries from a broad range of potential clients, particularly in relation to our new DP2 dive support vessels (DSVs). We presently have a reasonable volume of tenders outstanding across several geographical areas such as North Sea, Middle East, Thailand, Indonesia, Vietnam, China, and India. However, we continue to observe slow results across the board with respect to contract awards as many of these submitted tenders remain outstanding or have long validity periods.

Downward pressure on day rates continues to occur however as a result of decreased global demand and increased vessel availability, as new vessels are completed and join the DSV fleet. As a result, we anticipate that rates will remain challenging throughout 2011, but believe that our subsea offshore services group is well positioned to compete in these difficult market conditions through having the most advanced and modern portfolio of assets in Southeast Asia; a respected operational capability and excellent safety record; experienced management and quality people; and robust shared service support and systems.

We have also observed our peers to be encountering similar predicaments, both in the areas of slower than expected contract awards, lower vessel utilisation, pressure on day rates and hence decreased profits. To the extent that prevailing market conditions continue to exist, the Company expects that it will be challenging to ensure a high level of utilisation for our subsea fleet in 2011.

Although actual recovery remains to be seen in the short term, as oil prices continue to stabilise and the global economic recovery continues, the indicators continue to support resumption in normalised activity in the medium to long term.

Our operational performance and safety standards continue to remain high and in line with global best industry practice. For example, we were a recipient of the 2009 Chevron Thailand Award for Outstanding Contractor and Outstanding Crew. This included an 'A' performance rating for health, safety, and environment (HSE) standards.



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11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared.

(b) (i) Amount per share.....cents

Not applicable

(b) (ii) Previous corresponding period.....cents

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable



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Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13.Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

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.

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

	Consolidated					Baht'000
	For the year that ended 30 September 2010					
	Subsea services	Drilling services	Training services	Survey services	Holding	Group
Total service income	2,321,566	1,076,298	22,488	633,911	-	4,054,263
Inter-segment service income	(244,154)	-	(55)	(333,689)	-	(577,898)
Service income	2,077,412	1,076,298	22,433	300,222	-	3,476,365
Operating profits (losses)	(280,440)	(16,898)	14,153	6,448	89,688	(187,049)
Finance costs						(95,890)
Income taxes						(193,324)
Share of profits from associates						19,779
Net losses for the year						(456,484)

	Consolidated					Baht'000
	As at 30 September 2010					
	Subsea services	Drilling services	Training services	Survey services	Holding	Group
Property, plant, equipment, and intangible assets	9,975,930	1,775,200	5,478	71,738	173,834	12,002,180
Total assets						17,839,301



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	Consolidated					Baht'000
	For the year that ended 30 September 2009					
	Subsea services	Drilling services	Training services	Survey services	Holding	Group
Total service income	2,797,731	2,213,027	36,485	518,750	-	5,565,993
Inter-segment service income	(15,704)	-	(540)	(339,880)	-	(356,124)
Service income	2,782,027	2,213,027	35,945	178,870	-	5,209,869
Operating profits (losses)	201,416	812,726	5,536	40,789	(96,141)	964,326
Finance costs						(83,908)
Income taxes						(115,711)
Share of losses from associates						(17,329)
Net profits for the year						747,378

	Consolidated					Baht'000
	As at 30 September 2009					
	Subsea services	Drilling services	Training services	Survey services	Holding	Group
Property, plant, equipment, and intangible assets	4,931,786	5,119,778	7,407	67,866	190,223	10,317,060
Total assets						14,555,508



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14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please see review of performance in paragraph 8 above.

15. A breakdown of sales.

	For the year ended 30 September		Increase (Decrease) %
	2010	2009	
	Baht'000	Baht'000	
Sales and services reported for the first half year	1,795,584	2,533,705	(29.13%)
Operating profits (losses) after tax before deducting minority interests reported for the first half year	(45,994)	332,117	(113.84%)
Sales and services reported for the second half year	1,680,781	2,676,164	(37.19%)
Operating profits (losses) after tax before deducting minority interests reported for the second half year	(334,379)	516,498	(164.74%)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

- (a) Ordinary
- (b) Preference
- (c) Total

Not applicable



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17. A reconciliation of difference between Thai GAAP to IFRS.

Currently, the Company has applied IAS 12: Income Taxes, IAS 16: Property, Plant, and Equipment, IAS 18: Revenues (in relation to revenues recognition of mobilisation fee), and IAS 19: Employee Benefits in its Thai GAAP financial statements. The Company received a waiver from Singapore Exchange Limited and has not applied IAS 21: The Effects of Changes in Foreign Exchange Rates. Therefore, the significant difference between Thai GAAP and IFRS financial statements is clarified below.

The Effects of Changes in Foreign Exchange Rates

Thai GAAP

Thai GAAP does not require a determination of the functional currency (the currency of the primary economic environment in which the entity operates). The measurement currency as presented in the Thai GAAP financial statements is the local currency of Thai Baht for companies registered in Thailand.

IFRS

IFRS requires each individual entity included in the reporting entity to determine its functional currency and measure its results and financial position in that currency.

Impact

Because the functional currency of Mermaid Offshore Services Ltd., MTR-1 Ltd., MTR-2 Ltd., and Mermaid Drilling (Malaysia) Sdn. Bhd., as considered material to the consolidated level, is in US Dollars, accounting records need to be measured in the functional currency. This would affect all balance sheet and income statements line items.

The net effects on the consolidated income statements for the years that ended on 30 September 2010 and 2009 and balance sheets as at 30 September 2010 and 2009 can be summarised as follows:

	Net effects on Consolidated Income Statement for the year that ended on 30 September 2010		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	3,476.37	3,476.37	-
Total cost of services	3,245.19	3,245.19	-
Administrative expenses	556.45	556.45	-
Operating profits (losses)	(187.05)	(305.90)	(118.85)
Net profits (losses) for period	(456.48)	(575.33)	(118.85)



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	Net effects on Consolidated Income Statement for the year that ended on 30 September 2009		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	5,209.87	5,209.87	-
Total cost of services	3,770.86	3,770.86	-
Administrative expenses	485.61	485.61	-
Operating profits (losses)	964.33	950.07	(14.26)
Net profits (losses) for period	747.38	733.12	(14.26)

	Net effects on Consolidated Balance Sheet as at 30 September 2010		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total current assets	5,232.67	5,295.77	63.10
Total non-current assets	12,606.63	12,641.51	34.88
Total current liabilities	1,202.28	1,252.10	49.82
Total non-current liabilities	3,655.23	3,822.64	167.41

	Net effects on Consolidated Balance Sheet as at 30 September 2009		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total current assets	3,073.45	3,069.20	(4.25)
Total non-current assets	11,482.06	11,520.71	38.65
Total current liabilities	1,788.08	1,873.04	84.96
Total non-current liabilities	2,110.77	2,081.61	(29.16)

18. Negative assurance on audited financial statements

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors of the Company that may render the audited financial results for the year that ended on 30 September 2010 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

M.L. Chandchutha Chandratat
Executive Chairman
24 November 2010