



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 March 2011

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 March		
	2011	2010	Changes
	Baht'000	Baht'000	%
Service income	1,144,100	719,122	59%
Cost of services	(1,203,857)	(746,744)	61%
Gross profits (losses)	(59,757)	(27,622)	116%
Management fee income	55,982	-	100%
Interest income	899	359	150%
Other income	3,962	-	100%
Administrative expenses	(152,286)	(143,867)	6%
Gains (losses) on exchange rates	462	25,535	-98%
Net gains (losses) on disposal, write-offs and impairment losses of property, plant, and equipment	1,717	1,260	36%
Operating profits (losses)	(149,021)	(144,335)	3%
Share of profits (losses) of investments in associates	(1,291)	7,582	-117%
Profits (losses) before finance costs and income taxes	(150,312)	(136,753)	10%
Finance costs	(48,193)	(15,138)	218%
Profits (losses) before income taxes	(198,505)	(151,891)	31%
Income taxes	(20,099)	(40,047)	-50%
Net profits (losses) for the period	(218,604)	(191,938)	14%
Notes to the income statements			
Depreciation and amortisation	251,762	162,835	



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	Consolidated		
	For the six-month periods that ended on 31 March		
	2011	2010	Changes
	Baht'000	Baht'000	%
Service income	2,256,609	1,795,584	26%
Cost of services	(2,288,635)	(1,577,411)	45%
Gross profits (losses)	(32,026)	218,173	-115%
Management fee income	83,376	-	100%
Interest income	2,335	1,189	96%
Other income	7,785	6,119	100%
Administrative expenses	(305,557)	(256,276)	19%
Gains (losses) on exchange rates	(15,621)	39,204	-140%
Net gains (losses) on disposal, write-offs and impairment losses of property, plant, and equipment	(10,268)	1,522	-775%
Operating profits (losses)	(269,976)	9,931	-2819%
Share of profits (losses) of investments in associates	(2,644)	12,622	-121%
Profits (losses) before finance costs and income taxes	(272,620)	22,553	-1309%
Finance costs	(91,809)	(31,508)	191%
Profits (losses) before income taxes	(364,429)	(8,955)	3970%
Income taxes	(43,872)	(55,925)	-22%
Net profits (losses) for the period	(408,301)	(64,880)	529%
Notes to the income statements			
Depreciation and amortisation	503,369	308,808	



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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	
	Unaudited 31 March 2011 Baht'000	Audited 30 September 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Audited 30 September 2010 Baht'000
Assets				
Current assets				
Cash and cash equivalents	573,171	3,742,938	220,862	3,375,758
Short-term investments	905,905	606,325	905,905	606,325
Trade accounts receivable - others, net	1,098,815	616,323	-	-
Trade accounts receivable - related parties	-	169	-	-
Amounts due from related parties	48,945	22	486,664	311,798
Short-term loans to related parties	-	-	3,019,212	2,808,167
Dividends receivable	-	-	1,400,540	-
Supplies and spare parts	142,583	138,545	-	-
Other current assets	174,183	128,348	14,607	10,896
Total current assets	2,943,602	5,232,670	6,047,790	7,112,944
Non-current assets				
Investments in subsidiaries - cost method, net	-	-	4,995,728	4,995,728
Investments in associates	1,453,987	-	1,456,631	-
Property, plant, and equipment, net	11,602,098	11,985,255	177,231	173,444
Goodwill	332,279	332,279	-	-
Intangible assets, net	16,493	16,925	1,768	389
Deferred expenses, net	41,991	47,789	-	-
Deferred tax assets, net	100,184	113,240	-	-
Other non-current assets	75,331	111,143	1,348	597
Total non-current assets	13,622,363	12,606,631	6,632,706	5,170,158
Total assets	16,565,965	17,839,301	12,680,496	12,283,102
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable - others	201,433	116,507	-	-
Trade accounts payable - related parties	3,174	7,201	26	-
Other accounts payable	43,241	69,729	6,560	2,113
Amounts due to related parties	2,053	101	1,100,141	1,790,240
Current portion of long-term loans from financial institutions	617,969	695,643	23,600	24,800
Current portion of finance lease liabilities	1,815	868	1,170	-
Income taxes payable	43,074	26,824	-	-
Accrued expenses	222,335	178,109	3,990	6,760
Current portion of employee benefit obligations	43,881	66,151	-	-
Other current liabilities	90,639	41,147	36,350	8,853
Total current liabilities	1,269,614	1,202,280	1,171,837	1,832,766
Non-current liabilities				
Long-term loans from financial institutions	3,135,197	3,624,772	-	11,200
Finance lease liabilities	4,254	3,413	1,951	-
Employee benefit obligations	40,641	27,047	4,302	3,855
Total non-current liabilities	3,180,092	3,655,232	6,253	15,055
Total liabilities	4,449,706	4,857,512	1,178,090	1,847,821
Shareholders' equity				
Share capital				
Authorized share capital				
Ordinary shares				
791,213,843 shares of par Baht 1 each	791,214	790,607	791,214	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	(273,358)	(270,702)	-	-
Retained earnings				
Appropriated - legal reserves	78,475	39,717	78,475	39,717
Unappropriated (deficit)	1,623,581	2,519,918	820,763	(207,604)
Total parent's shareholders' equity	12,031,866	12,892,101	11,502,406	10,435,281
Minority interests	84,393	89,688	-	-
Total shareholders' equity	12,116,259	12,981,789	11,502,406	10,435,281
Total liabilities and shareholders' equity	16,565,965	17,839,301	12,680,496	12,283,102



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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 31 March 2011		
	Secured	Unsecured	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	270,654	349,130	619,784
Amount repayable after one year (*)	1,918,460	1,220,991	3,139,451

	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 March 2011, 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 six-month period that ended on 31 March 2010, which are available in the SGX's website and the Company's website.

As at 31 March 2011, the Company and its subsidiaries had obtained their lenders' consents for the waiver of financial covenants with the next testing date for the revised covenants scheduled for 30 September 2011.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
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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	
	Six-month periods ended on 31 March	
	2011	2010
	Baht'000	Baht'000
Cash flows from operating activities		
Losses before income taxes	(364,429)	(8,955)
Adjustments for:		
Depreciation	498,582	305,681
Amortisation of intangible assets	4,787	3,127
Finance costs	91,809	31,508
Net (gains) losses on disposals, write-offs, and impairment losses of property, plant, and equipment	10,268	(1,522)
Realised (gains) losses on exchange rates	(8,956)	1,689
Unrealised (gains) losses on exchange rates	24,577	(40,893)
Employee benefit obligations	34,672	47,929
Dividend income	-	-
Share of (profits) losses of investments in associates	2,644	(12,622)
Exchange rates (gains) losses from translation of overseas subsidiaries	1,730	(88,590)
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)		
- Trade accounts receivable - others	(511,844)	556,041
- Trade accounts receivable - related parties	169	109
- Amounts due from related parties	(48,923)	(1,504)
- Supplies and spare parts	(4,038)	(15,243)
- Other current assets	(37,160)	(161,590)
- Deferred expenses	5,798	10,087
- Other non-current assets	35,812	2,812
- Trade accounts payable - others	87,804	(320,454)
- Trade accounts payable - related parties	(4,027)	984
- Other accounts payable	(65,798)	83,229
- Amounts due to related parties	1,952	655
- Accrued expenses	36,396	73,055
- Other current liabilities	65,119	(34,603)
Cash generated from operations	(143,056)	430,930
- Finance costs paid	(83,980)	(31,485)
- Income taxes paid	(20,636)	(54,217)
- Employee benefits paid	(43,314)	(85,748)
Net cash inflows (outflows) from operating activities	(290,986)	259,480



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	Consolidated	
	Six-month periods ended on 31 March	
	2011	2010
	Baht'000	Baht'000
Cash flows from investing activities		
Payments for short-term investments	(597,775)	(325,161)
Proceeds from short-term investments	298,731	-
Payments for investments in subsidiaries	-	(492,348)
Payment for investments in associate	(1,456,631)	-
Proceeds from disposals of property and equipment	22,721	77,970
Purchases of property, plant, and equipment	(101,335)	(4,161,827)
Purchases of intangible assets	(4,360)	(5,268)
Net cash outflows from investing activities	(1,838,649)	(4,906,634)
Cash flows from financing activities		
Repayments of finance lease liabilities	(1,333)	(1,586)
Proceeds from long-term loans from financial institutions	-	888,778
Repayments of long-term loans from financial institutions	(552,844)	(255,439)
Proceeds from issuance of share capital	-	243,543
Net proceeds from share premium	-	3,349,108
Dividends paid to shareholders	(455,154)	-
Net cash inflows (outflows) from financing activities	(1,009,331)	4,224,404
Net increase (decrease) in cash and cash equivalents	(3,138,966)	(422,750)
Cash and cash equivalents at the beginning of the period	3,742,938	1,450,525
Effects of exchange rates	(30,801)	(8,674)
Cash and cash equivalents at the end of period	573,171	1,019,101



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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						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	-	-	-	-	(402,425)	(5,876)	(408,301)
Dividends paid	-	-	-	-	(455,154)	-	(455,154)
Translation adjustments for investments in foreign subsidiaries	-	-	(2,656)	-	-	581	(2,075)
Legal reserves	-	-	-	38,758	(38,758)	-	-
Ending balance as at 31 March 2011	784,748	9,818,420	(273,358)	78,475	1,623,581	84,393	12,116,259

	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	-	-	-	1,522,279	1,522,279
Dividends paid	-	-	-	(455,154)	(455,154)
Legal reserves	-	-	38,758	(38,758)	-
Ending balance as at 31 March 2011	784,748	9,818,420	78,475	820,763	11,502,406



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(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	10,656,665
Issuance of shares	243,543	3,349,108	-	-	-	-	3,592,651
Net profits (losses) for the period	-	-	-	-	(72,178)	7,298	(64,880)
Translation adjustments for investments in foreign subsidiaries	-	-	(141,558)	-	-	(27,114)	(168,672)
Ending balance as at 31 March 2010	784,748	9,819,899	(171,942)	39,717	2,903,818	639,524	14,015,764

	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 2009	541,205	6,470,791	39,717	85,171	7,136,884
Issuance of shares	243,543	3,349,108	-	-	3,592,651
Net losses for the period	-	-	-	(120,999)	(120,999)
Ending balance as at 31 March 2010	784,748	9,819,899	39,717	(35,828)	10,608,536



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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 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
Decrease in number of share registered	1	(3,393)	-	-	-
Issue of shares	1	4,000	-	-	-
As at 31 March 2011	1	791,214	784,748	9,818,420	10,603,168

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.

The ESOP 2011 was subsequently approved by the Annual General Meeting of Shareholders No. 1/2011 held on 2 March 2011 of Thoresen Thai Agencies Public



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(Company Registration No. 0107550000017)

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 periods that ended on 31 March 2011 and 2010.

As at 31 March 2011 and 2010, the registered share capital of the Company was Baht 791,213,843 and Baht 790,607,343, respectively.

As at 31 March 2011 and 2010, 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 March 2011 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 March 2011 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 March 2011.

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 second quarter that ended on 31 March 2011 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 second quarter that ended on 31 March 2011, which is reported together with this announcement and is available in the SGX's website and the Company's website.



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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 six-month period that ended on 31 March 2011.

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 and six-month period that ended on 31 March 2011 are 784,979,898 shares and 785,043,015 shares, respectively (31 March 2010: 714,361,189 shares and 714,404,481 shares, respectively).



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	For the three-month periods that ended on 31 March			
	Consolidated		Company	
	2011	2010	2011	2010
Weighted average number of ordinary shares (Shares'000)	784,748	713,826	784,748	713,826
Effect of dilutive potential ordinary shares Employee Shares Option Plan (Shares'000)	232	535	232	535
Weighted average number of ordinary shares for diluted earnings (losses) (Shares'000)	784,980	714,361	784,980	714,361
Net profits (losses) for the period attributable to ordinary shareholders (Baht'000)	(214,697)	(188,626)	117,051	(132,973)
Basic and diluted earnings (losses) per share (Baht)	(0.27)	(0.26)	0.15	(0.19)
	For the six-month periods that ended on 31 March			
	Consolidated		Company	
	2011	2010	2011	2010
Weighted average number of ordinary shares (Shares'000)	784,748	713,826	784,748	713,826
Effect of dilutive potential ordinary shares Employee Shares Option Plan (Shares'000)	295	578	295	578
Weighted average number of ordinary shares for diluted earnings (losses) (Shares'000)	785,043	714,404	785,043	714,404
Net profits (losses) for the period attributable to ordinary shareholders (Baht'000)	(402,425)	(72,178)	1,522,279	(120,999)
Basic and diluted earnings (losses) per share (Baht)	(0.51)	(0.10)	1.94	(0.17)

There is no significant impact from dilutive potential ordinary shares in issue during the three-month and six-month periods that ended on 31 March 2011 and 2010.



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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	
31-Mar-11	30-Sep-10	31-Mar-11	30-Sep-10
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

15.44	16.54	14.66	13.30
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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 March 2011 ("2QFY11"), total service income of the Group was Baht 1,144 million, an increase of Baht 425 million, or 59.1%, from Baht 719 million for the three-month period that ended on 31 March 2010 ("2QFY10").

The increase in revenues of Baht 425 million was mainly due to higher asset utilisation in our subsea group for 2QFY11 which was 54.1%, compared to 28.3% for 2QFY10. This increase in utilisation resulted in an increase in revenue of Baht 357 million, or a 97.6% increase from 2QFY10. 2QFY11 also saw higher revenues from survey services of Baht 61 million, and Baht 15 million of revenues from the mobilisation of MTR1.

Gross losses were Baht 60 million, an increase of Baht 32 million, or 114.3%, from gross losses of Baht 28 million for 2QFY10. The drilling group generated gross profits of Baht 29 million (10.9% margin) and the survey group generated gross profits of Baht 18 million (22.3% margin), while the subsea group generated gross losses of Baht 107 million (minus 13.4% margin). The subsea business continued to experience some softness in demand for its services. Although the overall utilisation rate for the subsea group improved, the 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 152 million, an increase of Baht 8 million, or 5.6%, from Baht 144 million for 2QFY10. The increase was primarily due to administrative expenses of Subtech, which was acquired in March 2010 of Baht 12 million.



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

Operating losses were Baht 149 million, a decrease of Baht 5 million, or 3.5%, from operating losses of Baht 144 million for 2QFY10.

Finance costs were Baht 48 million, an increase of Baht 33 million, or 220.0%, from Baht 15 million for 2QFY10. The higher costs were due to a higher average loan balance of Baht 4,037 million in 2QFY11 compared to Baht 2,914 million in 2QFY10.

Income taxes were Baht 20 million, a decrease of Baht 20 million, or 50.0%, from Baht 40 million for 2QFY10. The increase in income taxes was mainly due to a decrease in deferred tax assets (recognition as income tax) of Baht 7 million in 2QFY11, compared to a decrease in deferred tax assets (recognition as income tax) of Baht 20 million in 2QFY10.

Net Earnings (Losses)

Net losses were Baht 219 million which included a foreign exchange gain of Baht 1 million, as compared to net losses for 2QFY10 of Baht 192 million which included an exchange gain of Baht 26 million. Excluding exchange gains and income taxes, net losses increased by Baht 22 million, or 12.4%, were mainly due to a mix of subsea and charter contracts in the subsea group, and therefore, the margins were not as high on charter contracts as subsea contracts. The revenues from charter contracts were approximately 14% of total revenues in the subsea group for 2QFY11.

Business Segment Analysis

Drilling: The drilling segment contributed 23.6% and 48.7% (*) of the Group's total revenues and profits before finance costs and income taxes, respectively.

MTR-1 is currently off-hire and undergoing flag change to Singapore. MTR-2 is under contract with Chevron (Indonesia) and working in Indonesia. MTR-2 achieved 83.5% utilisation during the quarter due to time lost for repairs and installation of new equipment and she is now back to full utilisation.

Subsea: The assets in our subsea segment had a 54.1% average utilisation rate during the quarter and generated 69.4% and 153.9% (*) of the Group's total revenues and 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.



MERMAID MARITIME PUBLIC COMPANY LIMITED

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

Consolidated Balance Sheets

Current assets decreased by Baht 2,289 million, or 43.7%, from Baht 5,233 million in the last financial year (“FY10”) to Baht 2,944 million in the second quarter of 2011 (“2QFY11”) due mainly to a decrease in cash and cash equivalents of Baht 2,870 million, offset with an increase in trade accounts receivable of Baht 483 million. Major cash outflows during this period included payments for investment in an associate company, Asia Offshore Drilling Ltd. (“AOD”), of Baht 1,457 million, loan repayments of Baht 553 million and dividends paid to shareholders of Baht 455 million. This was partially offset by an increase in trade accounts receivable of Baht 483 million, which resulted from an increase in collection days and increase of revenues as mentioned above.

Non-current assets increased by Baht 1,015 million, or 8.1%, from Baht 12,607 million in FY10 to Baht 13,622 million in 2QFY11 due mainly to the AOD investment of Baht 1,457 million, which was partially offset by a decrease in net balance of property, plant, and equipment of Baht 383 million. The decrease in net balance of property, plant, and equipment of Baht 383 million was due mainly to a depreciation of Baht 499 million, disposals of assets of Baht 19 million, and a loss on translation adjustments of Baht 9 million, which was offset by an increase in property, plant, and equipment of Baht 144 million, which was mainly from dry-docking and purchase of equipment.

Current liabilities increased by Baht 68 million, or 5.7%, from Baht 1,202 million in FY10 to Baht 1,270 million in 2QFY11 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 22 million.

Non-current liabilities decreased by Baht 475 million, or 13.0%, from Baht 3,655 million in FY10 to Baht 3,180 million in 2QFY11 due mainly to loan repayments of Baht 490 million, offset with an increase in employee benefit obligations of Baht 14 million.

Shareholders’ funds decreased by Baht 866 million, or 6.7%, from Baht 12,982 million in FY10 to Baht 12,116 million in 2QFY11 due mainly to a net loss for the second quarter of 2011 of Baht 408 million and dividends paid to shareholders of Baht 455 million.

Working Capital

The Group’s working capital decreased by Baht 2,357 million, or 58.5%, from Baht 4,031 million in FY10 to Baht 1,674 million in 2QFY10. This was due mainly to a decrease in current assets by Baht 2,289 million and an increase in current liabilities by Baht 68 million as described above.



MERMAID MARITIME PUBLIC COMPANY LIMITED

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

Consolidated Cash Flow Statements for period that ended on 31 March 2011

The Group had net cash used in operating activities of Baht 291 million. This was due mainly to cash outflows from working capital changes of Baht 439 million, finance costs of Baht 84 million, income taxes paid of Baht 21 million, and employee benefits paid of Baht 43 million, offset by cash generated from operations before changes in working capital of Baht 296 million.

The Group had net cash used in investing activities of Baht 1,839 million. This was due mainly to the AOD investment of Baht 1,457 million, payments for long-term assets of Baht 106 million, payments for short-term investments of Baht 598 million, offset with proceeds from disposal of property and equipment of Baht 23 million and proceeds from short-term investments of Baht 299 million.

The Group had net cash used in financing activities of Baht 1,009 million. This was due mainly to repayments of long-term loans from financial institutions of Baht 553 million, finance lease liabilities of Baht 1 million, and dividends paid to shareholders of Baht 455 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

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:

MTR-1 is undergoing flag change for taxation reasons and we are awaiting a decision on proposals on a contract for her to be employed as an accommodation barge by Chevron Indonesia.

The previous contract for MTR-2 ended at the end of March 2011, and she is working on a contract extension pending agreement to extend her future working for 270 days under new and improved contract terms also with Chevron Indonesia.

Although there is still volatility in the market due to international uncertainty, the underlying trend in the offshore oil and gas market supports improving business opportunities and a steady increase in committed exploration and production capital spending.



MERMAID MARITIME PUBLIC COMPANY LIMITED

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

We are continuing to review various opportunities in the new build market for future acquisition of drilling assets or businesses beyond AOD, which has 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, AOD should be competitive in upcoming bids for drilling rig employment. 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.

AOD has options to order another two similar jack-ups with KFELS by the end of June and end of September. 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 committed during the initial fund raising for AOD, we have already commenced discussions with the relevant parties regarding a possible listing of AOD on the Oslo Axess Exchange in Norway.

Health, safety, and environmental (HSE) remain a key focus in all our operations 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 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 first half of FY2011, and several of our vessels now have contracts in place for much of FY2011, with utilisation improving over the same period from last year. 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,



MERMAID MARITIME PUBLIC COMPANY LIMITED

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

the Company expects that it will be challenging to secure a high level of charter rates 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.

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 in this quarter.

(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



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 March 2011 and 2010 and balance sheets as at 31 March 2011 and 30 September 2010 can be summarised as follows:

	Net effects on Consolidated Income Statement for the six-month period that ended on 31 March 2011		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	2,256.61	2,256.61	-
Total cost of services	2,288.64	2,288.64	-
Administrative expenses	305.56	305.56	-
Operating profits (losses)	(269.98)	(296.24)	(26.26)
Net profits (losses) for period	(408.30)	(434.57)	(26.27)



MERMAID MARITIME PUBLIC COMPANY LIMITED

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(Company Registration No. 0107550000017)

	Net effects on Consolidated Income Statement for the six-month period that ended on 31 March 2010		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	1,795.58	1,795.58	-
Total cost of services	1,577.41	1,577.41	-
Administrative expenses	256.28	256.27	(0.01)
Operating profits (losses)	9.93	(20.11)	(30.04)
Net profits (losses) for period	(64.88)	(94.92)	(30.04)

	Net effects on Consolidated Balance Sheet as at 31 March 2011		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total current assets	2,943.60	2,960.21	16.61
Total non-current assets	13,622.36	13,624.45	2.09
Total current liabilities	1,269.61	1,307.37	37.76
Total non-current liabilities	3,180.09	3,177.00	(3.09)

	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 second quarter that ended on 31 March 2011 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

M.L. Chandchutha Chandratat
Executive Chairman
12 May 2011