



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

Financial Statements and Dividend Announcement for the Period Ended 31 December 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 three-month periods that ended on 31 December		
	2010	2009	Changes
	Baht'000	Baht'000	%
Service income	1,112,509	1,076,462	3%
Cost of services	(1,084,778)	(830,667)	31%
Gross profits	27,731	245,795	-89%
Management fee income	27,394	-	100%
Interest income	1,436	830	73%
Other income	3,823	7,024	-46%
Administrative expenses	(153,271)	(113,314)	35%
Gains (losses) on exchange rates	(16,083)	13,669	-218%
Net gains (losses) on disposals, write-off and impairment loss of property, plant, and equipment	(11,985)	262	-4674%
Operating profits (losses)	(120,955)	154,266	-178%
Share of profits (losses) of investments in associates	(1,353)	5,040	-127%
Profits (losses) before finance costs and income taxes	(122,308)	159,306	-177%
Finance costs	(43,616)	(16,370)	166%
Profits (losses) before income taxes	(165,924)	142,936	-216%
Income taxes	(23,773)	(15,878)	50%
Net profits (losses) for the period	(189,697)	127,058	-249%
Attributable to:			
Shareholders of the parent	(187,728)	116,448	
Minority interests	(1,969)	10,610	
	(189,697)	127,058	
Notes to the income statements			
Depreciation and amortisation	251,607	145,973	



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)

(Company Registration No. 0107550000017)

(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	
	Unaudited 31 December 2010 Baht'000	Audited 30 September 2010 Baht'000	Unaudited 31 December 2010 Baht'000	Audited 30 September 2010 Baht'000
Assets				
Current assets				
Cash and cash equivalents	1,065,160	3,742,938	716,272	3,375,758
Short-term investments	1,198,414	606,325	1,198,414	606,325
Trade accounts receivable - others, net	1,049,939	616,323	-	-
Trade accounts receivable - related parties	-	169	-	-
Amounts due from related parties	30,635	22	405,583	311,798
Short-term loans to related parties	-	-	3,314,107	2,808,167
Dividends receivable	-	-	1,400,540	-
Supplies and spare parts	140,551	138,545	-	-
Other current assets	176,954	128,348	13,805	10,896
Total current assets	3,661,653	5,232,670	7,048,721	7,112,944
Non-current assets				
Investments in subsidiaries - cost method, net	-	-	4,995,728	4,995,728
Investments in associates	1,455,278	-	1,456,631	-
Property, plant, and equipment, net	11,783,086	11,985,255	175,003	173,444
Goodwill	332,279	332,279	-	-
Intangible assets, net	16,282	16,925	509	389
Deferred expenses, net	44,757	47,789	-	-
Deferred tax assets, net	106,882	113,240	-	-
Other non-current assets	110,218	111,143	717	597
Total non-current assets	13,848,782	12,606,631	6,628,588	5,170,158
Total assets	17,510,435	17,839,301	13,677,309	12,283,102
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable - others	197,172	116,507	-	-
Trade accounts payable - related parties	3,601	7,201	2	-
Other accounts payable	66,885	69,729	1,853	2,113
Amounts due to related parties	986	101	1,776,793	1,790,240
Current portion of long-term loans from financial institutions	679,800	695,643	24,800	24,800
Current portion of finance lease liabilities	665	868	-	-
Income taxes payable	35,487	26,824	-	-
Accrued expenses	169,305	178,109	12,944	6,760
Current portion of employee benefit obligations	54,611	66,151	-	-
Other current liabilities	56,560	41,147	11,329	8,853
Total current liabilities	1,265,072	1,202,280	1,827,721	1,832,766
Non-current liabilities				
Long-term loans from financial institutions	3,431,711	3,624,772	5,000	11,200
Finance lease liabilities	2,595	3,413	-	-
Employee benefit obligations	31,709	27,047	4,079	3,855
Total non-current liabilities	3,466,015	3,655,232	9,079	15,055
Total liabilities	4,731,087	4,857,512	1,836,800	1,847,821
Shareholders' equity				
Share capital				
Authorised share capital				
Ordinary shares 790,607,343 shares of par Baht 1 each	790,607	790,607	790,607	790,607
Issued and paid-up share capital				
Ordinary shares 784,747,743 shares of paid-up Baht 1 each	784,748	784,748	784,748	784,748
Premium on share capital	9,818,420	9,818,420	9,818,420	9,818,420
Translation adjustments for investments in foreign subsidiaries	(283,197)	(270,702)	-	-
Retained earnings (deficit)				
Appropriated - legal reserves	39,717	39,717	39,717	39,717
Unappropriated	2,332,190	2,519,918	1,197,624	(207,604)
Total parent's shareholders' equity	12,691,878	12,892,101	11,840,509	10,435,281
Minority interests	87,470	89,688	-	-
Total shareholders' equity	12,779,348	12,981,789	11,840,509	10,435,281
Total liabilities and shareholders' equity	17,510,435	17,839,301	13,677,309	12,283,102



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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 31 December 2010		
	Secured	Unsecured	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	332,013	348,452	680,465
Amount repayable after one year (*)	2,128,880	1,305,426	3,434,306

	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

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

As at 31 December 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 three-month period that ended on 31 December 2010, which are available in the SGX’s website and the Company’s website.

As at 31 December 2010, the Company and its subsidiaries had obtained their lenders’ consents to the waiver of financial covenants for a period of 12 months.



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

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	
	Three-month periods ended on 31 December	
	2010	2009
	Baht'000	Baht'000
Cash flows from operating activities		
Profits (losses) before income taxes	(165,924)	142,936
Adjustments for:		
Depreciation	249,363	144,526
Amortisation of intangible assets	2,244	1,447
Finance costs	43,616	16,370
Net (gains) losses on disposals, write-off, and impairment loss of property, plant, and equipment	11,985	(262)
Realised losses on exchange rates	31,159	6,619
Unrealised (gains) on exchange rates	(15,076)	(20,288)
Employee benefit obligations	14,649	21,625
Share of (profits) losses of investments in associates	1,353	(5,040)
Exchange rates (gains) losses from translation of overseas subsidiaries	(3,984)	5,884
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)		
- Trade accounts receivable - others	(453,756)	47,797
- Trade accounts receivable - related parties	169	(157)
- Amounts due from related parties	(30,613)	(46)
- Supplies and spare parts	(2,006)	(2,535)
- Other current assets	(44,710)	(68,934)
- Deferred expenses	3,032	2,348
- Other non-current assets	925	(182)
- Trade accounts payable - others	87,490	72,744
- Trade accounts payable - related parties	(3,600)	1,403
- Other accounts payable	19,186	145,694
- Amounts due to related parties	885	(15)
- Accrued expenses	(8,725)	(15,375)
- Other current liabilities	21,900	28,777
Cash generated from operations	(240,438)	525,336
- Finance costs paid	(43,695)	(15,938)
- Income taxes paid	(11,024)	(36,058)
- Employee benefits paid	(20,204)	(18,615)
Net cash inflows (outflows) from operating activities	(315,361)	454,725



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

	Consolidated	
	Three-month periods ended on 31 December	
	2010	2009
	Baht'000	Baht'000
Cash flows from investing activities		
Payments for short-term investments	(594,789)	-
Payments for investments in subsidiaries	-	(365,637)
Payments for investments in associates	(1,456,631)	-
Proceeds from disposals of property and equipment	17,518	776
Purchases of property, plant, and equipment	(103,694)	(1,995,081)
Purchases of intangible assets	(1,638)	(429)
Net cash outflows from investing activities	(2,139,234)	(2,360,371)
Cash flows from financing activities		
Repayments of finance lease liabilities	(1,020)	(971)
Proceeds from long-term loans from financial institutions	-	888,778
Repayments of long-term loans from financial institutions	(179,649)	(110,761)
Proceeds from issuance of share capital	-	243,543
Net proceeds from share premium	-	3,349,108
Net cash inflows (outflows) from financing activities	(180,669)	4,369,697
Net increase (decrease) in cash and cash equivalents	(2,635,264)	2,464,051
Cash and cash equivalents at the beginning of the period	3,742,938	1,450,525
Effects of exchange rates	(42,514)	12,245
Cash and cash equivalents at the end of the period	1,065,160	3,926,821



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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						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 2010	784,748	9,818,420	(270,702)	39,717	2,519,918	89,688	12,981,789
Net losses for the period	-	-	-	-	(187,728)	(1,969)	(189,697)
Translation adjustments for investments in foreign subsidiaries	-	-	(12,495)	-	-	(249)	(12,744)
Ending balance as at 31 December 2010	784,748	9,818,420	(283,197)	39,717	2,332,190	87,470	12,779,348

	Company				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 2010	784,748	9,818,420	39,717	(207,604)	10,435,281
Net profits for the period	-	-	-	1,405,228	1,405,228
Ending balance as at 31 December 2010	784,748	9,818,420	39,717	1,197,624	11,840,509



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

	Consolidated						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
Issuance of shares	243,543	3,349,108	-	-	-	-	3,592,651
Net profits for the period	-	-	-	-	116,448	10,610	127,058
Translation adjustments for investments in foreign subsidiaries	-	-	(9,182)	-	-	(3,113)	(12,295)
Ending balance as at 31 December 2009	784,748	9,819,899	(39,566)	39,717	3,092,444	666,837	14,364,079

	Company				Baht' 000
	Issued and paid-up share capital	Premium on share capital	Legal reserves	Unappropriated retained earnings	Total
	Beginning balance as at 1 October 2009	541,205	6,470,791	39,717	85,171
Issuance of shares	243,543	3,349,108	-	-	3,592,651
Net profits for the period	-	-	-	11,974	11,974
Ending balance as at 31 December 2009	784,748	9,819,899	39,717	97,145	10,741,509



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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 Baht	Number of registered ordinary shares Shares'000	Issued and paid-up ordinary shares Shares'000	Premium on share capital Baht'000	Total Baht'000
As at 30 September 2010	1	790,607	784,748	9,818,420	10,603,168
Issue of shares	-	-	-	-	-
As at 31 December 2010	1	790,607	784,748	9,818,420	10,603,168

Subsequent events

At the Annual General Meeting of Shareholders No.1/2011 held on 25 January 2011, there were significant matters approved by the shareholders as follows:

- A reduction in the registered share capital of the Company from Baht 790,607,343 to Baht 787,213,843 by means of the cancellation of 3,393,500 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, 2009, and 2010. The reduction in the registered share capital was registered with the Ministry of Commerce on 3 February 2011.
- The issue and offer up to 4,000,000 free warrants to directors and employees of the Company or subsidiaries under ESOP 2011 pursuant to its terms.
- An increase in the registered share capital of the Company from Baht 787,213,843 to Baht 791,213,843 by means of issuance of 4,000,000 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 4 February 2011.
- The allocation of 4,000,000 new ordinary shares from the increase in registered share capital for distribution under ESOP 2011.

There was no transaction of treasury shares during the periods that ended on 31 December 2010 and 2009.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

As at 31 December 2010 and 2009, the registered share capital of the Company was Baht 790,607,343 and Baht 788,797,743, respectively.

As at 31 December 2010 and 2009, the paid-up share capital of the Company was Baht 784,747,743 and Baht 784,747,743, 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 31 December 2010 and 30 September 2010, the issued shares of the Company were 784,747,743 shares and 784,747,743 shares with a par value of Baht 1 per share, respectively.

As at 31 December 2010 and 30 September 2010, there were no outstanding treasury shares.

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 period that ended on 31 December 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 reviewed by the Company's auditor, PricewaterhouseCoopers ABAS Limited, except for item 13 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).

Based on the auditor's reviews, nothing has come to their attention that causes them to believe that the interim consolidated and company financial statements for the first quarter that ended on 31 December 2010 are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The signed auditor's report is on page 1 of the interim consolidated and company financial statements for the first quarter that ended on 31 December 2010, which is reported together with this announcement and is available in the SGX's website and the Company's website.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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 no change in the accounting policies and methods of computation during the three-month period that ended on 31 December 2010.

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 period.

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 (using the average share price of the Company's shares during the period) and the potential additional shares that would have been issued based on the outstanding Employee Share Option Plan. 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 for the three-month period that ended on 31 December 2010 are 785,065,945 shares (31 December 2009: 644,965,047 shares).



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

	Consolidated		Company	
	2010	2009	2010	2009
Weighted average number of ordinary shares (Shares'000)	784,748	644,446	784,748	644,446
Effect of dilutive potential ordinary shares				
Employee Shares Option Plan (Shares'000)	318	519	318	519
Weighted average number of ordinary shares for diluted earnings (losses) (Shares'000)	785,066	644,965	785,066	644,965
Net profits (losses) for the period attributable to ordinary shareholders (Baht'000)	(187,728)	116,448	1,405,228	11,974
Basic and diluted earnings (losses) per share (Baht)	(0.24)	0.18	1.79	0.02

There is no significant impact from dilutive potential ordinary shares in issue during the three-month periods that ended on 31 December 2010 and 2009.

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	
	31-Dec-10 Baht	30-Sep-10 Baht	31-Dec-10 Baht	30-Sep-10 Baht
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at end of respective period	16.28	16.54	15.09	13.30

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 the three-month period that ended on 31 December 2010 ("1QFY11"), total service income of the Group was Baht 1,113 million, an increase of Baht 37 million, or 3.4%, from Baht 1,076 million for the three-month period that ended on 31 December 2009 ("1QFY10").



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

The increase in revenues of Baht 37 million was mainly due to 1) higher asset utilisation in our subsea group, which resulted in an increase in revenue of Baht 101 million, or a 15.0% increase from 1QFY10, offset by 2) lower contributions of survey services of Baht 56 million, or a 44.1% decrease from 1QFY10. The subsea fleet utilisation rate for 1QFY11 was 51.2%, compared to 45.8% for 1QFY10.

Gross profits were Baht 28 million, a decrease of Baht 218 million, or 88.6%, from gross profits of Baht 246 million for 1QFY10. The drilling group generated gross profits of Baht 58 million (21.7% margin) and the survey group generated gross profits of Baht 19 million (28.8% margin), while the subsea group generated gross losses of Baht 49 million (minus 6.3% margin). The decrease in gross profits mainly resulted from the gross losses of the subsea group in 1QFY11. Four modern high specification vessels entered the subsea fleet, which was generally affected by reduced demand for its services. Thus, the utilisation rate and day rates were lower than expected, while fixed costs, such as minimum crews on board and depreciation, were still being incurred.

Administrative expenses were Baht 153 million, an increase of Baht 40 million, or 35.4%, from Baht 113 million for 1QFY10. The increase was primarily due to administrative expenses of Subtech, which was acquired in March 2010 of Baht 23 million.

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

Operating losses were Baht 121 million, a decrease of Baht 275 million, or 178.6%, from operating profits of Baht 154 million for 1QFY10 resulting from the above explanation.

Finance costs were Baht 44 million, an increase of Baht 28 million, or 175.0%, from Baht 16 million for 1QFY10. The higher costs were due to higher interests paid on a higher average loan balance of Baht 4,216.0 million in 1QFY11 compared to Baht 3,020.2 million in 1QFY10.

Income taxes were Baht 24 million, an increase of Baht 8 million, or 50.0%, from Baht 16 million for 1QFY10. The increase in income taxes was mainly due to a decrease in deferred tax assets (recognition as income tax) of Baht 6 million in 1QFY11, compared to an increase in deferred tax assets (recognition as minus income tax) of Baht 1 million in 1QFY10.

Net Earnings (Losses)

Net losses were Baht 190 million, including an exchange loss of Baht 16 million, as compared to net profits for 1QFY10 of Baht 127 million which included an exchange gain of Baht 14 million. Excluding exchange losses and income taxes, net losses increased by Baht 279 million, or 216.3%. The net losses were primarily due to low utilisation of the modern vessels in the subsea group as mentioned above.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

Business Segment Analysis

Drilling: The drilling segment contributed 24.0% and 38.7% (*) of the Group's total revenues and profits (losses) before finance costs and income taxes, respectively.

MTR-1 is being demobilised back to South East Asia. MTR-2 is under contract with Chevron (Indonesia) and working in Indonesia. As MTR-2 achieved 100.0% utilisation during the quarter, average utilisation of MTR-1 and MTR-2 for the quarter was 63.6%.

Subsea: The assets in our subsea segment had a 51.2% average utilisation rate during the quarter and generated 69.7% and 110.0% (*) of the Group's total revenues and profits (losses) before finance costs and income taxes, respectively.

(*) 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 decreased by Baht 1,571 million, or 30.0%, from Baht 5,233 million in the last financial year ("FY10") to Baht 3,662 million in the first quarter of 2011 ("1QFY11") due mainly to a decrease in cash and cash equivalents of Baht 2,678 million. Major cash outflows during this period included payments for investments in associates of Baht 1,457 million and short-term investments of Baht 595 million, and loan repayments of Baht 180 million. This was partially offset by an increase in trade accounts receivable of Baht 434 million which resulted from an increase in collection days.

Non-current assets increased by Baht 1,242 million, or 9.9%, from Baht 12,607 million in FY10 to Baht 13,849 million in 1QFY11 due mainly to an increase in investments in associates of Baht 1,457 million, which was partially offset by a decrease in net balance of property, plant, and equipment of Baht 202 million. The decrease in net balance of property, plant, and equipment of Baht 202 million was due mainly to a depreciation of Baht 249 million, an impairment loss on assets of Baht 13 million and a loss on translation adjustments of Baht 21 million, which was offset by an increase in property, plant, and equipment of Baht 82 million which was mainly from dry-docking and purchase of equipment.

Current liabilities increased by Baht 63 million, or 5.2%, from Baht 1,202 million in FY10 to Baht 1,265 million in 1QFY11 due mainly to an increase in trade accounts payable of Baht 81 million, which were partially offset with net payments of employee benefit obligations of Baht 12 million.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

Non-current liabilities decreased by Baht 189 million, or 5.2%, from Baht 3,655 million in FY10 to Baht 3,466 million in 1QFY11 due mainly to loan repayments of Baht 180 million.

Shareholders' funds decreased by Baht 203 million, or 1.6%, from Baht 12,982 million in FY10 to Baht 12,779 million in 1QFY11 due mainly to a net loss for the first quarter of 2011 of Baht 190 million and loss on translation adjustments of Baht 13 million.

Working Capital

The Group's working capital decreased by Baht 1,634 million, or 40.5%, from Baht 4,031 million in FY10 to Baht 2,397 million in 1QFY10. This was due mainly to a decrease in current assets by Baht 1,571 million and an increase in current liabilities by Baht 63 million as described above.

Consolidated Cash Flow Statements for period that ended on 31 December 2010

The Group had net cash used in operating activities of Baht 315 million. This was due mainly to cash outflows from working capital changes of Baht 409 million, finance costs of Baht 44 million, income taxes paid of Baht 11 million, and employee benefits paid of Baht 20 million, offset by cash generated from operations before changes in working capital of Baht 169 million.

The Group had net cash used in investing activities of Baht 2,139 million. This was due mainly to payments for additional investments in associates, Asia Offshore Drilling Limited, of Baht 1,457 million, payments for long-term assets of Baht 104 million, payments for short-term investments of Baht 595 million, offset with proceeds from disposal of property and equipment of Baht 17 million.

The Group had net cash used in financing activities of Baht 181 million. This was due mainly to payments on long-term loans from financial institutions of Baht 180 million and finance lease liabilities of Baht 1 million.

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

Not applicable



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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 previous contract with Cudd Pressure Control Inc in October 2010. At the same time, we mobilised the MTR-1 barge back to South East Asia and are actively investigating 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 periods 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 now commenced construction of the two high-specification jack-up rigs with Keppel FELS Ltd. ("KFELS"). With clients increasingly showing a strong preference for newer equipment with enhanced accommodation and offline activities, we are confident that our investment in AOD will be successful. Since the announcement of our AOD investment, there have been several further announcements of speculative new build contracts for similar high specification rigs, by other drilling companies. Some of these new build orders came from financial investors with no drilling capability and no secured client contracts in advance of committing to these new build rigs.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

In addition to the two jack-up rigs with KFELS, AOD retains its option to order another two similar jack-ups with KFELS in 2011. Our AOD investment 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 are clearly rising, as evident in recent transactions for similar type rigs at prices ranging between USD 180 – 190 million.

Health, safety, and environmental (HSE) remain a key focus in all 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:

The subsea market remains challenging, and downward pressure on day rates continues to occur 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 still anticipate that rates will remain low throughout 2011, but believe that our subsea 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 and experienced management and quality people.

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 have seen our order book increase over the latter part of 2010, and several of our vessels now have contracts in place for much of 2011. We also continue to have a number of tenders outstanding across several geographical areas such as North Sea, Middle East, West Africa, Thailand, Indonesia, Vietnam, China, and India, and remain confident of realising further contracts in the coming months.

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.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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

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

Yes, the Board of Directors has approved an interim dividend payment at the meeting held on February 11, 2011 as follows:

	Per share Baht	Total Value Baht	Book Closure Date	Payable Date
Interim dividend 2011	0.58	455,153,690.94	1 March 2011	11 March 2011

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

Baht 0.58 per share, before taxes

(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).

Tax rate 10%

Country where the dividend derived is in Thailand.

(d) The date the dividend is payable.

11 March 2011

(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.

1 March 2011

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

Not applicable



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

13. 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 periods that ended on 31 December 2010 and 2009 and balance sheets as at 31 December 2010 and 30 September 2010 can be summarised as follows:

	Net effects on Consolidated Income Statement for the three-month period that ended on 31 December 2010		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	1,112.51	1,112.51	-
Total cost of services	1,084.78	1,084.78	-
Administrative expenses	153.27	153.27	-
Operating profits (losses)	(120.96)	(165.77)	(44.81)
Net profits (losses) for period	(189.70)	(234.51)	(44.81)



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

	Net effects on Consolidated Income Statement for the three-month period that ended on 31 December 2009		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	1,076.46	1,076.46	-
Total cost of services	830.67	831.93	1.26
Administrative expenses	113.31	114.41	1.10
Operating profits (losses)	154.27	142.33	(11.94)
Net profits (losses) for period	127.06	117.50	(9.56)

	Net effects on Consolidated Balance Sheet as at 31 December 2010		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total current assets	3,661.65	3,670.63	8.98
Total non-current assets	13,848.78	13,815.97	(32.81)
Total current liabilities	1,265.07	1,282.72	17.65
Total non-current liabilities	3,466.02	3,469.35	3.33

	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

14. 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 unaudited financial results for the first quarter that ended on 31 December 2010 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

M.L. Chandchutha Chandratat
Executive Chairman
11 February 2011