Mermaid Maritime
Public Company Limited




ANNUAL REPORT
2011

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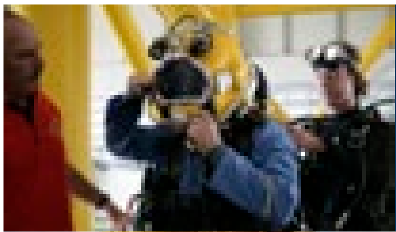
FACT SHEET

Key Strengths

Balanced Earnings | Asset Ownership | Client Relationship | Niche Services



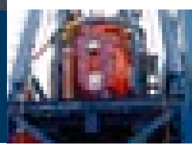
28
Years since Mermaid Maritime's establishment

5
regions in which Mermaid Maritime operates: South East & East Asia, India, Middle East, South America and Africa

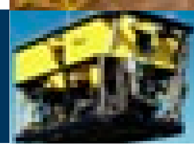
500
skilled workers, crews, technicians, service providers & management

3
high-specification jack-ups under construction with 33.75% ownership

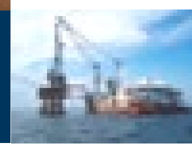
8 Fully owned sub-sea vessels



4 SAT diving systems



12 remotely operated vehicle

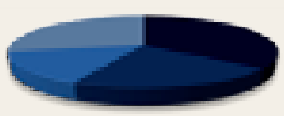


2 tender drilling rigs

Offshore Services to the Oil & Gas Industry

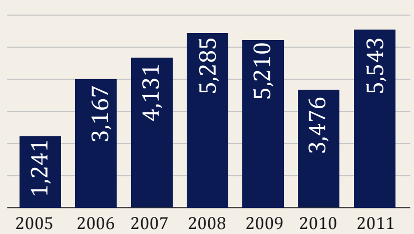
- Subsea inspection, repair and maintenance
- Subsea infrastructure installatiom support
- Subsea remotely operated vehicle support
- Subsea emergency callout service
- Subsea salvage
- Offshore drillingand workover services
- Accommodation barge services

Shareholding Structure (Sep 2011)



Gross Revenue Histogram

2005-2011 (show in Baht millions)



Key Milestones

2005
Expanded subsea business and purchased 'Mermaid Responder' and 'Mermaid Commander'. Incorporated Mermaid Drilling Ltd. and commenced offshore drilling services with purchase of tender rigs 'MTR-1' and 'MTR-2'.

2006
Purchased 'Mermaid Performer'

2007
Converted to a public company and listed on the Singapore Stock Exchange. IPO raised ~SGD 218 million. Ordered newbuild ' Mermaid Sapphire'.

2008
Acquired Seascape Surveys for access to hydrographic and positioning services. Took delivery of 'Mermaid Challenger'. Acquired 20% of 'Mermaid Asiana' under contruction.

2009
Acquired 'Mermaid Endurer' under construction. Took delivery of 'Mermaid Sapphire' and purchased remaining 80% of 'Mermaid Asiana' under construction. Raised ~ SGD 156 million from rights issue.

2010
Acquired Subtech to expand subsea services in the Middle East and Persian Gulf. Disposed 'Mermaid Responder', purchased 'Mermaid Siam' and took delivery of 'Mermaid Endurer' and 'Mermaid Asiana' bringing total subsea fleet to 8 vessels. Acquired 49% equity stake in Asia Offshore Drilling with two high specification jack-ups under construction, bringing the total potential drilling fleet investment to 4 rigs.

2011
Participated in 2nd round of fund raising and acquired an equal 33.75% stake in AOD with Seadrill Limited. AOD ordered 3rd high specification jack-up bringing total number of rigs to 3. AOD successfully listed in Oslo Bors ASA during the year. Mermaid 'Endurer' and 'Asiana" commences maiden contract work in North Sea and Asia Pacific regions respectively. MTR-2 renews drilling contract with Chevron Indonesia whilst achieving 2 million no lost time accident. Mermaid Commander achieved 10 years operations without lost-time injury.

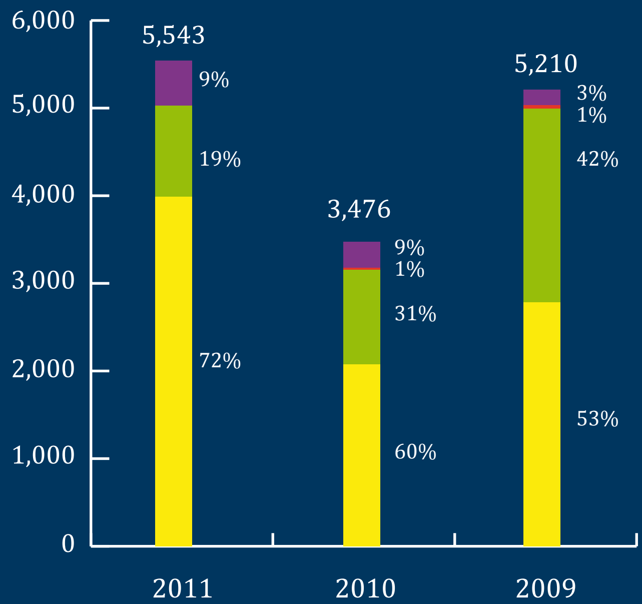
FINANCIAL HIGHLIGHTS

(Consolidated numbers)

	Year Ended 30 September		
	2011	**2010**	**2009**
	(Baht in millions, except share, per share data, and ratios)		
Service income	5,542.82	3,476.37	5,209.87
Earnings before finance costs, income taxes, depreciation and amortization	1,160.10	550.99	1,508.88
Net profits (losses)	(161.35)	(456.48)	747.38
Book value per share	15.85	16.54	19.69
Return on shareholders' equity (%)	(1.27)	(3.86)	7.35
Net profits (losses) margin (%)	(2.91)	(13.13)	14.35
Total debt to total capitalisation (Times)	0.24	0.25	0.19

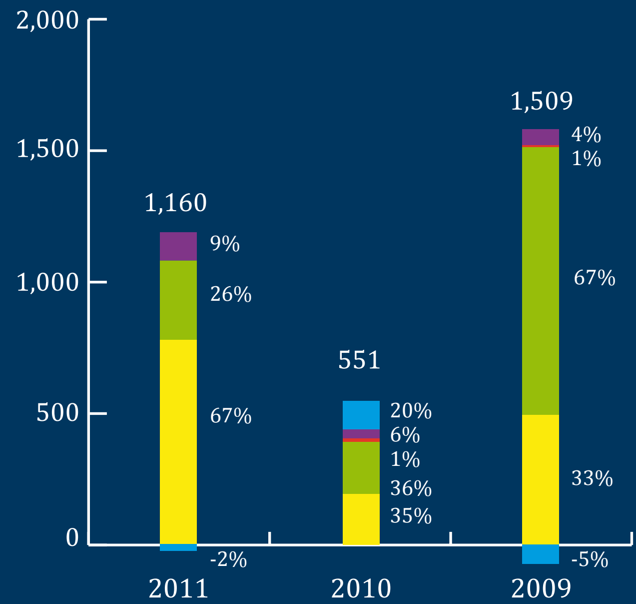
SERVICE INCOME

unit : million baht

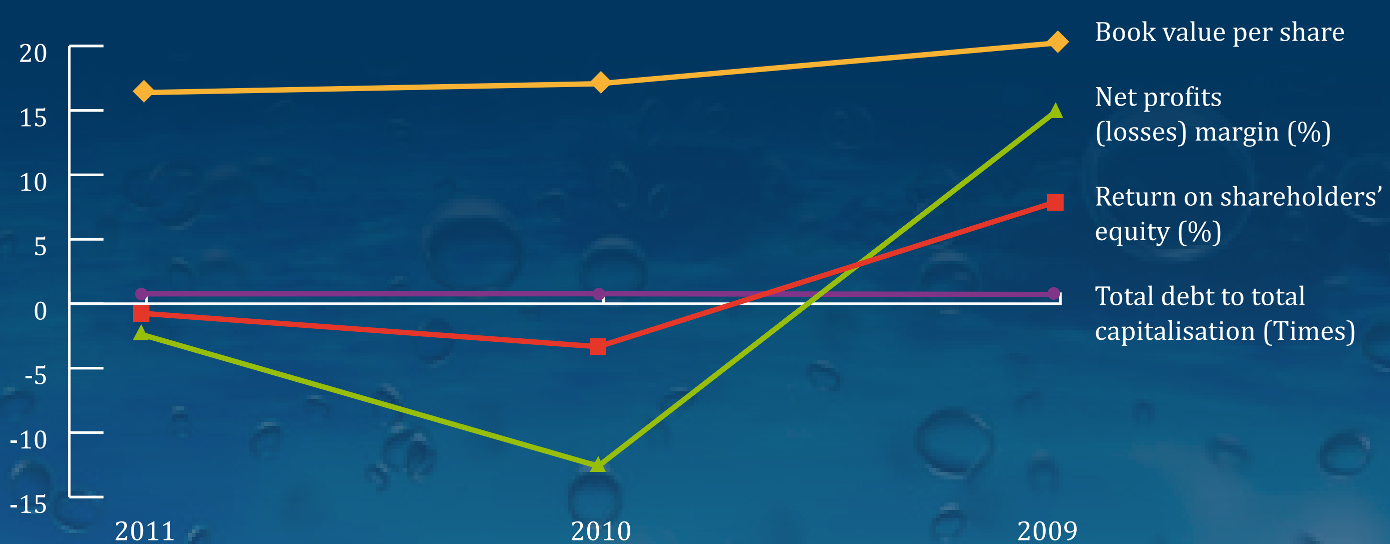


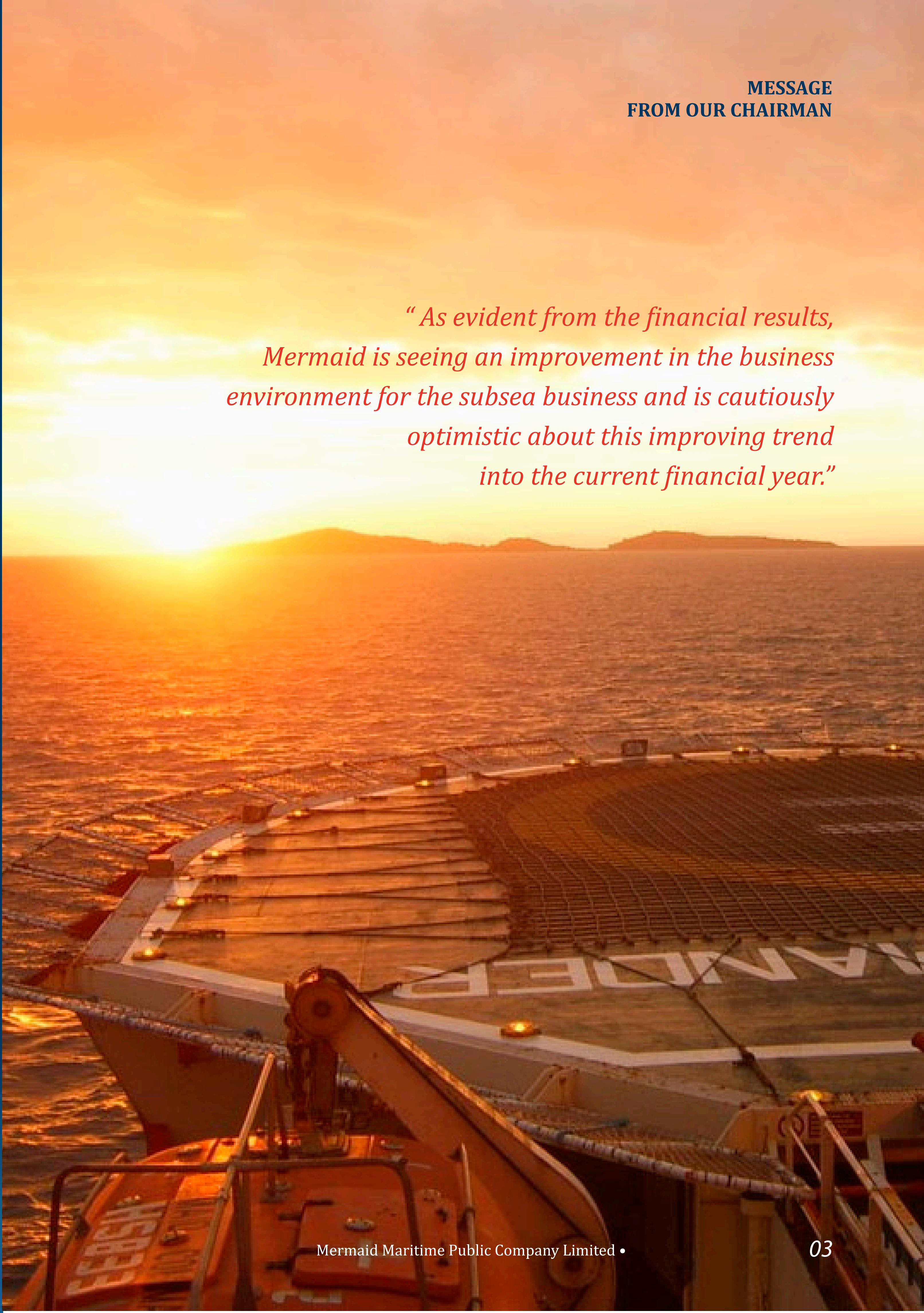
EBITDA

unit : million baht



Holding
Survey services
Training services
Drilling services
Subsea services





" As evident from the financial results, Mermaid is seeing an improvement in the business environment for the subsea business and is cautiously optimistic about this improving trend into the current financial year."

2011 – Emerging Signs of Turnaround

Mermaid Maritime Public Company Limited ("Mermaid") reported better results for the year that ended on 30 September 2011 ("2011") amidst a slowly recovering business environment for the offshore oil and gas industry.

Mermaid is a holding company with two (2) main operating divisions: 1) a Subsea Engineering Services Division ("Subsea Division") comprised of Mermaid Offshore Services Ltd., Nemo Subsea AS, Subtech Ltd., and Seascape Surveys (Thailand) Ltd., Seascape Surveys Pte. Ltd., and PT Seascape Surveys Indonesia (collectively "MOS") and 2) an Offshore Drilling Services Division comprised of Mermaid Drilling Ltd. and its two (2) rig-owning subsidiaries, MTR-1 (Singapore) Pte. Ltd., and MTR-2 Ltd. (collectively "MDL").

As a group, Mermaid served over 20 clients during the year, with an increasing number of contracts being awarded in the Middle East. Total service income in 2011 was Baht 5,543 million, an increase of Baht 2,066 million, or 59.4%, from the previous financial year. The service income increase was significantly driven by the Subsea Division, which increased its asset utilisation from 39.5% in 2010 to 69.1% in 2011. Average day rates increased by 11.7% in US Dollar terms.

Management reviews performance using different metrics. On two key metrics, Mermaid improved significantly in 2011. On a normalised basis (after deducting extraordinary or one-off items), earnings before interest, taxes, depreciation, and amortisation ("EBITDA") rose 188.8% to Baht 1,231 million for a 22.2% margin. On a normalised basis, earnings before interest and taxes ("EBIT") rose 170.7% to Baht 183 million for a 3.3% margin. The EBITDA and EBIT improvement was driven by positive profits from all business segments (subsea and drilling).

Interest expenses increased 138.7% to Baht 228.92 million in 2011, as interest expenses were capitalised into three (3) vessels that were delivered in 2010. Thus, 2011 was the first full year of interest payments on the expanded subsea fleet. Furthermore, MDL took a Baht 135 million impairment charge against one of its older drilling rigs, "MTR-1".

Therefore, Mermaid reported a net loss of Baht 161 million in 2011, which was a significant improvement from a net loss of Baht 456 million in 2010. After deducting all extraordinary items, Mermaid's net loss in 2011 was Baht 102 million, a 83.8% decrease from 2010. As a result of this improvement, excluding changes in working capital, cash generated from operations increased 292% to Baht 1,495 million. Mermaid's return on capital was 1.4%.

As evident from the financial results, Mermaid is seeing an improvement in the business environment for the subsea business and is cautiously optimistic about this improving trend into the current financial year.

Mermaid's assets are only as good as the people who operate them. To this end, Mermaid continued to streamline its work processes across all support functions to ensure better cost controls and synergies. Along with these changes, it is inevitable that turnover in management and personnel occurs. Mermaid took a Baht 27 million charge to cover redundancy payments in 2011. Amidst a challenging business environment, Mermaid cannot afford "business as usual". It will take time for corrective actions to be implemented, but the improved operating profits across all business divisions validates that these changes are indeed necessary and deliver value for all stakeholders.

Subsea Division

In my last Chairman's Message in our 2010 Annual Report, I noted the primary objective for MOS was to increase business development activities and price jobs competitively, resulting in higher utilisation for the fleet.

Focus on this primary objective delivered encouraging results with utilisation rates, revenues, and operating profits improving significantly over 2010. Beyond its own efforts, MOS has been helped by more robust demand for offshore services. In addition, MOS continues to have an excellent safety record, which will become more and more important for clients moving forward.

MOS generated Baht 4,504 million of revenues, a 89.4% increase from 2010, and Baht 101 million of EBIT, a 136.8% increase from 2010. EBIT margin increased from minus 11.5% in 2010 to 2.2% in 2011.

MOS' strengths include the most advanced and modern portfolio of assets in South East Asia, respected operational capabilities, and experienced management and quality people. MOS recently set up a new international marketing office in Singapore to be more pro-active and closer to existing and new clients. This initiative is already beginning to bear fruit when MOS recently announced its first ever contract with a client to in Congo, West Africa.

Drilling Division

On a normalised basis, MDL generated Baht 1,039 million of revenues, a 3.5% decrease from 2010, and Baht 129 million of EBIT, a 20% decrease from 2010. "MTR-2" achieved high utilisation rates of 95.8% in 2011, while "MTR-1" was idle for almost the entire year. The average day rate for "MTR-2" was US$ 88,306 per day. As "MTR-1" was idle in 2011, an impairment charge was taken to reflect its value as an accommodation work barge rather than a drilling rig. MDL reported a net loss of Baht 4 million as a result of the impairment charge.

Given the old age of "MTR-1" and "MTR-2", Mermaid made a major strategic move into the offshore jack-up drilling rig business through the establishment of Asia Offshore Drilling Limited ("AOD"), which currently has three (3) high-specification jack-ups under construction at Singapore Keppel FELS Limited ("KFELS").

Mermaid and Seadrill Limited ('Seadrill') each own 33.75% of AOD after two rounds of fund raising in the international capital markets, first in November 2010 and second in June 2011. Mermaid has invested US$ 63 million into AOD. Following Seadrill's participation, all technical and commercial management agreements for AOD were transferred from Mermaid to Seadrill to leverage on their significant market leadership, reputation, and marketing strength to position AOD to gain economies of scale and compete more effectively against newbuild jack-up rigs that will be delivered around the same time. MDL continues to observe clients showing a preference for newer equipment, and marketing activities for the three (3) jack-up rigs will begin around February 2012.

All three (3) jack-up rigs will be delivered in the first, second, and third calendar quarters of 2013. Together with Seadrill, AOD is positioned to be one of the few Asian-based drilling companies with a fleet of modern high specification rigs. AOD did not exercise its second fixed price option to construct a fourth rig amidst the current financial crisis in Europe, and instead elected to increase the water depth of the three (3) existing rigs to improve their marketability and geographical coverage.

2012 Priorities

Mermaid will work towards a number of critical objectives in 2012, some of which are outlined below.

People

Mermaid needs to recruit certain key people to ensure fit with its future business needs. As Mermaid is not planning to acquire any new assets in the next one or two years, the primary objective is to increase market penetration in different regions and increase utilisation.

Mermaid must focus on developing strong leaders. These leadership qualities must be well communicated and reinforced through the performance management and talent assessment processes. This will be one of the high priority areas for the new Chief Executive Officer ("CEO"), who is in the process of being recruited.

Commercial Activities

MOS and MDL need to focus on marketing its assets to a broader client base. Assuming that the subsea fleet remains the same, MOS will need to increase its bidding activities by more than two times from 2010 to achieve the set targets. If successful in these business development efforts, MOS will need additional employees to manage client

ships as well as more offshore managers and project engineers to handle the increased volume of work. Similarly, MDL needs to market "MTR-1" and "MTR-2" for work in 2012.

Finances

With strong assistance from its parent company, Thoresen Thai Agencies Public Company Limited, Mermaid was able to restructure or refinance all credit facilities that were in breach of covenants. Mermaid has lengthened its loan principal repayment profile and solved its covenant breaches through September 2012.

Mermaid plans to include value-based financial parameters in the key performance indicators for senior managers. The finance team will focus on more pro-active analysis of performance to better support decision making.

Systems

Mermaid has invested in a better information technology platform to meet its future business needs. A review of existing business support systems and processes was performed, and some centralisation of functions happened in 2011. Mermaid has reduced headcount by 15 people in the support functions by decreasing the overlaps in MOS and MDL.

Summary

The 2012 outlook for Mermaid is similar to 2011. The newbuild jack up rigs will not be delivered until 2013, which means that the drilling business must employ "MTR-1" and "MTR-2" to earn any profits. Any financial turnaround of Mermaid rests on the performance of the Subsea Division, which will face higher competition, as new vessels arrive in the market. Offsetting additional supply will be increased demand for subsea engineering services, as oil prices stabilise in the US$ 80-90 per barrel range.

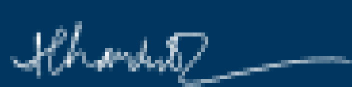
We will be working very hard to drive further actions to improve Mermaid's performances. Some actions were already taken and made an impact to 2011's earnings. Additional actions will be taken in 2012 to improve the business further, but we have always operated our business with a long-term view in mind.

The Board of Directors saw the departure of Mr. Lim How Teck and Mrs. Joey Horn and the appointment of Mr. Rob Bier and Mr. John Crane as their successors. We would like to offer our sincere thanks and appreciation to How Teck and Joey for their counsel and contribution to the Board and also welcome Rob and John onboard.

During 2011, Mermaid employed an interim CEO, Mr. Denis Welch, who joined to lead Mermaid's development of AOD. As Seadrill took over the commercial and technical management responsibilities, Denis decided to leave to pursue other professional interests. We thank him for his meaningful contribution during the brief time he spent with Mermaid.

We extend a special thank you to our shareholders, clients, suppliers, bankers, and colleagues for your understanding and support of Mermaid. There is nothing more important to us than improving shareholder value, and the changes we have planned will drive this objective.

Yours sincerely,



M.L. Chandchutha Chandratat

15 December 2011

BOARD OF DIRECTORS

The Board of Directors ("Board") is responsible for Mermaid Maritime Public Company Limited's (the "Company" or "Mermaid") overall management and strategic direction. The Board is required to meet on a quarterly basis to review and monitor our financial position and operations. Ad-hoc meetings are called to discuss other major issues, such as establishment and capital increases of new subsidiaries, significant asset investments, and annual budget approvals. The Board will consist of not fewer than five (5) Directors as per the Articles of Association.

M.L. Chandchutha Chandratat
Executive Chairman (Age 45)

M.L. Chandchutha Chandratat has been a Director since 2005 and was appointed Executive Chairman in February 2009. He is the President and Chief Executive Officer of Thoresen Thai Agencies Public Company Limited ("TTA"), Mermaid's majority shareholder. He received an M.B.A. from the University of California at Berkeley in 1989 and a B.S. (magna cum laude) in Economics from the University of Minnesota in 1987. In 2006, he completed a Directors Certification Program (DCP 70/2006) by the Thai Institute of Directors Association.

Mr. John Willoughby Crane III
Non-Executive Director (Age 51)

Mr. John Willoughby Crane III was elected to the Board of Directors as a Non-Executive Director on 11 August 2011. He previously served as Mermaid's Chief Financial Officer in March 2007, overseeing Mermaid's initial public offering ("IPO"). Following Mermaid's successful listing on the Singapore Stock Exchange; he was appointed to TTA in October 2008 as an Executive Vice President of Group Strategy. His professional experiences include serving as a Director at Aspire Pacific Ltd., Hong Kong, an advisory firm specialising in strategic consultancy, business development, and private equity since 2004, and as an executive at JP Morgan in New York, Hong Kong, and Thailand from 1992 to 2004. Prior to his years at JP Morgan, Mr. Crane held business development positions for United Technologies, Singapore and Unico (Japan), based in Shanghai. A graduate of the Lauder Institute at University of Pennsylvania, he earned a M.B.A. in Finance from the Wharton School, and M.A., International Studies, and a B.A. in International Relations from Pomona College in 1983.

Mr. Leslie George Merszei
Independent Director (Age 64)

Mr. Leslie George Merszei is an Independent Director, appointed to the Board of Directors in June 2007. He is currently the Managing Director of Corporate Performance Advisors Ltd., and XJET Ltd., Since 1987, he has provided financial consulting, investment management, and restructuring advice in the development of commercial, financial and private aviation projects in South East Asia. Prior to establishing his own businesses, he worked for 15 years with Dow Chemical Company ("Dow") where he served as Chief Financial Officer of Dow Europe, as well as Chairman and Chief Executive Officer of Dow Financial Services Inc., which had extensive global investment banking operations including several in South East Asia. In 1986, Mr. Merszei was tasked with the sale of the financial services business of Dow and after its sale to the Royal Trust Company; he served as President and Chief Executive Officer of Royal Trust International for a transitional period. Mr. Merszei graduated from Purdue University in 1969 and received a dual degree in Chemical Engineering and Political Science.

Mr. Ng Chee Keong
Independent Director (Age 62)

Mr. Ng Chee Keong is an Independent Director, appointed to the Board of Directors in June 2007. He is currently a member of the Management Board of the Centre for Maritime Studies at the National University of Singapore and a member of the Board of PSA International Pte. Ltd., ("PSA"). Mr. Ng joined PSA in 1971 and held various positions, including Group President & Chief Executive Officer, President and Chief Executive Officer for the Singapore Region and Global Head of Technical and Operations Development. Mr. Ng received a Bachelor of Social Science degree in Economics from the University of Singapore in 1971 and graduated from the Advanced Management Program, Stanford University in 1988 and the Advanced Management Program, INSEAD in 1994. He was awarded the Public Administration Medal (Gold) by the Singapore Government in 1997.

Mr. Robert Edward Bier
Independent Director (Age 50)

Mr. Robert Edward Bier was elected to the Board of Directors as an Independent Director on 25 January 2011, and was subsequently appointed to the Nomination and Remuneration Committees in August 2011. He currently serves as the Operating Executive at TowerBrook Capital Partners LLP, a US & European private equity firm with US$5 billion under management. From 2003-2008, Mr. Bier held various senior management positions in the consumer and mortgage lending industry including being the Founder & Chief Executive Officer of SPARCK Hypotheken, a Dutch mortgage lender focused on self-employed and credit-impaired customers based in Amsterdam, and as the Managing Director of Kensington Mortgages, a leading independent specialist consumer and mortgage lender based in the United Kingdom. From 1999-2002, he was the Group Managing Director & Co-Founder of Antfactory Group Venture, a capital firm that invested in business services and BPO sectors. Prior to that, he was a Partner at Monitor Company from 1988-1999, a leading international strategy consultancy. He received a B.S. in Engineering (with Honours) from Stanford University and a M.B.A. (with Distinction) from Harvard Business School.

Mr. Pichet Sithi-Amnuai
Independent Director (Age 46)

Mr. Pichet Sithi-Amnuai is an Independent Director, appointed to the Board of Directors in June 2007. He is currently the President of Bualuang Securities Public Company Limited, prior to which he was its Independent Director and member of its Audit, Compensation and Remuneration Committees. From 1994 to 2000, he was First Vice President, Corporate Finance Department at Jardine Fleming Thanakorn Securities Limited. He obtained a Bachelor Degree in Industrial Engineering from Chulalongkorn University in 1987, an M.B.A. from the University of Texas in 1991, and a Master of Education in Early Childhood Education from Chulalongkorn University in 2006.

Mr. Surasak Khaoroptham
Non-Executive Director (Age 46)

Mr. Surasak Khaoroptham has been a Non-Executive Director since 2006. He is the Managing Director of Atlus Advisory Co., Ltd., where he provides financial advisory services to various companies. Prior to this, he was Vice President of Credit Suisse First Boston (Singapore) Pte. Ltd., from 1997 to 2003 and Assistant Vice President of Phatra Thanakit Public Company Limited from 1995 to 1997. He received a B.S., from King Mongkut's Institute of Technology Ladkrabang in 1986, a Masters in Science from the University of Michigan in 1993, and an M.B.A. from the Wharton School of the University of Pennsylvania in 1995.

M.L. Chandchutha Chandratat

Executive Chairman (Age 45)

Please see "Board of Directors" for a profile summary of our Executive Chairman.

Mr. Graham Edward Cooper

Commercial Director,
Mermaid Offshore Services (Age 52)

Mr. Cooper joined Mermaid's subsea division, Mermaid Offshore Services Ltd., ("MOS") in September 2011 as the Commercial Director. As Commercial Director at MOS, Mr. Cooper is responsible for the commercial and marketing activities of MOS as well as overseeing the integration and growth of the subsidiary businesses of MOS in the Middle East and Republic of Indonesia.

Mr. Cooper has extensive experience in the offshore marine, oil & gas industry both in senior management and project management positions in different regions, including the Middle East, India and South East Asia. His last position was as the Group Commercial and Contracts Director at Hallin Marine Pte. Ltd., and prior to that, he worked as the Commercial Manager at Fraser Diving in the Middle East. Mr. Cooper received an undergraduate degree from Northumbria University in 1980 and a Masters Degree from Hull University in 1998.

Mr. James McGhee Nicol

General Manager,
Mermaid Drilling (Age 52)

Mr. Nicol joined Mermaid's offshore drilling division, Mermaid Drilling Ltd., ("MDL") as Rig Manager of newbuild tender rig "KM-1" based in Kuala Lumpur, Malaysia in August 2008. In June 2010, Mr. Nicol was transferred to MDL's operational office in Thailand, after the sale of the "KM-1", to serve in a capacity as manager of new projects. In November 2010, he was promoted to General Manager of MDL and in September 2011 assumed the responsibilities to oversee the commercial, operations, and marketing activities of MDL.

Mr. Nicol has over three decades of experience in the oil & gas industry starting in the North Sea with Sedco (now Transocean) where he worked for 28 years in various capacities from Offshore Floorman to Onshore Manager in different regions (Europe, Middle East, West Africa, and South America). He previously worked with Essar Oilfield Services Ltd., as Rig Manager of their only Semi Submersible the "ESSAR Wildcat", based in Gujarat state in Northern India.

Mermaid Offshore's Subsea Vessels

M.V. Mermaid Sapphire (Built 2009)

The M.V. "Mermaid Sapphire" is a DP2 remotely operated vehicle ("ROV") support vessel equipped with a deepwater work-class ROV, a 23-tonne crane and accommodation for 60 personnel. The M.V. "Mermaid Sapphire" is under the ABS classification society, and flying a Panama flag.

M.V. Mermaid Endurer (Built 2010)

The M.V. "Mermaid Endurer" is a purpose-built DP2 dive support and light construction vessel, specially designed for operation under severe weather conditions with high manoeuvrability and station keeping capabilities. The 18-man single bell saturation diving system equipped with a self-propelled hyberbaric lifeboat will provide a diving vessel equipped with the very latest technology and safety enhancements. The vessel has a 100-tonne heave-compensated crane and accommodation for 86 personnel. This vessel is capable of operating in the North Sea and Gulf of Mexico. The M.V. "Mermaid Endurer" is under the DNV classification society, and flying a Panama flag.

M.V. Mermaid Asiana (Built 2010)

The M.V. "Mermaid Asiana" is a purpose-built DP2 dive support and light construction vessel. The vessel is equipped with a 12-man single bell saturation diving system complete with a self-propelled hyperbaric lifeboat. The M.V. "Mermaid Asiana" has a 100-tonne heave-compensated crane and accommodation for 100 personnel. This vessel is designed for operations in the Asia-Pacific region, and is a logical successor to our current flagship vessel in this region, M.V. "Mermaid Commander". The M.V. "Mermaid Asiana" is under the DNV classification society, and flying a Marshall Islands flag.

Mermaid Commander (Built 1987)

The M.V. "Mermaid Commander" is a purpose-built DP2 diving support vessel, currently operating in the Gulf of Thailand. The vessel is equipped with a 16-man twin bell saturation diving system complete with a self-propelled hyperbaric lifeboat. The M.V. "Mermaid Commander" has a 60 -tonne crane and accommodation for 87 personnel. This vessel has an outstanding reputation for performance of diving operations worldwide, including offshore Brazil and the North Sea. The M.V. "Mermaid Commander" is under the DNV classification society, and flying a Panama flag.

Mermaid Siam (Built 2002)

The M.V. "Mermaid Siam" is a DP2 construction support vessel. The vessel has a moon pool for diving operations and is equipped with a semi-permanently installed 10-man single bell saturation diving system. The M.V. "Mermaid Siam" has a 70-tonne crane and accommodation for 135 personnel. This vessel is well-suited for and has operated in the Middle East region. The M.V. "Mermaid Siam" is under the DNV classification society, and flying a St. Vincent and the Grenadines flag.

Mermaid Offshore's Subsea Vessels

Mermaid Challenger (Built 2008)

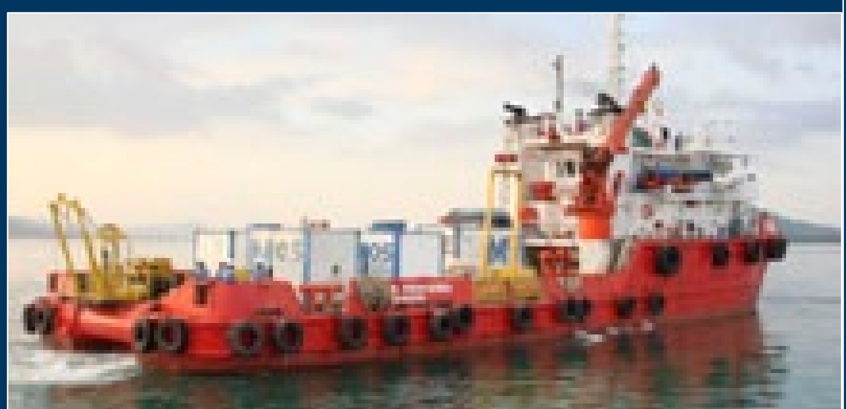
The M.V. "Mermaid Challenger" is a DP1 offshore support vessel with 70-tonne bollard-pull capacity, and is also suitable for performing ROV support vessel duties. This vessel can be equipped with heavy work-class ROVs and has accommodation for 38 personnel. The M.V. "Mermaid Challenger" is under the DNV classification society, and flying a Panama flag.

Barakuda (Built 1982)

The M.V. "Barakuda" (formerly M.V. "Mermaid Supporter") is a utility vessel equipped with a built-in surface diving system, an omni-directional bow thruster and accommodation for 30 personnel. This vessel has an extensive track record for performance of platform inspection and FPSO (Floating Production Storage and Offloading) facility underwater inspection projects in South-East Asia using a combination of ROV and surface diving methods. To improve commercial and operational efficiency, the vessel was transferred to PT Seascape Surveys Indonesia, a majority owned subsidiary. The M.V. "Barakuda" is under the DNV classification society, and flying a Panama flag.

Mermaid Performer (Built 1982)

The M.V. "Mermaid Performer" is a utility vessel equipped with an omni-directional bow thruster and accommodation for 34 personnel. This vessel has an extensive track record for performance of ROV pipeline inspection projects in South-East Asia. The M.V. "Mermaid Performer" is under the DNV classification society, and flying a Panama flag.



Mermaid Drilling's Tender Rigs

MTR-1

Rig Type
Tender Assist Drilling Rig

Year Built/Last Upgrade
1978/1998

Classification Society
ABS

Flag
Singapore

Water Depth Rating (meters)
100

Drilling Depth Rating (meters)
6,100

Accommodation Quarters
112 persons

MTR-2

Rig Type
Tender Assist Drilling Rig

Year Built/Last Upgrade
1981/1997/2007

Classification Society
BV

Flag
Thailand

Water Depth Rating (meters)
100

Drilling Depth Rating (meters)
5,943

Accommodation Quarters
115 persons

CORPORATE STRUCTURE

Holding & Operating Companies

(As at 1 November 2011)

- **MERMAID MARITIME PLC. (Thailand)**
  - (95%) Mermaid Drilling Ltd. (Thailand)
    - (100%) MTR-1 Ltd. (Thailand)
    - (100%) MTR-2 Ltd. (Thailand)
    - (100%) Mermaid Drilling (Malaysia) Sdn.Bhd. (Malaysia)
    - (100%) MRT-1 (Singapore) Pte. Ltd. (Singapore)
    - (100%) MRT-2 (Singapore) Pte. Ltd. (Singapore)
  - (33.75%) Asia Offshore Drilling Limited (Bermuda)
    - (100%) Asia Offshore Rig 1 Limited (Bermuda)
    - (100%) Asia Offshore Rig 2 Limited (Bermuda)
    - (100%) Asia Offshore Rig 3 Limited (Bermuda)
  - (100%) Mermaid Offshore Services Ltd. (Thailand)
    - (80%) Seascape Surveys (Thailand) Ltd. (Thailand)
    - (80%) Seascape Surveys Pte. Ltd. (Singapore)
      - (97%) PT Seascape Surveys Indonesia (Indonesia)
    - (100%) Nemo Subsea AS (Norway)
      - (100%) Nemo Subsea IS (Norway)
    - (100%) Subtech Ltd. (Seychelles)
      - (49%) Subtech Diving & Marine Service LLC (Qatar)
      - (70%) Subtech Saudi Arabia Ltd. (Saudi Arabia)
    - (100%) Mermaid Offshore Services Pty. Ltd. (Australia)
    - (100%) Mermaid Offshore Services Pte. Ltd. (Singapore)

SUMMARY OF COMPANIES IN THE MERMAID GROUP

No.	Company	Type of Business	Place of Incorporation	Date of Incorporation	Company Registration No.	Type of Share	Paid-up Capital	Shares Issued	% of Shareholding
1.	Mermaid Maritime Public Company Limited	Holding Co.	Thailand	15 January 2007 (as public company)	0107550000017	Ordinary	THB784,747,743	784,747,743	-
2.	Mermaid Offshore Services Ltd.	Subsea Engineering	Thailand	24 June 2003	0105546072562	Ordinary	THB2,930,000,000	293,000,000	100% (direct)
3.	Mermaid Training & Technical Services Ltd. (dormant)	Vocational training	Thailand	15 November 2005	0105548149694	Ordinary	THB2,000,000	200,000	100% (direct)
4.	Seascape Surveys (Thailand) Ltd.	Survey & positioning	Thailand	26 March 2008	0105551035432	Ordinary	THB34,000,000	3,400,000	80% (indirect)
5.	Seascape Surveys Pte. Ltd.	Survey & positioning	Singapore	24 November 2004	200415192D	Ordinary	SGD100	100	80% (indirect)
6.	PT Seascape Surveys Indonesia	Survey & positioning	Indonesia	19 January 2005	09.03.1.74.44960	Ordinary	Rp916,000,000	100	80% (indirect)
7.	Nemo Subsea AS	Vessel owner	Norway	13 February 2007	990922586	Ordinary	NOK100,000	1,000	100% (indirect)
8.	Nemo Subsea IS	Vessel owner beneficiary	Norway	3 July 2007	n/a	Partnership	US$ 12,100,000	100	100% (indirect)
9.	Subtech Ltd.	Holding Co.	Seychelles	05 March 2008	046418	Ordinary	US$ 1	1	100% (indirect)
10.	Subtech Qatar Diving & Marine Services LLC	Subsea Engineering	Qatar	11 November 2008	40867	Ordinary	QAR200,000	200	49% (indirect)
11.	Subtech Saudi Arabia Ltd.	Subsea Engineering	Saudi Arabia	8 April 2011	623353	Ordinary	SAR500,000	5,000	70% (indirect)
12.	Mermaid Offshore Services Pty. Ltd.	Subsea Engineering	Australia	30 August 2010	146069365	Ordinary	AUD1,000	1,000	100% (indirect)
13.	Mermaid Offshore Services Pte. Ltd.	Subsea Engineering	Singapore	28 March 2011	201107423W	Ordinary	US$ 100	100	100% (indirect)
14.	Mermaid Drilling Ltd.	Holding Co.	Thailand	24 January 2005	0105548011196	Ordinary	THB410,000,000	41,000,000	95% (direct)
15.	Mermaid Drilling (Singapore) Pte. Ltd.	Holding Co.	Singapore	27 February 2007	200703192D	Ordinary	US$ 50,999,926	50,999,926	100% (direct)
16.	Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling	Malaysia	5 August 2005	705457A	Ordinary	RM500,000	500,000	95% (indirect)
17.	MTR-1 Ltd.	Drilling	Thailand	15 March 2005	0105548036890	Ordinary	THB240,000,000	24,000,000	95% (indirect)
18.	MTR-2 Ltd.	Drilling	Thailand	15 March 2005	0105548036881	Ordinary	THB350,000,000	35,000,000	95% (indirect)
19.	MTR-1 (Singapore) Pte. Ltd.	Drilling	Singapore	27 September 2007	200717860H	Ordinary	US$ 40,000	40,000	95% (indirect)
20.	MTR-2 (Singapore) Pte. Ltd. (dormant)	Drilling	Singapore	27 September 2007	200717875R	Ordinary	US$ 1	1	95% (indirect)
21.	MTR-3 (Singapore) Pte. Ltd. (dormant)	Drilling	Singapore	30 July 2008	200814981N	Ordinary	US$ 100	100	100% (indirect)
22.	Asia Offshore Drilling Limited	Holding Co.	Bermuda	29 October 2010	44712	Ordinary	US$ 40,000,100	40,000,100	33.75% (direct)
23.	Asia Offshore Rig 1 Limited	Drilling	Bermuda	29 October 2010	44713	Ordinary	US$ 100	100	33.75% (indirect)
24.	Asia Offshore Rig 2 Limited	Drilling	Bermuda	29 October 2010	44714	Ordinary	US$ 100	100	33.75%(indirect)
25.	Asia Offshore Rig 3 Limited	Drilling	Bermuda	1 July 2011	45551	Ordinary	US$ 100	100	33.75%(indirect)
26.	Asia Offshore Drilling Pte. Ltd.	Drilling	Singapore	28 March 2011	201107428M	Ordinary	US$ 100	100	33.75%(indirect)

As at 1 November 2011

General Overview

Mermaid Maritime Public Company Limited (the "Company" or "Mermaid") and its subsidiaries (collectively the "Group") is a provider of tender rig drilling and subsea engineering services for the offshore oil and gas industry, primarily in South East Asia, but also in other key regions, such as the Middle East.

The Group has grown significantly, from a single company founded in 1983 and operating exclusively in Thailand to a group of companies and alliances that operate internationally. For the past nine (9) years, the Group has widened the scope of its services to include not only subsea engineering but also tender rig drilling services for the offshore oil and gas industry. In November 2010, Mermaid expanded the scope of its tender rig drilling services further by entering the high specification jack-up market through the establishment of an associate company Asia Offshore Drilling Limited ("AOD") and ordering two (2) jack-up rigs with Keppel Offshore & Marine's Singapore subsidiary Keppel FELS Ltd., ("KFELS"). AOD was subsequently listed in the Oslo Exchange in July 2011 and during the same month, a third jack-up was ordered having the same specification with the first two jack-up rigs with KFELS.

The Group is well established and recognised by the industry for its high quality services delivered professionally, safely and efficiently. Moreover, it has developed a strong blue chip client base that includes some of the world's largest oil and gas-related companies.

Administration, logistics and operational hub based in Thailand

Mermaid's corporate headquarter is located in Bangkok, Thailand and is linked to a world class operations, logistics and maintenance base, located a short distance from Bangkok in Chonburi. The latter facility allows the Group to control its own equipment maintenance and refurbishment programmes. As it is located on the Eastern Seaboard, the facility is within close proximity to several deep water ports, thereby facilitating the expeditious and efficient mobilisation of personnel and equipment to client locations. Furthermore, in order to sustain and support international expansion and to consolidate the Group's competitiveness in South East Asia, an international marketing office for the Group's subsea engineering division was set up in Singapore in 2011, supported by shore base support functions in (i) Chonburi, Thailand; (ii) Jakarta, Indonesia; (iii) Qatar, Middle East; and (iv) Singapore. To support mobile operations, additional shore base operations using a network of local contacts may be set up at short notice.

In the process of expanding into the tender drilling and subsea engineering markets, the Group identified opportunities that required a local presence in some countries. Recognising this, the Group appointed local representatives, each of whom has the required (local) licences and permits, thereby increasing its market opportunities outside Thailand. This strategy has proven to be successful in the past with operations performed in the United Kingdom Continental Shelf ("UKCS"), China, Russia, India, Vietnam, Brazil and the Middle East.

For the 2011 financial year, drilling services contributed 18.7% and subsea engineering services contributed 71.9% of the Group's total revenues before finance costs and income taxes. The balance 9.4% contribution of the Group's total revenues before finance costs and income taxes include survey and management fees from AOD.

Offshore Drilling Rig Business Overview

The drilling services industry is highly competitive. Demand for drilling and related services is influenced by a number of factors, including the current and expected prices of oil and gas, as well as the level of activity in oil and gas exploration and production. Drilling contracts are typically awarded on a competitive bid or negotiated basis. Price is often the primary factor in determining the award for a drilling contract. The age of the drilling rig along with its equipment, availability, safety performance record, and reputation are also key factors in the selection process.

South East Asia is the biggest market for tender rigs, followed by West Africa. The level of activity for tender rigs in South East Asia has remained relatively high compared to other areas.

The Group provides tender rig drilling services through a majority-owned subsidiary, Mermaid Drilling Ltd., ("MDL"). MDL currently owns two tender drilling rigs, "MTR-1" and "MTR-2".

The "MTR-2" is under contract with Chevron Indonesia Company until early 2012. "MTR-1" was mobilised in August 2010 to the Middle East following a contract award as an accommodation barge. In November 2010, the Company received notice of cessation of the accommodation barge contract from its charterer due to the premature cessation of the charterer's own contract with its end client, the circumstances of which occurred through no fault of MDL. In February 2011, the Company announced a settlement with the charterer of the "MTR-1" on the early cessation of the accommodation barge contract, whereupon the charterer compensated MDL in the amount of US$ 3 million. In May 2011, "MTR-1" was transferred to the Company's subsidiary MTR-1 (Singapore) Pte. Ltd., and concurrently registered with the Maritime and Port Authority of Singapore due to its international recognition as well as commercial and tax advantages.

Company expands drilling services with new jack-up rig orders

In order to expand its drilling services further, the Company through AOD's wholly owned subsidiaries, Asia Offshore Rig 1 Limited and Asia Offshore Rig 2 Limited executed the construction contracts with KFELS on 30 November 2010, having a total turnkey prices of US$360 million to build two (2) jack-up rigs (namely rig Hull-B320 and rig Hull-B321) with fixed-price options for another two (2) jack-up rigs of the same specification. The two (2) rigs are high-specification models based on KFELS's Mod V-B class proprietary design, and are scheduled to be delivered in the first calendar quarter of 2013 and by the end of second calendar quarter of 2013 respectively.

In July 2011, AOD secured as an equity partner through a private placement, Seadrill Limited ("Seadrill"), one of the world's leading drilling contractors to the offshore oil and gas industry with equal 33.75% shareholding as Mermaid. In the same month, the first of the two (2) fixed price options for the construction of a third Mod-V B Class high-specification jack-up rig with KFELS was exercised using the proceeds from the private placement. The construction contract for the third jack-up rig (rig Hull-B345) was formally executed by AOD's wholly owned subsidiary, Asia Offshore Rig 3 Limited on 7 July 2011, having a total all-in turnkey price of US$ 184 million and payment terms of 20% upon contract execution and 80% upon delivery. Delivery for this third rig is scheduled for the third quarter of 2013. In September 2011, the Board of AOD resolved not to exercise the second option for a similar rig and instead, decided to increase the water depth capacity for its three jack-up rigs (rig Hull-B320, Hull-B321, and Hull-B345 respectively) from 350 feet to 400 feet to increase the marketability of the rigs, allowing them to successfully operate in more offshore areas. These upgrades will cost an estimated US$ 5 million and will be financed by AOD's existing cash reserves.

Through a management and technical services agreement, Seadrill will be managing all commercial and technical aspects of AOD and this arrangement is envisaged to allow AOD to leverage on the extensive experience, expertise and economies of scale of Seadrill, which will enable AOD to grow and become a leading Asia-based drilling contractor.

Subsea Engineering Business Overview

The Group provides subsea engineering services through a wholly-owned subsidiary, Mermaid Offshore Services Ltd., ("MOS"). MOS's strategy is to become a "one-stop shop" service provider for the oil and gas industry; to this end, MOS provides subsea inspection, repair and maintenance ("IRM") services, light infrastructure construction services, emergency repair and call out services, deepwater Remotely Operated Vehicles ("ROV") support and salvage. MOS's fleet consists of eight (8) subsea vessels.

The Group's subsea fleet includes high-specification vessels such as; the DP2 dive support vessel ("DSV") "Mermaid Commander", which has onboard a twin-bell saturation diving system and is capable of operating in rough weather conditions; the "Mermaid Asiana", which has a 12-man single bell saturation diving system and a 100-tonne heave-compensated crane; and the "Mermaid Endurer", which has an integrated 18-man single bell saturation diving system and a 100-tonne heave-compensated crane.

To complement the subsea fleet, MOS is backed by a highly skilled and experienced workforce and several groups of key assets, including four saturation diving systems ("SATs"); ten (10) offshore air diving systems; and twelve (12) ROVs, including deepwater and ultra-deepwater heavy construction class systems.

As of September 2011, the Company through MOS owns Qatari-based Subtech Ltd., ("Subtech"), a provider of turnkey subsea engineering services to local and international clients within the Middle East and Persian Gulf region, and majority owns Seascape Surveys Pte. Ltd., ("Seascape"), a dynamic, service focussed provider of hydrographic survey, positioning and subsea inspection solutions to the Asia-Pacific offshore oil and gas industry, with operational bases in Indonesia, Singapore and Thailand.

During the year, the Company set up an international marketing office in Singapore for the subsea operations to further develop client relationships with existing and new clients, as well as more tightly coordinate and integrate the marketing efforts of Subtech and Seascape. This initiative has already proved positive as evidenced by the recent contract awarded for IRM along with saturation diving operations in West Africa.

Subsea engineering industry

The offshore market segment of the oil and gas industry consists of installation, IRM, diving, and other related functions for all kinds of offshore oil and gas fields. The subsea engineering industry operates within this market segment and covers a wide range of activities that encompass all offshore developments, from 'cradle to grave'. For new production, subsea engineering services are crucial as most of the work will be done by companies providing these services.

Subsea work in the oil and gas industry has a relatively short history with major developments dating back to the early development of the North Sea oil and gas fields in the 1960s but with offshore E&P going to deeper water and to more challenging environments, the technology has developed very quickly.

While much of the media and analyst coverage focuses on buoyant exploration and production activities, there are in fact many elements involved in the life of an offshore oil or gas field. Once installed, ongoing IRM, as well as upgrades and planned inspection programmes must be undertaken throughout the life of a field, and eventual decommissioning (it is usual for oil and gas companies to be liable for the complete removal of all offshore facilities at the end of a field's life) provides regular and ongoing work programmes. Furthermore, subsea engineering services also include emergency repair and call out services using a combination of air/saturation diving and ROV services. Typical subsea engineering work undertaken would include:

- inspection and non-destructive testing of submerged parts of offshore structures and vessels;
- inspection of oil and gas pipeline systems on the seabed;
- repair of any underwater subsea pipe system and structure;
- offshore tie-ins;
- salvage and underwater repairs; and
- cleaning and marine growth removal.

Subsea market trends

2011 remained a difficult year for the subsea industry, as the volatility of the oil price in 2009 caused oil and gas companies to review and cut their investment programmes since 2010, while at same time a significant number of new DSVs, based on newbuild orders made in 2008, entered the market.

Overall, the industry is moving to a place where new sources of oil and gas are increasingly costly and difficult to extract, while at the same time it is expected that regulatory pressures will continue to increase. These factors are expected to lead both to a continued requirement to squeeze economic value from existing facilities, increasing the need for subsea engineering services to provide IRM type work, as well as a further increase in exploration and production activity in more challenging and remote areas of the world, again requiring services to assist in subsea construction and engineering.

The overall state of the global economy and rates of regional economic growth affect the operating environments of all players in the oil and gas industry. In particular, confidence in a stable high oil price lends support to a further increase in spending. Increasing global demand (driven mainly by emerging economies such as China and India) creates the fundamentals on which the prospects of a stable high oil price are based for the years to come.

The oil price is expected to increase over the next few years, and exploration and product ("E&P") spending is expected to follow. Historically the oil price has been the most important determinant of E&P spending.

With the acquisitions made in 2010, Mermaid now has modern vessels that meet the strictest global regulatory requirements and are also well able to operate in physically challenging environments such as the North Sea and Sakhalin. Mermaid has recruited experienced management to lead and further develop the subsea engineering business and continues to build its technical capabilities and expand outside of South East Asia into new markets.

Although utilisation rates for the Company's subsea assets improved in 2011, expectations are that market conditions will likely remain challenging in this industry segment throughout 2012 especially in relation to charter rates for vessels. However, in the medium term, market conditions for the subsea industry should improve as the stable oil prices throughout 2011 provide an improved investment climate for the oil and gas companies, enabling them to invest in new projects, and also to sanction IRM work for existing facilities.

Strategy and Key Objectives

The strategy of the Group is to establish itself as a global "one-stop shop" provider of high-specification quality tender rig drilling and subsea engineering services to the offshore oil and gas industry. The principal elements of this strategy are as follows:

Expand drilling and subsea engineering operations

The Group took delivery of two (2) additional newbuild DP2 DSVs: M.V. "Mermaid Asiana" and M.V. "Mermaid Endurer" in 2010. The Group plans to continue pursuing tactical and strategic growth opportunities through further asset acquisitions as and when the opportunities arise. To this end, the Company has invested in AOD which has ordered three (3) new high-specification jack-up rigs from KFELS. In September 2011, AOD resolved to increase the water depth capacity for its three (3) jack-up rigs under construction from 350 feet to 400 feet to increase the marketability of the rigs, allowing them to successfully operate in more offshore areas.

Strengthen financial flexibility

The Group plans to continue to maintain a robust balance sheet which will provide it with the financial flexibility to ride through the challenges in the current market. In July 2011, the Company announced that it had signed a 10-year loan agreement for US$110 million with Export-Import Bank of Thailand. Mermaid would use the new facility to refinance its existing loans for two vessels, M.V. Mermaid Endurer and M.V. Mermaid Asiana. Mermaid expects to strengthen and grow its subsea engineering business while keeping financing costs low.

Explore opportunities out of its primary focus area

Although the Group's primary focus has been in South East Asia, the Group is well placed to take advantage of global market opportunities. Since 2008, MOS expanded its provision of subsea engineering services to include China, India and Sakhalin, Middle East, and Brazil. In 2010 the DP2 DSV "Mermaid Endurer" was brought into service for the UKCS. The Group will leverage on its geographical coverage and strong client relationships along with track record of Seascape and Subtech to further develop business in those territories, while maintaining a prudent stance in geographic expansion and whenever possible, enter into partnerships with suitable parties to share the associated risks and returns. In December 2011, MOS also expanded its subsea engineering services to West Africa for the first time, leveraging on the track record of Subtech in the Mediterranean region.

Continue to develop strong client relationships

The Group's objective is to be a preferred provider of offshore oil and gas rig drilling and subsea engineering services to clients. The Group will therefore continue to focus on consistently delivering high quality services, safely and efficiently. Contracts with major oil and gas companies constitute the majority of the Group's business, and the Group continually monitors its clients' current and future needs and seeks to recognise opportunities to capitalise on its strengths, expertise and geographical location.

A key part of this strategy is to maintain a strong safety record and a robust fleet which is increasingly important for clients. To this end, Mermaid was awarded an 'A' grade rating for CHESM from Chevron Indonesia company for its operations on its tender rig "MTR-2" in November 2010. This was followed in February by the receipt of the "Outstanding Crew" awards at Chevron Thailand's Annual Business Partner (Contractor) Forum held in February 2011. In November 2011, this marked several safety achievements for the Group, namely the Company's tender drilling rig "MTR-2" has operated for over 850 days with Chevron Indonesia Company without a single lost time incident and an equally important milestone was being awarded by Chevron and CUEL for achieving ten (10) years of marine operations without a single lost time incident on the M.V. "Mermaid Commander".

Optimise mix of shorter-term and longer-term contracts

Contracts for the provision of subsea engineering services are typically short-term, while the contracts for the provision of tender rig drilling services are generally long-term. Longer-term contracts do provide greater stability and higher utilisation rates, but they also pose the risk of the Group being locked into below-market rates if market rates rise. To meet this challenge, the Group seeks to actively manage a balanced risk and reward profile between shorter-term and longer-term contracts to allow it to maintain high fleet utilisation levels and a strong financial performance in down cycles, while taking advantage of improving markets rates during up cycles.

2003-2006 Financial Years

During the 2003-2005 financial years, Mermaid Maritime Limited (the "Company" or "Mermaid"), as it was formerly known, underwent an expansion in its subsea engineering services business and through its wholly owned subsidiary Mermaid Offshore Services Ltd., ("MOS") acquired the following subsea vessels: M.V. "Mermaid Supporter" (August 2003), M.V. "Mermaid Responder" (September 2005) and the M.V. "Mermaid Commander" (October 2005). The M.V. "Mermaid Supporter" was subsequently renamed M.V. "Barakuda".

MOS ordered a newbuild anchor handling tug support vessel, M.V. "Mermaid Sovereign", in November 2005 from a shipbuilder in Thailand that was subsequently converted upon delivery into an offshore subsea support vessel and renamed M.V. "Mermaid Challenger". MOS continued to acquire more subsea assets by purchasing another subsea vessel, M.V. "Mermaid Performer", in January 2006.

The Company also entered into the tender rig drilling business with the incorporation of a majority owned subsidiary Mermaid Drilling Ltd., ("MDL") and the purchase through it of two (2) tender drilling rigs "MTR-1" (February 2005) and "MTR-2" (July 2005). Initial clients for "MTR-1" included Petronas Carigali Sdn. Bhd. and Carigali Hess Operating Company Sdn. Bhd., for offshore drilling performed in Malaysia, while initial clients for the "MTR-2" included Unocal Thailand Ltd., for offshore drilling performed in Thailand. Each tender drilling rig was subsequently awarded drilling contracts with other clients across South East Asia in the following years.

As part of the Company's strategy to focus its attention on growing the offshore drilling and subsea engineering services business, the Company decided to dispose of its safety services; ship chandlery and anchor handling tug support businesses.

2007 Financial Year

In January 2007, the Company converted into a public limited company and changed its name from "Mermaid Maritime Ltd." to "Mermaid Maritime Public Company Limited". During this financial year, the Company also continued to further execute its strategy to focus on its core businesses of offshore drilling and subsea engineering services that began in 2006. The Company disposed of its safety services business to their management in November 2006, sold its last two (2) anchor handling tug support vessels in November 2006 and April 2007 respectively (thus closing operations of its joint-venture anchor handling tug support business), and sold its ship chandlery services business in August 2007.

The Company also continued to expand its subsea engineering services business through entry into a contract in November 2006 for the charter-in of the subsea vessel M.V. "Binh Minh" and another contract in May 2007 for the charter-in of a newbuild subsea vessel M.V. "Mermaid Asiana" to be constructed by a shipbuilder in Singapore.

In February 2007, the Company incorporated Mermaid Drilling (Singapore) Pte. Ltd., ("MDS") as a holding company for the Company's foreign partnerships and investments in offshore drilling and drilling related services. In September 2007, MDS entered into a contract with Kencana Petroleum Ventures Sdn. Bhd. ("KNPV") to establish Kencana Mermaid Drilling Sdn. Bhd., ("KMD") as a Petronas-licensed company to deliver offshore drilling and drilling related services in Malaysia.

2008 Financial Year

In October 2007, the Company completed its initial public offering exercise raising SGD156 million and was admitted to the Official List of the Singapore Securities Exchange and Trading Ltd., ("SGX-ST"). In the same month, MDS entered into a contract with KNPV to establish Mermaid Kencana Rig 1 Pte. Ltd., ("MKR-1") and MKR-1 entered into a contract with Kencana HL Sdn. Bhd., for the design, construction and delivery of a newbuild tender drilling rig, "KM-1".

In November 2007, the Company announced the award through MOS of two (2) contracts to provide Remotely Operated Vehicles ("ROVs") and diving services to BP Indonesia. In December 2007, MOS placed an order for a newbuild subsea vessel, M.V. "Mermaid Sapphire", to be constructed by a Singaporean shipbuilder at its yard in Batam, Indonesia. In the same month, MOS entered into an agreement to subscribe for shares representing 25% of the total issued share capital in Worldclass Inspiration Sdn. Bhd., ("WCI"), a company engaged in the business of investing in oil and gas service companies. Through its shareholdings in WCI, MOS acquired a 25.5% indirect interest in the shares of Allied Marine & Equipment Sdn. Bhd., ("AME"), a Petronas-licensed subsea engineering services company based in Malaysia.

In March 2008, MOS purchased 80% of the issued share capital in Seascape Surveys Pte. Ltd., ("Seascape"), which together with its subsidiaries, provides hydrographic survey and positioning services primarily to the offshore oil and gas industry in South East Asia. Seascape has offices in Singapore and Indonesia. In March 2008, MOS incorporated Seascape Surveys (Thailand) Ltd., an 80% owned subsidiary, to enhance Seascape's regional presence to include Thailand.

In April 2008, "MTR-2" commenced its drilling contract with Chevron Thailand Exploration and Production Limited and Chevron Indonesia Company for a combined duration of two (2) years. In June 2008, MOS took delivery of the M.V. "Mermaid Sovereign" and converted it into an offshore subsea support vessel and renamed it M.V. "Mermaid Challenger". In the same month, ceremonies to commence the keel laying for the newbuild tender drilling rig, "KM-1", and the subsea vessel, M.V. "Mermaid Asiana", took place. In September 2008, the Company announced the award through MOS of a subsea installation contract with CUEL Limited in the Gulf of Thailand with an option to extend the contract for up to five (5) years.

2009 Financial Year

In October 2008, the Company announced the award of a five (5) year drilling contract by Petronas Carigali Sdn. Bhd., to MKR-1 for the newbuild tender drilling rig "KM-1". In December 2008 and May 2009, MOS entered into agreements with various parties for the purchase of an aggregate 20.5% of the issued partnership capital of Nemo Subsea IS, a partnership holding the beneficial ownership and interest in the subsea vessel "Mermaid Asiana" under construction.

In February 2009, MOS added two (2) construction class ROVs to its fleet of ROVs, thus opening additional opportunities in the deepwater and ultra deepwater ROV markets. In March 2009, the Company announced the award of a contract through MOS for subsea construction support to the National Petroleum Construction Company in the Middle East. In the same month, the Company also announced an extension of its drilling contract by Hess (Indonesia-Pangkah) Ltd., for the "MTR-1" of about 100 to 180 days.

In April 2009, the Company announced that its tender drilling rig "MTR-2" had achieved seven (7) years without a lost time accident. In the same month, the Company also announced the successful launch of M.V. "Mermaid Asiana" from the shipbuilder's yard in Singapore. In June 2009, MOS purchased another newbuild subsea vessel, M.V. "Mermaid Endurer", under construction in Norway. In the same month, the Company announced that Seascape's Indonesian subsidiary, PT Seascape Surveys Indonesia had secured a contract with Conoco Philips Indonesia for its 2009 inspection, repair and maintenance program and that MOS had secured a contract with Global Industries Brazil for the provision of subsea installation services to Petrobras.

In July 2009, the Company's newbuild tender drilling rig "KM-1" was successfully launched from its construction yard in Malaysia. In August 2009, the newbuild subsea vessel, M.V. "Mermaid Sapphire", was successfully launched from the shipbuilder's yard in Batam, Indonesia.

2010 Financial Year to 30 November 2010

In October 2009, the Company announced that MOS had achieved five (5) million man hours without a lost time incident and also announced that MOS had been awarded the ISO 9001:2008 quality management systems certification. In the same month, MOS entered into an agreement with various parties for the purchase of an additional 79.5% of the issued partnership capital of Nemo Subsea IS, a partnership holding the beneficial ownership and interest in the subsea vessel M.V. "Mermaid Asiana" thus increasing its ownership in Nemo Subsea IS (and hence the M.V. "Mermaid Asiana") to 100%.

In November 2009, the Company successfully completed its renounceable fully underwritten rights issue in Singapore raising an additional SGD156 million for general corporate and business expansion purposes. In the same month, MOS took delivery of the M.V. "Mermaid Sapphire" and released the charter of the M.V. "Binh Minh".

In December 2009, the Company announced the acquisition of chartered-in vessel M.V. "Team Siam" (subsequently renamed affter the acquisition M.V. "Mermaid Siam") a DP2 construction support vessel with saturation diving capabilities. M.V. "Team Siam" had been a part of Mermaid's subsea fleet and had materially contributed to the earnings of MOS since the commencement of its charter in 2004. This acquisition allowed Mermaid to secure long term access to this asset as part of its subsea growth strategy, including greater control over the operations of the vessel, its use, maintenance and any future upgrades thus ensuring that the quality of service of this asset to its clients is maintained.

In January 2010, the Company through its wholly owned subsidiary Nemo Subsea AS took delivery of the M.V. "Mermaid Asiana". The M.V. "Mermaid Asiana" is a purpose-built DP2 dive support and light construction vessel equipped with a 12-man single bell saturation diving system complete with a self-propelled hyperbaric lifeboat. It has a 100-tonne heave-compensated crane and accommodation for 100 personnel.

In February 2010, the Company announced that MOS was awarded a three (3) year contract by Chevron Thailand to provide call out turnkey diving and ROV services and call out turnkey saturation diving vessel services to support their offshore facilities and offshore fields in the Gulf of Thailand.

In March 2010, the Company announced the award of a contract by PTT Exploration and Production Public Company Limited ("PTTEP") to provide ROV support services utilising the newbuild DP2 ROV Support Vessel M.V. "Mermaid Sapphire" to PTTEP's offshore facilities and offshore fields in the Gulf of Thailand. In the same month, the Company disposed of the sub-sea utility vessel "Mermaid Responder" as part of an ongoing fleet renewal and upgrade program. The Company through MOS also acquired Qatari-based Subtech Ltd., to expand its provision of turnkey subsea engineering services to local and international clients within the Middle East and Persian Gulf region.

In June 2010, the Company announced the award of a new drilling contract for "MTR-2" to provide drilling and related services for Chevron Indonesia Company's offshore oil and gas fields in Indonesia which commenced upon the expiry of the existing drilling contract in the same month. The duration of this new drilling contract is for 270 days. The Company also announced that MOS secured a contract providing ROV services utilising the M.V. "Mermaid Sapphire" and its built-in ROV systems for an end-client who is a major oil and gas operator in the Sakhalin region for an estimated duration of seventy (70) days. During the same month, MOS took delivery of the newbuild DP2 Dive Support Vessel ("DSV") M.V. "Mermaid Endurer" from the shipyard in Bergen, Norway. In June 2010 the Company's wholly owned subsidiary MDS announced the entire disposal of its investments in the disputed "KM-1" tender rig project. The Company also received the 2009 Chevron Thailand Award for Outstanding Contractor and Outstanding Crew in the same month.

In July 2010, the Company announced the disposal of its entire interest in AME through its 25% shareholding in WCI. During the month, the Company announced the award for accommodation barge support services utilising the "MTR-1" scheduled for early August 2010 in the Middle East. The contract award was for a minimum of 160 days.

In October 2010, the Company announced the signing of a Letter of Intent ("LOI") with Keppel Offshore & Marine Limited's subsidiary, Singapore Keppel FELS Limited ("KFELS") to build two (2) jack-up rigs; namely rig Hull-B320 and rig Hull-B321 (collectively referred to as the "Rigs"), with options for another two (2) jack-up rigs for a new Mermaid-led joint-venture named "Asia Offshore Drilling Limited" ("AOD"). The Rigs were scheduled for delivery approximately in December 2012 and March 2013 respectively and will be built based on KFELS's proprietary design, the Mod V – B Class. These Rigs will be capable of operating in waters of 350 feet and will be equipped with offline handling features and accommodation for 150 personnel. During the same month, the Company also officially discontinued the business of Mermaid Training & Technical Services Ltd., to focus on its core drilling and subsea engineering services businesses.

In November 2010, the Company received notice of cessation of the accommodation barge contract for the "MTR-1" from its charterer due to the premature cessation of the charterer's own contract with its end client, the circumstances of which occurred through no fault of MDL. In the same month, the Company announced that it had received an "A" grade rating for Contractor Health Environment Safety Management (CHESM) from Chevron Indonesia Company for its operations on its tender rig "MTR-2". The "A" rating is the highest rating awarded to contractors working within the operational control of Chevron's global upstream organisation that meets the CHESM framework.

2011 Financial Year to 30 November 2011

In December 2010, Mermaid announced its subscription to 49% of the issued shares of AOD through a private placement exercise conducted by AOD ("Subscription") to raise up to NOK 587 million, (or approximately US$ 100 million) through an issue by AOD of 20 million new ordinary shares ("Private Placement"). Mermaid's total consideration for the Subscription was US$ 49 million, equivalent to NOK 287,630,000, representing the subscription of 9,800,000 shares (equivalent to 49%) in AOD. Along with this share issue, and pursuant to the LOI with KFELS, AOD through its wholly owned subsidiaries Asia Offshore Rig 1 Limited and Asia Offshore Rig 2 Limited formally executed two (2) newbuild construction contracts (the "Construction Contracts") with KFELS for the two (2) Mod V – B Class Rigs at US$ 177 million each. The Construction Contracts also included options to build two (2) additional jack-up rigs with the same specifications. The payment terms are 20% on contract execution and 80% upon delivery. During the same month, the Company entered into technical and commercial management agreements for the construction supervision, project management and commercial management of the Rigs for AOD.

In February 2011, the Company announced a settlement with the charterer of the "MTR-1" on the early cessation of the accommodation barge support contract, whereupon the charterer compensated Mermaid in the amount of US$ 3 million.

In May 2011, the Company announced that AOD received a notice from KFELS dated 6 May 2011 that the earthquake and resulting natural disasters which hit Japan on 11 March 2011 will lead to a Force Majeure event arising under the Construction Contracts for AOD's two (2) rigs; rig Hull-B320 and rig Hull-B321. As a result of this Force Majeure event, KFELS indicated that the delivery will be impacted on rig Hull-B321, originally scheduled for delivery by 1 March 2013 and now 15 April 2013 (6 weeks). There was no foreseeable change in the delivery date for rig Hull-B320 due to re-scheduling of construction plans (still scheduled for delivery by 01 December 2012). During this month, the tender drilling rig "MTR-1" was transferred to the Company's subsidiary MTR-1 (Singapore) Pte Ltd., and concurrently registered with the Maritime and Port Authority of Singapore due to its international recognition as well as commercial and tax advantages.

On 13 May 2011, AOD submitted its Listing Application to the Oslo Bors ASA. In the same month, AOD proposed to increase the authorised capital from US$ 20,000,100 to US$ 47,000,100 to raise equity capital through a private placement ("Second Private Placement") to facilitate the continued growth of AOD.

In July 2011, the Company announced that AOD had successfully raised in the Second Private Placement gross proceeds of US$ 80 million through the issue of 20 million new shares. Mermaid subscribed and was allocated US$ 14.8 million, corresponding to 33.75% of AOD following the Second Private Placement. In addition Seadrill Limited ("Seadrill") subscribed and was allocated US$ 54 million, which corresponded to an equal ownership of 33.75% with that of Mermaid in AOD following the conclusion of the Second Private Placement. During this month, the first of the two (2) of AOD's fixed price options for the construction of a third Mod-V B Class high-specification jack-up rig with KFELS was exercised using the proceeds from the Second Private Placement. The construction contract for the third jack-up rig (rig Hull-B345) was formally executed by the AOD's wholly owned subsidiary Asia Offshore Rig 3 Limited on 7 July 2011, having a total all-in turnkey price of US$ 184 million and payment terms of 20% upon contract execution and 80% upon delivery. Delivery for rig Hull-B345 is scheduled for the third quarter of 2013.

As part of the Second Private Placement, it was resolved that Seadrill will be responsible for the construction supervision, project management, and commercial management of all of AOD's rigs. Consequently the existing technical and commercial management agreements with Mermaid with respect to the same were transferred to Seadrill's care.

On 15 July 2011, the Company announced that its 33.75% owned associated company, AOD, was successfully listed on Oslo Axess with the ticker symbol "AOD" and classified as a listed company under the "Oil & Gas Drilling" sector.

In the same month, the Company announced the award of a new drilling contract using the tender drilling rig "MTR-2" to provide drilling and drilling related services for an existing client, Chevron Indonesia Company, to continue the exploration of offshore oil and gas fields in Indonesia. The duration of this new drilling contract is for 270 days and has a potential value of US$ 26.5 million.

In September 2011, Mermaid announced that its 33.75% associate AOD had decided to increase the water depth capacity for its three (3) jack-up rigs (rig Hull-B320, Hull-B321, and Hull-B345 respectively) under construction with KFELS from 350 feet to 400 feet to increase the marketability of the rigs, allowing them to successfully operate in more offshore areas. These upgrades will cost an estimated US$ 5 million and will be financed by AOD's existing cash reserves. These upgrades will have some impact on the delivery schedule of the first two (2) rigs, as the first rig Hull-B320 will now be delivered in the first calendar quarter of 2013 and the second rig Hull-321 will now be delivered by the end of the second calendar quarter of 2013. The delivery of the third rig Hull-B345 remains unchanged at the end of the third calendar quarter of 2013. The Board of AOD also resolved not to exercise the second of the fixed price options for a fourth jack-up rig given the prevailing uncertainty and volatility in the financial markets.

During the year, the Company also made several changes to the Board of Directors as well as the Executive Management team in order to position itself for continued growth and expansion in a challenging and volatile industry. Details of these changes are detailed in the Corporate Governance section.

As at 30 November 2011, the Company, through its subsidiary MDL, owns a tender drilling rig fleet of two (2) tender drilling rigs, the "MTR-1" and "MTR-2". The Company also owns a 33.75% stake in AOD which owns a fleet of three high-specification jack-ups under construction at KFELS. The Company also, through its subsidiary MOS, owns a subsea fleet of eight (8) vessels: the M.V. "Barakuda", M.V. "Mermaid Commander", M.V. "Mermaid Performer", M.V. "Mermaid Challenger" M.V. "Mermaid Sapphire", M.V. "Mermaid Siam", M.V., "Mermaid Asiana" and M.V. "Mermaid Endurer".

Overview

The drilling and sub-sea engineering industries provide key services for the exploration, development and production of the global supply of oil and gas products. Moreover, the demand for such services is driven primarily by investments made into these types of activities, as well as the level of activity in the exploration, development and production of crude oil and natural gas. The investment level depends on oil companies' cash flow, revenue and financing, the availability of new areas for exploration and development, and oil and gas prices.

Exploration and production ("E&P") budgets grew at double-digit levels during 2003 to 2008, which led to a number of new field development projects, boosting demand for drilling and subsea services. However, at the beginning of 2009, the industry was hit by the global economic slowdown, much higher financing costs and a sharp decrease in oil prices. As a result, E&P spending in 2009 slowed dramatically from previous levels. In 2010, E&P spending increased, albeit at a more modest pace than in the period up until 2008. This has been a factor in firmer oil and gas prices, which in turn has boosted investment levels in the oil and gas industry.

Industry intelligence indicates that higher oil and gas prices do not always result in sudden increased demand for subsea services. The process may involve a lag time between high prices and increased demand which would indicate that demand growth for subsea services may not rise as quickly or on par with oil prices. However, there are expectations for gradual improvement in demand for subsea services to continue in 2012, particularly in the Company's main markets in South East Asia and East Asia, both of which have strong GDP growth rates and E&P spending in the world.

While the global market is recovering, the Asian market in general for drilling and subsea services continue to offer the potential for high utilisation and favorable day-rates, as a result of stronger demand for oil and gas in the region; continued strong growth in regional economies, especially in China, India and ASEAN; and new projects planned by E&P companies in Asia.

Subsea Business

The main driver for a higher oil price is the gap between forecast demand and production. Non-OECD countries are expected to drive growth in demand and their demand is expected to increase faster than non-OPEC production. This will put pressure on OPEC production and its spare capacity.

Population growth, continued urbanisation and a growing middle class should fuel demand for oil in non-OECD countries. China and India stand out as the countries that will contribute the most to this increasing demand.

OPEC supply would have to increase by 16 million barrels per day by 2015 if the current trend for global demand and non-OPEC supply continues. This would soak up the current 'core-OPEC' spare capacity well before 2015. Higher oil prices would be needed to suppress this demand growth[1].

[1] *DnBNor Markets*

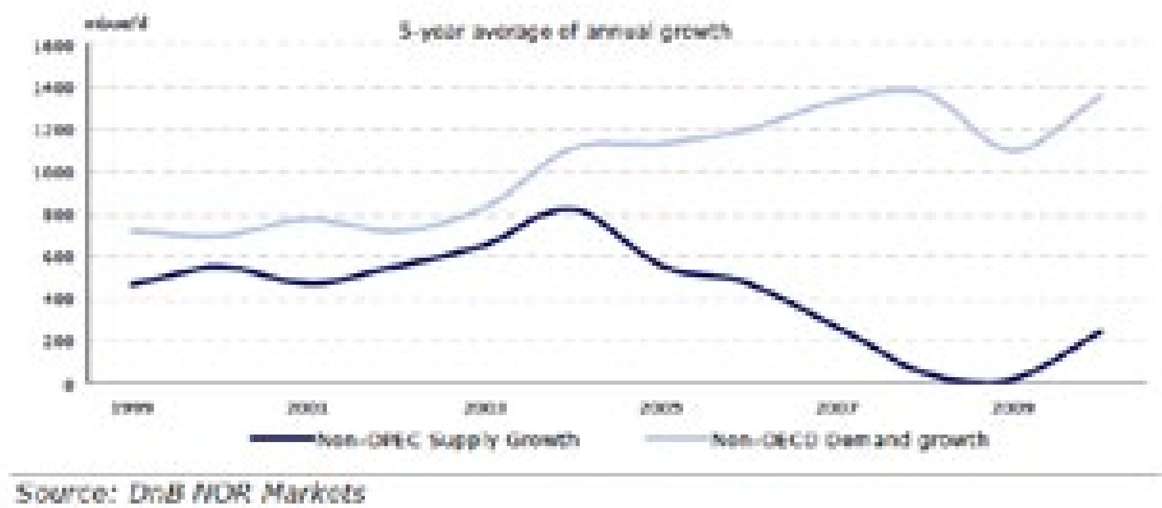


Figure 1: Non-OECD consumption outpaces non-OPEC production

Higher oil price allows oil companies to reassess mature fields

There seems to be a trend in moving the focus back to regions such as North America and Asia Pacific. The higher oil price which might have made some fields previously assessed as unprofitable attractive again.

Notably, although North America is still the most highly ranked region, Asia Pacific is now considered more attractive. This could be due to among other things, large Liquefied Natural Gas ("LNG") projects in Australia (e.g., Gorgon project). West Africa is a relatively new and expanding region where companies see the possibility for future growth, especially in deepwater. It appears that the unstable political climate may have dampened the attractiveness of West Africa and the Middle East.

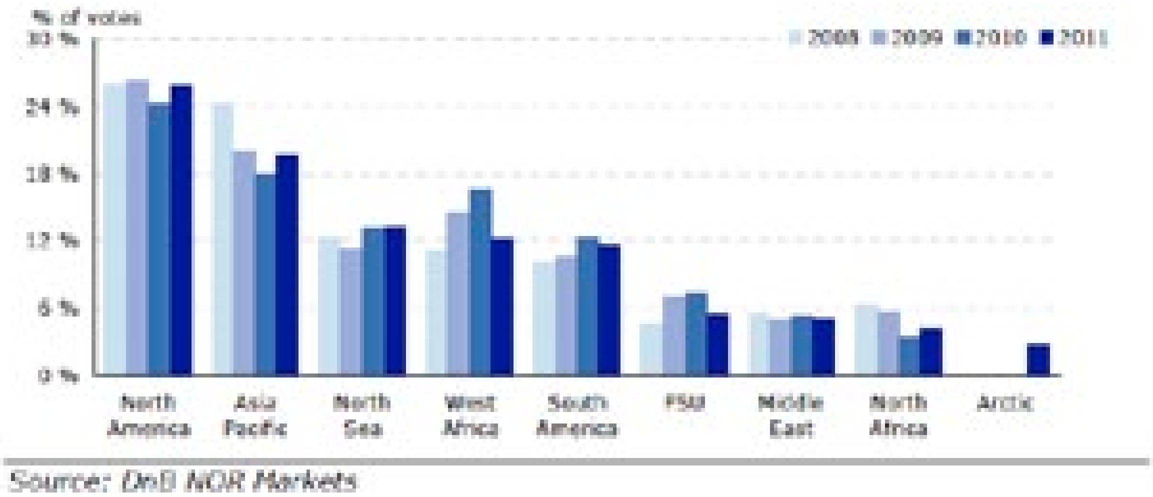


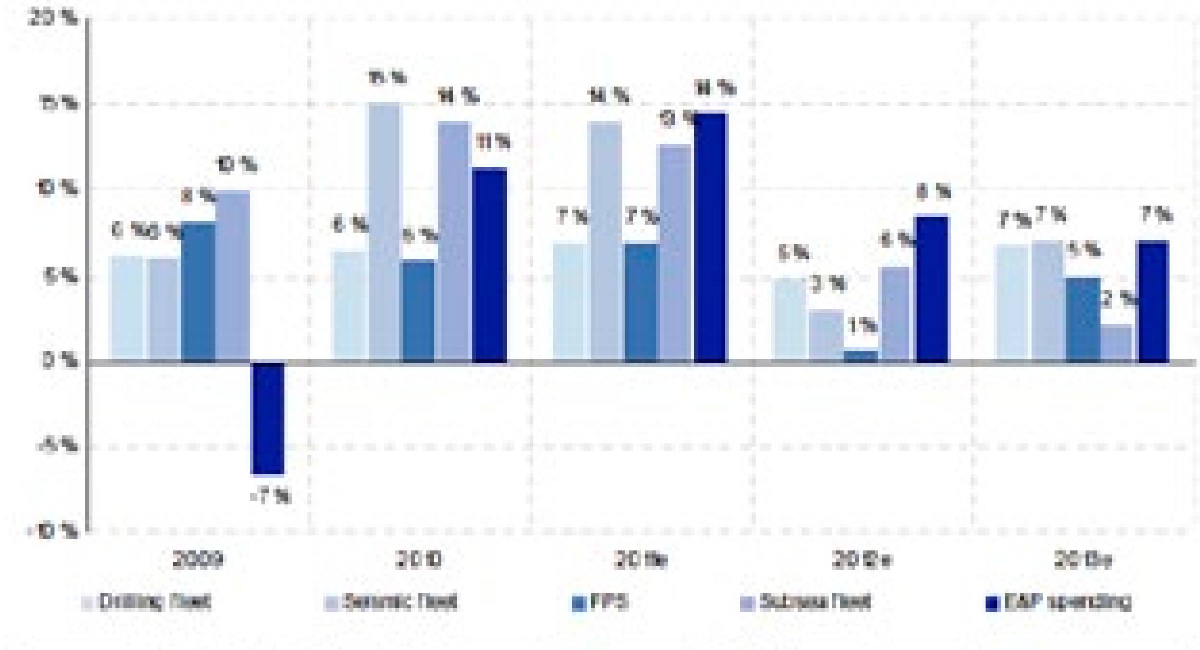
Figure 2: Focus is still on North America and Asia Pacific

Demand & Supply Dynamics for Newbuilds

In 2009, a mismatch between negative E&P spending growth and continued high fleet growth resulted in reduced utilisation and idle assets. Despite an increase in E&P spending in 2010, fleet growth in seismic and subsea services outpaced demand growth and oversupply put pressure on margins. For 2011, continued increases in E&P spending have not fully rehabilitated fleet prices and utilisation, however, expectations are that there will be a rise in 2012 in all segments excluding seismic.

For 2012 a further uptick in utilisation and margins as the supply/demand balance continues to tighten is expected. The outlook for 2013 onwards is still bullish, as growth in fleet sizes continues to lag behind spending growth. However, as the market is still coping with the oversupply from the beginning of the cycle, this should dampen utilisation and rate growth.

The net effect of increased spending, higher utilisation and increasing margins is a positive outlook for the industry as a whole in the short term.



Source: DnB NOR Market, ODS Petrodata, Strategic Offshore Research

Figure 3: Growth rates indicate continued loosening in supply/ demand balance for oil services

Outlook for E&P Spending

When analysing the fundamental drivers of E&P spending, the need for increased long-term spending is pressing. The following are key observations:

- Global demand for oil is expected to rise at a rate greater than global production. This creates a base for a stable and high oil price.
- The oil price is expected to exceed the US$100 per barrel trigger level, which could lead to an upward revision in companies' upstream budgets.
- Existing oil fields are expected to show a decline rate of 4.5%. This will need to be replaced by production from newly developed fields and/or enhanced oil recovery.
- Oil companies are forced into deeper waters and harsher environments in their search for oil and gas.
- The average size of new discoveries is steadily declining, which is likely to force oil companies to develop an increasing number of fields.

Offshore rig drilling market

The market for tender rig drilling services (semis, drillships and jack-up rigs ("JUs")) in Asia is challenging as many rigs have completed their contracts in the last 2 years. Nonetheless, the overall outlook into 2012 is good for high-end JUs and drillships as rates and utilisation has improved: day rates globally for the international JU market are now stable at around US$ 110'-125' per day for premium modern JUs, down from the peak of US$ 200' per day in 2008. Utilisation for the same market has risen to 86% from 81% last summer, however, the improved utilisation figures have been driven by increased demand and not reduced supply, mainly from higher E&P spending and, as funding becomes cheaper, the return to the market of smaller independent oil companies and increased activity by international oil companies and national oil companies.

New rigs survived the downturn, and few newbuilds changed ownership. Today, the JUs that are working (305 units) on average have a contract length of 1.3 years and are built in 1990. Non-working JUs, either warm stacked rigs (68 units), or cold stacked rigs (65 units) on average are built in the early 1980s. Pareto research indicates that as many JUs approach technical obsolescence, effective supply is less than it appears that there will be a need to build 100 JUs in the next four (4) years, to replace older units. If demand recovers to August 2008 levels there will be a need for another 50 JUs, meaning a total of 150 newbuilds are required due to technical obsolescence and to keep pace with demand.

The graph below shows the current supply of rigs worldwide. In addition to the firm 46 newbuilds on order/under construction, there are options for another 26 JUs. The supply overview also illustrates average age of the different categories of JUs. Rigs drilling today are built on average in 1990, hence 21 years old.

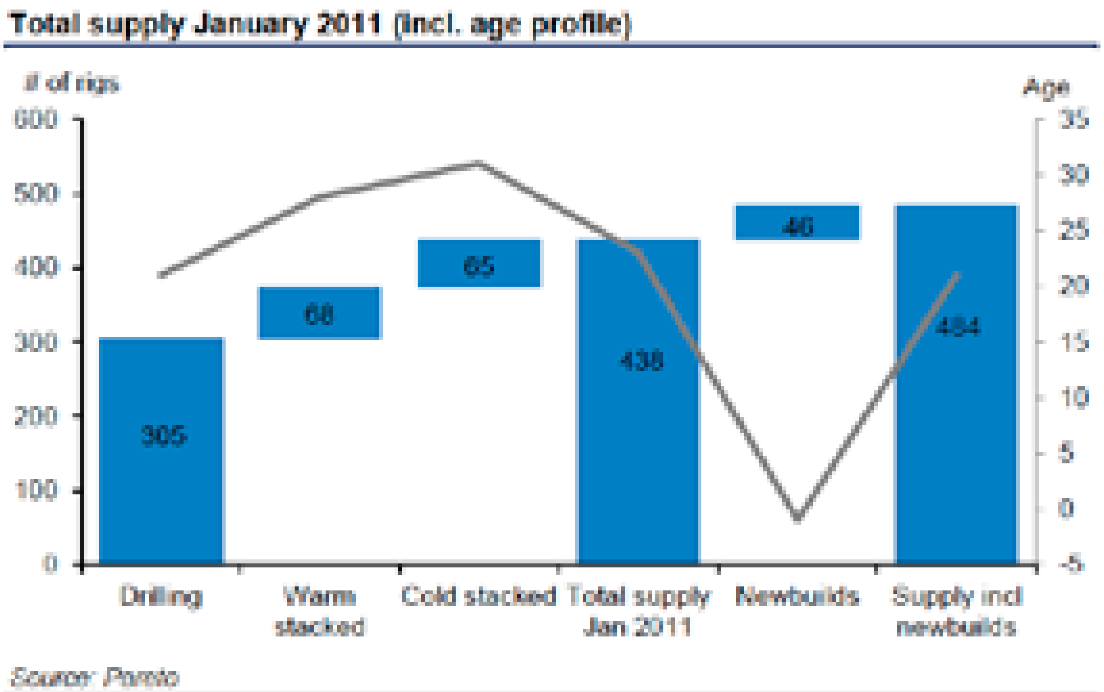


Figure 3: Supply of Jackups

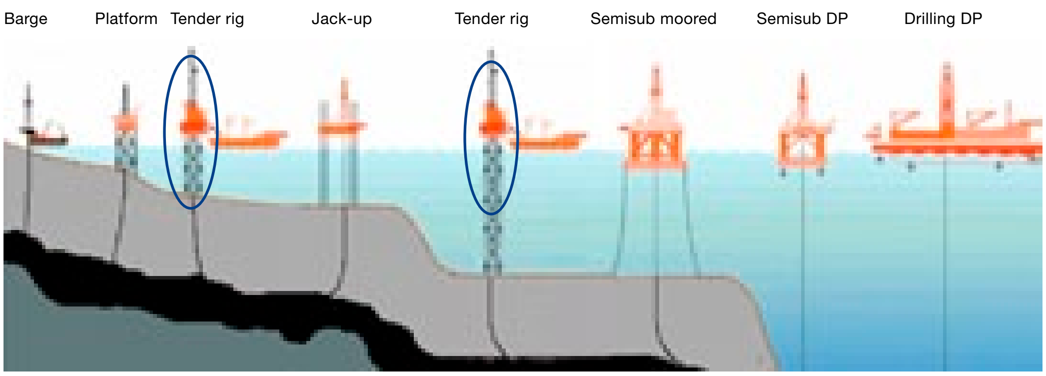
International 'floater' market: Semi-submersibles and drillships

The international 'floater' (i.e., buoyant vessels) market segment can be divided into semi-submersibles and drillships. Semis and drillships operate in shallow, midwater, deepwater and ultra-deepwater conditions (for a description of drilling vessels in all marine conditions see 'Types of Drilling Units' below).

In Asia, the market is dominated by shallow and midwater units; some midwater units are, due to size and quality issues, only available for work in the region. Nonetheless, activity in midwater, deepwater and ultra-deepwater has improved throughout 2011. Firmer oil prices, greater oil company activity and new rig availability offer good potential for Asian operators over the medium-term. As with the segment for JUs, new, high-specification rigs will find contracts quicker than those in an aging fleet. The market will improve steadily before utilisation reaches 90% in both the above sectors; once this utilisation level is reached, the market will once again move into a stronger building cycle, thereby driving demand not only for drilling rig services but also for subsea services.

The market for drilling rig services is both cyclical and volatile, ranging from the highly volatile exploration sector to the more stable oil and gas production services market. However, tender rig drilling and subsea engineering services, the two main business lines of the Company, cater to the more stable high-end niche of the oil and gas production market.

Types of Drilling Units



Tender rigs

A tender rig is a barge moored alongside a platform and contains crew quarters, mud tanks, mud pumps, and power generation systems. The only equipment transferred to the platform for drilling operations is the drilling equipment set. A tender rig carries its own drilling equipment and has a crane capable of erecting the derrick on the platform, thereby eliminating the need for a separate derrick barge and related equipment.

The tender rig was developed for production from a central platform, which serves a number of smaller wellhead platforms. A tender rig is able to from platform to platform using its own drilling equipment set. A typical tender barge has dimensions of 300 feet by 80 feet with a gross tonnage of about 4,500 tons. Typical water depths it can operate in are between 30 to 400 feet. Tender rigs can also be moored in up to 6,500 feet by use of a pre-laid mooring arrangement. Accommodation is in excess of 100 beds.

Jack-up rigs

A jack-up rig is a mobile self-elevating drilling platform equipped with legs that can be lowered to the ocean floor until a foundation is established to support the platform. Once a foundation is established, the drilling platform is then elevated up the legs so that it is above the highest expected waves. When the rig is relocating, the platform is lowered to sea level and towed by a supply vessel to its next location.

A modern jack-up rig will normally have the ability to move its drill floor aft of its own hull (cantilever), so that multiple wells can be drilled without re-positioning the rig. Ultra premium jack-up rigs have capabilities enabling them to work in water depths in excess of 300 feet.

Semi-submersible rigs

A semi-submersible rig is a floating vessel that can be submerged by a water ballast system such that the lower hulls are below the water surface during drilling operations. This reduces the rig's exposure to ocean conditions (waves, winds, and currents) and increases its stability. A semi-submersible rig is capable of maintaining its position over the well through the use of an anchoring system or a computer controlled dynamic positioning ("DP") thruster system. Some semi-submersible rigs are self-propelled and move between locations under their own power, although most rigs are relocated by supply vessels.

Drillships

Drillships are generally self-propelled and shaped like conventional vessels, and are the most mobile of the major rig types. Drilling operations are conducted through openings in the hull (“moon pools”). Drillships normally have a higher load capacity than semi-submersible rigs and are well suited to offshore drilling in remote areas due to their mobility and high load capacity. Like semi-submersible rigs, drillships can be equipped with conventional mooring systems or DP systems to maintain position over a well.

Furthermore, tender rigs have their own demand niche where jack-ups cannot be used, such as areas restricted by sub-sea congestion preventing safe jack-up leg penetration, areas comprising deep layers of soft soil or mud which makes it difficult for a jack-up’s legs to find a firm foundation or to remove its legs upon completion, or areas with greater water depth beyond the physical length leg penetration capability of a jack-up but which a tender rig can access through use of pre-laid mooring. Notwithstanding this, contracted day rates in the tender rig market generally track rates in the jack-up market, as both these market segments are driven by cycles in the oil and gas industry.

MANAGEMENT DISCUSSION & ANALYSIS

This discussion and analysis of Mermaid Maritime Public Company Limited (the "Company" or "Mermaid") and its subsidiaries' (collectively the "Group") operating results is based upon consolidated financial statements, which have been prepared in accordance with the Thai Generally Accepted Accounting Principles ("Thai GAAP"), with the adoption of certain accounting policies based on the International Financial Reporting Standards ("IFRS"). The Group uses a variety of financial and operational terms and concepts to analyse the Group's performance. These include the following:

- *Calendar-vessel-days/Calendar-rig-days.* Calendar-vessel-days and Calendar-rig-days are defined as the total number of days during which the vessels and drilling rigs have been owned and operated by the Group.

- *Available days.* Available days are defined as the number of Calendar-vessel-days or Calendar-rig-days less the total number of days that the vessels and drilling rigs are off-hire due to scheduled repairs or repairs under guarantee, upgrades or special surveys, and the amount of time spent positioning the fleet. Available days match up to the number of days during which the fleet is capable of generating revenues.

- *Operating days.* Operating days are defined as the number of available days less the total number of days that the fleet is off-hire due to any reason, including unforeseen circumstances. Operating days match up to the number of days during which the fleet actually generate revenues.

- *Fleet utilisation.* Fleet utilisation is calculated by dividing the number of operating days by the number of available days. Fleet utilisation measures the efficiency in finding suitable employment for the vessels and drilling rigs and minimising the amount of days that they are off-hire for reasons other than scheduled repairs or repairs under guarantee, upgrades, special surveys, or positioning.

- *Dry-docking.* Each of the vessels and drilling rigs must be periodically dry-docked for inspection, repairs and maintenance, and any modifications to comply with industry certification or government requirements. Generally, the vessels and drilling rigs are dry-docked every five (5) years. A substantial portion of the dry-docking costs are capitalised and amortised on a straight-line basis from the completion of a dry-docking to the estimated completion of the next dry-docking. Dry-docking is considered a separate component of a vessel's or drilling rig's total investment costs that have a different pattern of economic benefits and are therefore depreciated separately. Costs related to routine repairs and maintenance that do not improve or extend a vessel's or a drilling rig's useful life are expensed during the quarter in which they are incurred.

- *Depreciation.* Depreciation of the vessels and drilling rigs is calculated on a component basis, whereby each major component of a vessel or drilling rig is depreciated over its useful life. As components have different useful lives, the total of these component depreciation expenses is reported in the Company's financial statements.

- *Service and administrative expenses.* Service and administrative expenses include onshore fleet related expenses such as payroll, rent, legal and professional expenses, and other general expenses and also include depreciation of building and office equipment.

- *Exchange rate.* The exchange rate of US$1 to Baht 30.2354 is used to translate value in Baht currency to US Dollar currency for the 2011 financial numbers.

In this section, unless otherwise specifically stated to the contrary, all references to years (i.e., 2009, 2010 and 2011) shall mean the financial years of the Group ending 30 September.

Subsea Engineering Services

The subsea engineering services group comprise Mermaid Offshore Services Ltd., ("MOS"), Seascape Surveys (Thailand) Ltd., Seascape Surveys Pte., Ltd., PT Seascape Surveys Indonesia, Nemo Subsea AS, Nemo Subsea IS, Subtech Ltd., Subtech Qatar Diving and Marine Services LLC., and Subtech Saudi Arabia Limited (collectively the "MOS Group").

The following table provides a summary of the changes in Calendar-vessel-days by owned and chartered-in vessels for the MOS Group.

Table 1: Calendar-Vessel-Days for Offshore Service Vessels

Unit: Days

		FY 2011		FY 2010
Calendar-Vessel-Days	**No. of Days**	**% Change**	**No. of Days**	**% Change**
Owned Vessels	2,555	10.51%	2,312	26.68%
Chartered in Vessels	-	(100.00%)	92	(87.40%)
Total	**2,555**	**(6.28%)**	**2,404**	**(5.91%)**

The average size of the MOS Group fleet increased 10.51% in 2011, as the newbuild vessel, M.V. "Mermaid Endurer" was fully available since September 2010, compared to 2010, when M.V. "Mermaid Sapphire" started in February 2010 and M.V. "Mermaid Siam" started in January 2010

Service Revenues: Service revenues increased 91.95% to Baht 3,987.64 million in 2011, or US$ 51,619 per Calendar-vessel-day, from Baht 2,077.41 million or US$26,544 per Calendar-vessel-day in 2010. The increase in revenue was mainly from the increase of vessel utilisation days from 913 days in 2010 to 1,702 days in 2011, resulting in a 69.14% utilisation rate for 2011. The higher utilisation rates were primarily a result of an increase in service contract and new vessels being fully available and utilised in 2011.

Table 2: Fleet Utilisation for Offshore Service Vessels

Unit: Days

		FY 2011		FY 2010
Item	**No. of Days**	**% Change**	**No. of Days**	**% Change**
Calendar-Vessel-Days	2,555	6.28%	2,404	(5.91%)
Planned Off-Hire Days	94	(1.05%)	95	86.27%
Available Days	**2,461**	**6.58%**	**2,309**	**(7.79%)**
Operating Days	**1,702**	**86.38%**	**913**	**(30.73%)**
Fleet Utilisation	**69.14%**	**74.87%**	**39.54%**	**(24.89%)**

Cost of Services: Cost of service consists of two major components, which are service expenses and depreciation.

Service Expenses: Service expenses increased 63.60% to Baht 2,858.62 million, or US$ 37,004 per Calendar-vessel-day, in 2011 from Baht 1,747.35 million, or US$ 22,326 per Calendar-vessel-day in 2010. The increase in service expenses was primarily due to higher utilization rates.

Depreciation: Depreciation expenses increased 65.51% to Baht 742.93million in 2011, from Baht 448.87 million in 2010. An increase of Baht 294.06 million is attributable to fully year depreciation of new vessels in 2011, compared with the partial year depreciation of the newbuild vessel M.V. "Mermaid Sapphire" which was delivered in February 2010, the purchase of M.V. "Team Siam" (renamed M.V. "Mermaid Siam") in January 2010, and other additional assets in 2010.

Offshore Drilling Services

The following table provides a summary of the changes in Calendar-rig-days for our drilling rigs.

Table 3: Calendar-Rig-Days for Drilling Rigs ("MDL")

Unit: Days

		FY 2011		FY 2010
Calendar-Rig-Days	**No. of Days**	**% Change**	**No. of Days**	**% Change**
Owned Rigs	730	(0.00%)	730	(0.00%)
Chartered in Rigs	0	0.00%	0	0.00%
Total	**730**	**(0.00%)**	**730**	**(0.00%)**

Table 4: Fleet Utilisation for Drilling Rigs

Unit: Days

		FY 2011		FY 2010
Item	**No. of Days**	**% Change**	**No. of Days**	**% Change**
Calendar-Rig-Days	730	(0.00%)	730	(0.00%)
Planned Off-Hire Days	0	0.00%	0	0.00%
Available Days	**730**	**(0.00%)**	**730**	**(0.00%)**
Unplanned Off-Hire Days	0	(0.00%)	0	(100.00%)
Operating Days	**350**	**(15.46%)**	**414**	**(40.26%)**
Fleet Utilisation	**47.95%**	**(15.45%)**	**56.71%**	**(40.26%)**

Service Revenues: Service revenues slightly decreased to Baht 1,038.51 million in 2011, compared to Baht 1,076.30 million in 2010. The significantly decrease was due to utilisation rates declined from 56.71% in 2010 to 47.95% in 2011 as only one rig, "MTR-2", was working as compared with two rigs working in 2010.

Cost of Services: Cost of service consists of two major components, which are service expenses and depreciation. Cost of services decreased to Baht 830.45 million in 2011, compared to Baht 865.34 million in 2010. The decrease in cost of services was due to utilisation rates declined from 56.71% in 2010 to 47.95% in 2011.

Service Expenses: Service expenses decreased 5.13% to Baht 618.38 million in 2011 compared to Baht 651.81 million in 2010. The decrease in service expenses resulted primarily from lower asset utilisation.

Depreciation: Depreciation decreased 0.68% to Baht 212.07 million in 2011, from Baht 213.53 million in 2010. This was primarily due to scraped drilling pipes of “MTR-1”.

Other Operating Results

General and administrative expenses: General and administrative expenses increased 29.20% to Baht 718.96 million in 2011, from Baht 556.45 million in 2010, which included direct expenses related to management services provided to Asia Offshore Drilling Limited (“AOD”) of Baht 59.60 million. Without AOD related expenses, there would have been a 19% increase in administrative expenses due to a provision for doubtful debt of Baht 33.7 million, written off withholding of Baht 21.6 million and general increase of other expenses.

Impairment losses of property, plant and equipment: Impairment losses were booked in 2011 total of Baht 203.74 million. Of total impairment losses, Baht 134.80 million was related to “MTR-1”. Baht 68.94 million was an impairment for deposits made since 2009 for building a new vessel. As this project was later cancelled, some deposits were forfeited and written off.

Interest expenses: Interest expenses increased 138.73% to Baht 228.92 million in 2011, from Baht 95.89 million in 2010. The higher finance costs came from the fact there was no capitalisation of interest expenses into assets under construction (which reduced interest expenses) compared to 2010, when three vessels were under construction and capitalised its interest expenses. Discounting this factor, the finance costs increased due to a higher average loan balance of Baht 4,144 million in 2011 compared to Baht 3,430 million in 2010. Average interest rates were 4.52% in 2011 versus 3.35% in 2010.

Interest income: Interest income slightly increased 1.75% to Baht 6.61 million in 2011, from Baht 6.50 million in 2010.

Foreign Exchange Gains (Losses): The foreign exchange rates were Baht 21.21 million gains compared to Baht 79.93 million losses in 2010. The increase was mainly due to the translation of US Dollar assets and liabilities into Thai Baht on the balance sheet date.

Net gains on disposals of investments in subsidiaries and associates: There was no disposal of investments in subsidiaries and associates in 2011. As reported in 2010, there were net gains on disposals of investments in subsidiaries and associates of Baht 170.66 million. The net gains comprised gains on disposals of investments in associates, Worldclass Inspiration Sdn. Bhd. and Kencana Mermaid Drilling Sdn. Bhd., of Baht 349.21 million and were offset by losses on disposals of investments in subsidiaries, Mermaid Kencana Rig 1 Pte. Ltd., and Mermaid Kencana Rigs (Labuan) Pte. Ltd., of Baht 178.55 million.

Net gains on disposals and write off of property, plant, and equipment and intangible assets: In 2011, a net loss of Baht 8.81 million compared to a net gain of Baht 11.80 million in 2010. The losses were occurred primarily due to a disposal of drilling pipe of “MTR-1”.

Other Income: Other revenues increased 542.44% to Baht 187.60 million in 2011, from Baht 29.20 million in 2010. The increase was due to gain from early termination of the cross currency and interest rate swap contract of Baht 82 million, other income related to AOD of Baht 62 million and bad debts recovery of Baht 18 million.

Income taxes: Income taxes decreased 60.50% to Baht 76.37 million from Baht 193.32 million in 2010. The decrease in income taxes was mainly due to a reduction of deferred tax assets written off in 2011.

As a result of the factors discussed above, the result was reported net loss of Baht 161.35 million in 2011 which was a significant improvement from a net loss of Baht 456.08 million in 2010. If excluding impairment losses of property, plant and equipment of Baht 203.74 million, a net profit of Baht 42.39 million would have been reported.

Taking out extraordinary items, such as the impairment charges of Baht 204 million, gain from early termination of swap of Baht 82 million, AOD related income of Baht 62 million and gain on disposal of investment in subsidiaries of Baht 171 million in 2010, net profit increased Baht 526 million, or 83.8% from 2010.

Liquidity and Capital Resources

The following table sets forth the Group's consolidated capitalisation for the two previous financial years.

Table 5: Total Capitalisation

Unit: Baht'000

Item	As at 30 September 2011	2010
Cash and cash equivalents	**1,352,380**	**3,742,938**
Debt		
Bank overdrafts	-	-
Short-term debt	-	-
Current portion, long-term debt (including finance leases)	558,491	696,511
Long-term debt (including finance leases)	3,413,240	3,628,185
Total Debt	**3,971,731**	**4,324,696**
Shareholders' Equity		
Ordinary shares, Baht 1 par value 784.75 million shares (2009: 541.21 million shares) issued and fully paid-up	784,748	784,748
Additional paid-in capital	9,818,420	9,818,420
Retained earnings	1,937,134	2,559,635
Others	(98,687)	(181,014)
Total Shareholders' Equity	**12,441,615**	**12,981,789**
Total Capitalisation	**16,413,346**	**17,306,485**
Total Debt to Total Capitalisation	**0.24**	**0.25**

As at 30 September 2011, the Group's total cash and cash equivalents equalled Baht 1,352.38 million excluding restricted deposits at financial institutions of Baht 330.59 million, compared to Baht 3,742.94 million at 30 September 2010. Total liquidity, including cash, cash equivalents, restricted deposits and undrawn borrowings, was Baht 3,043.56 million as at 30 September 2011. In our opinion, working capital is sufficient for our present requirement.

The Group had net cash from operating activities of Baht 6.27 million. Cash generated from operations before changes in working capital increased by 291.75 % from Baht 381.72 million in 2010 to Baht 1,495.39 million. Accounts receivable increased substantially to Baht 1,661.90 million as a result of the higher sales.

The Group had net cash used in investing activities of Baht 1,528.94 million. This was due mainly to the AOD investment of Baht 1,903.81 million, payments of purchases of property, plant and equipment of Baht 256 million, offset by proceeds from short-term investments of Baht 1,208.73 million.

The Group had net cash used by financing activities of Baht 915.53 million. This was due mainly to dividend paid to shareholders of Baht 455.15 million and repayments of long-term loans from financial institutions of Baht 2,431.87 million, offset with proceeds from long-term loans from financial institutions of Baht 1,973.50 million.

As of 30 September 2011, the Group had total debt including financial leases of Baht 3,971.73 million, which comprised of US dollar loans of US$ 105.85 million and Baht loans of Baht 658.95 million, compared to Baht 4,324.70 million, which comprised of US dollar loans of US$ 126.49 million and Baht loans of Baht 985.87 million as at 30 September 2010. Outstanding loans were mainly for acquisitions of vessels, rigs, and equipment.

Capital Expenditures

In 2010, the Group had ongoing payments on four (4) newbuild sub-sea vessels and equipment whose total cost was Baht 4,829.00 million. As at 30 September 2010, there was no significant capital expenditure which was scheduled to be paid in 2011.

In December 2010, Mermaid announced its subscription to 49% of the issued shares of Asia Offshore Drilling ("AOD") through a private placement exercise conducted by AOD ("Subscription") to raise up to NOK 587 million, (or approximately US$ 100 million) through an issue by AOD of 20 million new ordinary shares. Mermaid's total consideration for the Subscription was US$ 49 million, equivalent to NOK 287,630,000, representing the subscription of 9,800,000 shares (equivalent to 49%) in AOD. Along with this share issue, AOD through its wholly owned subsidiaries Asia Offshore Rig 1 Limited and Asia Offshore Rig 2 Limited formally executed two (2) newbuild construction contracts (the "Construction Contracts") with Keppel FELS Limited ("KFELS") for two (2) Mod V – B Class Rigs at US$ 177 million each. The Construction Contracts also included options to build two (2) additional jack-up rigs with the same specifications. The payment terms are 20% on contract execution and 80% upon delivery.

In July 2011, the Company announced that AOD had successfully raised in a private placement gross proceeds of US$ 80 million through the issue of 20 million new shares. Mermaid subscribed and was allocated US$ 14.8 million, corresponding to 33.75% of AOD following the private placement. In addition Seadrill Limited ("Seadrill") subscribed and was allocated US$ 54 million, which corresponded to an equal ownership of 33.75% with that of Mermaid in AOD following the conclusion of the private placement. During this month, the first of the two (2) of AOD's fixed price options for the construction of a third Mod-V B Class high-specification jack-up rig with KFELS was exercised using the proceeds from the private placement. The construction contract for the third jack-up rig (rig Hull-B345) was formally executed by the AOD's wholly owned subsidiary Asia Offshore Rig 3 Limited on 7 July 2011, having a total all-in turnkey price of US$ 184 million and payment terms of 20% upon contract execution and 80% upon delivery.

Qualitative and Quantitative Market Risk

Foreign Currency Fluctuation Risk

The international offshore oil and gas industry utilises the US Dollar as its functional currency. Consequently, a substantial portion of the Group's revenues and operating expenses are in US Dollars. The Group incurs certain crew, vessel and rig operating expenses, dry-docking and overhead costs in foreign currencies.

Foreign exchange gains or losses are realised through hedging mechanisms on the settlement date of each forward contract.

Interest Rate Risk

The Group is subject to market risks relating to changes in US Dollar and Baht interest rates, because almost all of the Group's loans are denominated in US Dollars and set against LIBOR. All interest on debt incurred is paid under the existing credit facilities at a rate of LIBOR or MLR plus or less a certain margin.

MOS entered into a cross currency and interest rate swap contract for an existing Baht loan currency to US Dollars and a interest rate swap contract for US Dollar loan. We do not intend to enter into foreign exchange or interest rate derivative transactions for speculative purposes.

Risks relating to the Group's Businesses

The Group is largely dependent on the oil and gas industry, which is affected by fluctuating oil and gas prices

Mermaid Maritime Public Company Limited (the "Company" or "Mermaid") and its subsidiaries (collectively the "Group") provides offshore services to the oil and gas industry, and its offshore business is affected by fluctuations in the global demand for assets and prices of oil and gas, in particular the level of activity in oil and gas exploration, development, and production in South East Asia, where the Group is active. Depending on the market price of oil and gas, companies exploring for oil and gas may cancel or reduce their activities, thus reducing the demand for the services provided by the Group. While the level of offshore drilling and production activity improved from 2005 to 2008 this has since been followed by a significant decline starting in the first half of the 2009 financial year. Although the global economy has shown signs of improvement in 2010 and 2011, there can be no assurance on the pace of recovery or recovery itself, nor that activity levels will eventually remain the same or increase. Any prolonged period of low drilling and production activity could materially and adversely affect the Group's financial condition and results of operations.

Demand for the Group's services is subject to fluctuations and the results of its offshore services segment operations may be volatile

Demand for the services provided by the Group is subject to fluctuations, with periods of high demand, short supply, and high rates often followed by periods of low demand, excess supply, and reduced rates. The entry into the market of newly constructed, upgraded, or reactivated drilling rigs or subsea vessels will increase market supply and may inhibit the increase of rates or reduce them. Periods of low demand will intensify the competition in the industry and this often results in assets being idle for periods of time. The Group's assets may be idle, or the Group may have to enter into reduced day rate contracts in response to market conditions in the future. The Group's ability to renew these contracts, or obtain new contracts, and the terms of any such contracts will depend on market conditions at the time such contracts are being considered.

In addition, as most of the Group's subsea engineering services contracts are short-term in nature, changes in market conditions can quickly affect the Group's business. Further, as the business of the Group is project-based, its cash flow may not always be predictable and may be uneven. As a result of fluctuation in demand for the Group's services, its results of operations may be volatile.

The Group is subject to a number of operating risks

The Group is subject to various risks inherent in the oil and gas industry, such as fires, natural disasters, adverse weather conditions, explosions, encountering formations with abnormal pressures, blowouts, cratering, pipeline ruptures and spills. A number of these risks could have severe consequences, including loss of human life or serious injury, significant damage to the Group's or its clients' assets and equipment, environmental pollution, personal injury litigation, political consequences, damage to the Group's reputation and third party claims. The Group has experienced accidents and other incidents involving its drilling rigs and subsea vessels and there can be no assurance that similar events will not occur in the future.

The Group is also subject to equipment failure risks, which may require long periods to repair and result in loss of revenue. The Group may be forced to cease part of its operations if any of its key assets break down until it can replace and/or repair such key assets. A major system failure could result in substantial loss of life and/or serious injury, damage to or loss of drilling rigs or subsea vessels and equipment and protracted legal disputes and damage to the Group's reputation. Further, the contracts entered into by the Group generally provide that the Group's clients can suspend or refuse services in the event their operations are affected by events of *force majeure* (as defined in the contracts).

Further, the Group does not maintain business interruption insurance with respect to loss of profits, loss of hire, delays, consequential loss or loss of income resulting from a drilling rig or subsea vessel being removed from operation, however, the Group does have insurance cover in the case of claims against third parties. In addition, certain risks, such as those related to biochemical damage, are not insurable. As such, there can be no assurance that the Group will not suffer losses in excess of the insurance coverage or the losses and damages suffered by the Group shall be covered by insurance.

The occurrence of any of the events above could materially and adversely affect the Group's reputation, financial condition and results of operations. In addition, as there has been an increase in insurance claims made throughout the maritime industry, a general increase in insurance premiums could be imposed by insurers. The Group's inability to secure insurance on terms favourable to it, or at all could also materially and adversely affect its financial condition and results of operations.

There are a limited number of potential clients in the niche markets in which the Group operates and the loss of a significant client could have a material impact on the Group's financial results

There are a limited number of potential clients, particularly for the drilling business, and a limited number of projects available in the niche markets in which the Group operates. In any given year, a small number of contracts and projects account for a significant portion of the revenue of the Group. Further, given that the Group currently has a total of two (2) tender drilling rigs (one of which is operational ready for offshore drilling and the other is currently available for work as an accommodation barge and could operate for offshore drilling if refurbishment work is undertaken on the drilling package and provided a firm drilling contract was awarded by a client) the drilling services business can only have a maximum of two (2) clients at any point in time.

In the event any of the Group's major clients terminates its contracts or refuses to award new contracts to the Group and the Group is unable to secure new clients to replace these clients in a timely manner or at all, the financial condition and results of operations of the Group could be materially and adversely affected.

If the Group fails to effectively manage its growth, its results of operations may be adversely affected

The Group ordered three (3) new high-specification jack-up drilling rigs through one of its associate companies during 2010-2011. There will be a time lag between the time the Group purchases a newbuild jack-up drilling rig or subsea vessel and the time such drilling rig or subsea vessel becomes operational. In that time, the conditions affecting the industry may change such that the Group may be unable to achieve its projected returns. If the Group fails to effectively manage its current and future acquisitions and newbuilds, its financial condition and results of operations could be materially and adversely affected.

The Group's expansion plans will require substantial management attention and significant company resources, both financial and human. The Group's growth has placed, and is expected to continue to place, significant demands on its personnel, management and other resources. If the Group does not continue or is unable to recruit or retain the necessary skilled personnel, improve the Group's operations and its financial, management and legal/compliance information systems to keep pace with the growth of the Group, the financial condition and results of operations of the Group could be materially and adversely affected.

The industry in which the Group operates is highly competitive with intense price competition

The market segments and region in which the Group operates are highly competitive. Pricing is often the primary factor in determining which contractor is awarded a contract. Some of its competitors are larger than the Group, have more diverse fleets or fleets with generally higher specifications, have greater resources than the Group, and/or have greater brand recognition and greater geographical reach and/or lower capital costs than the Group. This allows them to withstand industry downturns better, compete on the basis of price, and relocate, build, and/or acquire additional assets, all of which may affect the Group's revenues and profitability.

If other competitors in the industry relocate or acquire drilling rigs or subsea vessels for operations in the region where the Group operates, levels of competition in such region may increase and the financial condition and results of operations of the Group could be materially and adversely affected.

Increases in the costs of the Group could adversely impact the profitability of its long-term contracts

Contracts between the Group and its clients for the Group's drilling services are on a long-term fixed rate basis, while on the subsea engineering side for the Group only a portion are attributable with long durations, given the nature of subsea engineering work. Long-term fixed rate contracts limit the Group's ability to adjust rates in response to market conditions and any increase in its costs, such as salary costs and costs for spare parts and consumables, which are unpredictable and fluctuate based on events beyond its control. Any substantial increase in such costs could have a material adverse effect on the financial condition and results of operations of the Group.

Maintenance and repair for the drilling rigs and subsea vessels of the Group will require substantial expenditures

The operations of the Group's businesses rely on assets such as drilling rigs and subsea vessels. The Group is required to obtain and continually maintain as current its drilling rigs and subsea vessels to certain standards including, but not limited to those mandated by international classification societies. For example, its drilling rigs and subsea vessels are required to be dry-docked every five (5) years. Such dry-docking requires major capital expenditures and there can be no assurance that there will not be any cost overruns. The Group may have to repair or refurbish its drilling rigs or subsea vessels or incur substantial expenditures for the acquisition of additional spare parts and assets. Further, as most of the Group's owned tender drilling rigs and subsea vessels are not new, the cost of maintenance and repair may be higher than for newbuilds.

There can be no assurance that cash from operations or debt or equity financing on terms acceptable to the Group will be available or sufficient to meet these requirements. Any inability to access sufficient capital for its repair/maintenance of its fleet could have a material adverse effect on the financial condition and results of operations of the Group.

In the event that the Group fails to comply with these standards, it could lose the class certification for its drilling rigs and/or subsea vessels, which could have a material adverse effect on the financial condition and results of operations of the Group.

The Group may be unable to maintain its health, safety and environmental standards

The operations of the Group are subject to laws and regulations that relate directly or indirectly to the drilling and subsea engineering services industries, including those relating to the discharge of oil or other contaminants into the environment and protection of the environment. The Group is required by its clients, governments and regulatory agencies to maintain health, safety and environmental standards in the course of providing its services. In the event of any change in these standards, the Group may have to incur additional expenses to comply with such changes. Any failure to maintain standards may result in the cancellation of its present contracts, difficulties in securing new contract awards or regulatory authorities imposing fines, penalties or sanctions on it or prohibiting it from continuing its operations, each of which could have an adverse effect on it. A failure to maintain health, safety and environmental standards could also result in injuries, death, damage to the environment, liability, or damage to the Group's reputation. The occurrence of any of the above could have a material adverse effect on the financial condition and results of operations of the Group.

The Group is subject to extensive regulations and potentially substantial liability that could require significant expenditures and adversely affect the Group's financial condition and results of operations

The operations of the Group are subject to international laws, regulations and practices, as well as local laws of the countries in which the Group operates. Such laws and regulations include those relating to health, safety and environment standards and labour matters. Any failure to comply with such applicable laws, regulations and practices may result in, among others, interruption or delay to the Group's operations, cancellation of its present contracts, difficulties in securing new contract awards or regulatory authorities imposing fines, penalties or sanctions on the Group or prohibiting the Group from continuing its operations. The occurrence of any of the above could materially and adversely affect the Group's reputation and business, and in turn its financial condition and results of operations.

In addition, the Group is required to have certain permits and approvals to conduct its operations. In the future, the Group may be required to renew such permits and/or obtain new permits and approvals. There is no assurance that the Group will be able to renew or obtain such permits or approvals in the time frame anticipated by the Group or at all. Any failure to renew, maintain or obtain the required permits or approvals may result in the interruption or delay to the Group's operations and may have an adverse effect on the Group's business.

Under the Foreign Business Act B.E. 2542 (1999) of Thailand, a foreign entity is prohibited or restricted from engaging in certain businesses in Thailand, including the provision of the Group's services (the "Restricted Business") and a foreign entity engaging in Restricted Businesses without the requisite permission is subject to a fine of between Baht 100,000 and Baht 1 million. In addition, the Thai courts will order the cessation or dissolution of such businesses and the directors or representatives of such foreign entity will be subject to imprisonment not exceeding three (3) years, or a fine of between Baht 100,000 and Baht 1 million, or both. If, for any reason, the Company is considered to be a foreign entity due to the aggregate shareholding of the Thai shareholders being not more than 50.0% of the total issued share capital, and the Company and/or the Group are not able to secure the aforesaid requisite permits and approvals to continue to conduct its operations, this could lead to the cessation of the Group's businesses and could materially and adversely affect its financial condition and results of operations.

The consolidated financial statements of the Group are prepared in accordance with Thai GAAP, which differs in certain respects from SFRS, IFRS and U.S. GAAP

The consolidated financial statements of the Group are prepared in accordance with the Thai Generally Accepted Accounting Principles ("Thai GAAP"), with the adoption of certain accounting policies based on the International Financial Reporting Standards ("IFRS"). The Singapore Exchange Securities Trading Ltd., ("SGX-ST") has granted a waiver in respect of Rule 220(1) of the Listing Manual that would otherwise have required the future periodic reports of the Group to be prepared in accordance with Singapore Financial Reporting Standards ("SFRS"), the IFRS or the United States Generally Accepted Accounting Principles ("U.S. GAAP"). As a result, the consolidated financial statements of the Group could be significantly different from that which would be prepared under SFRS, IFRS or U.S. GAAP.

The consolidated financial statements of the Group does not contain a reconciliation of the Group's consolidated financial statements to SFRS, IFRS or U.S. GAAP, nor does it include any information in relation to the differences between Thai GAAP and SFRS, IFRS or U.S. GAAP. Had the consolidated financial statements and other financial information been prepared in accordance with SFRS, IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. Because differences exist between Thai GAAP and SFRS, IFRS or U.S. GAAP, the financial information in respect of the Group contained in the consolidated financial statements of the Group may not be an effective means to compare the Group with other companies that prepare their financial information in accordance with SFRS, IFRS or U.S. GAAP.

In making an investment decision, investors must rely upon their own examination of the Group and the financial information relating to the Group. Potential investors should consult their own professional advisers for an understanding of these differences between Thai GAAP and SFRS, IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

The Group's failure to attract and retain skilled personnel for its businesses could materially and adversely affect its financial condition and results of operations

An important factor to the success of the Group's business is its ability to recruit, train, and retain qualified and experienced officers to crew its drilling rigs and subsea vessels as well as shore-based staff. The Group's offshore services business also requires highly skilled personnel to operate its drilling rigs and subsea vessels. The competition for the employment of qualified and experienced officers is intense and may, as a result of other employment opportunities and rising salaries, become increasingly so. There can be no assurance that the Group will be successful in its efforts to recruit and retain properly skilled personnel at reasonable costs. Any failure to do so could adversely affect its reputation and ability to operate safely and cost-effectively, and in turn its financial condition and results of operations.

The Group's performance is dependent on the creditworthiness of its clients

The Group is subject to risks of loss resulting from non-payment or non-performance by its clients. Any material non-payment or non-performance by any of the Group's key clients, especially during periods of downturn, could materially and adversely affect the Group's financial condition or results of operations. The potential impact of any client defaults would be greater in the Group's offshore drilling business where the contracts are of a longer duration and greater value.

The Group's performance as well as its ability to grow its business through further asset acquisitions could be affected by the global credit and economic crisis

Past expansion activities of the Group have been driven by ready access to, among others, loan facilities and credit lines. The Group's existing operations as well as future asset expansion plans may be subject to the systemic risks arising from the global credit and economic crisis, which could result in reduced financing availability generally across all sectors, including those associated with funding capital expenditure in drilling rigs and subsea vessels and other related acquisitions. As such, it may become more difficult for the Group to secure debt financing on reasonable terms or at all for its operations and expansion activities and this could affect the performance of the Group and the success of the Group's expansion plans, which could materially and adversely affect the Group's business, financial condition and results of operations.

In addition, the Group has secured bank financing for its committed acquisitions and the ability of the Group to continue to finance such committed acquisitions, and such committed acquisitions of the Group could be materially and adversely affected if withdrawn or the costs increase for such financing.

Rig conversions, upgrades, or newbuilds and repairs may be subject to delays and cost overruns

The Group may from time to time undertake to increase its fleet capacity through conversions or upgrades of its drilling rigs and subsea vessels or through the acquisition of newbuilds. Such projects are subject to risks of delay or cost overruns resulting from numerous factors including shortages of equipment, materials or skilled labour, unscheduled delays in the delivery of ordered materials and equipment, unanticipated cost increases, weather interferences, difficulties in obtaining necessary permits or in meeting permit conditions, design and engineering problems and shipyard failures.

In the event of significant cost overruns or delays, the Group's business, financial condition and results of operations could be materially and adversely affected. Furthermore, drilling rigs and subsea vessels undergoing conversion, upgrade and repair do not generate revenue during such periods and any delay would increase the number of days during which revenue will not be generated by such drilling rigs and subsea vessels. Also, if the Group is unable to repair and maintain its drilling rigs and subsea vessels to required standards, the Group may be unable to carry out its operations or be prevented from carrying out work for its clients, which could materially and adversely affect the Group's results of operations and its relationships with its clients and could subject the Group to certain penalty payments to its clients under certain of its contracts.

The Group may suffer losses as a result of foreign currency fluctuations

Substantially all of the Group's revenues are paid in US Dollars. However, some of the Group's operating expenses including capital expenditure for assets are in other currencies such as Euro Dollars, Norwegian Kroners, Thai Baht, Malaysian Ringgit and Indonesian Rupiah. As a result, the Group is exposed to currency fluctuations and exchange rate risks.

The Group's rigs and vessels are exposed to the risk of attacks by pirates

The Group's drilling rigs and subsea vessels are exposed to the risk of attacks by pirates. In the event that such attacks occur and the Group's drilling rigs and/or subsea vessels are, *inter alia*, captured, destroyed or damaged in excess of the insurance coverage, or lead to injuries or loss of personnel, the Group's financial condition and results of operations could be materially and adversely affected.

The Group has a holding company structure

Most of the Company's assets are its shareholding interests in its subsidiaries and associated companies. The ability of the Company to, *inter alia*, pay dividends and meet its obligations such as the payment of principal and interest on its debt financing is therefore subject to the up-streaming of dividends from its subsidiaries and associated companies.

Both the timing and ability of the Company's subsidiaries and associated companies to pay dividends are limited by applicable laws, the terms of each subsidiary's or associated company's indebtedness, financial condition, results of operations, and future business prospects. Furthermore, payment of dividends may be subject to withholding taxes that will reduce the net amount of dividends received from its subsidiaries and associated companies.

In the event that any of the Company's subsidiaries or associated companies do not pay dividends or do so irregularly, or if such dividend payments are subject to materially high withholding taxes, the Group's financial condition and results of operations could be materially and adversely affected. Furthermore, the Group's shareholding interests in these companies may be diluted due to potential capital calls if the Group elects not to participate in capital raising activities. The Company's subsidiaries or associated companies, moreover, may have other shareholders whose business interests and activities may be in direct or indirect competition with the Group's businesses. As a result, the Group may be exposed to conflicts of interest with the other shareholders in these companies.

The Group may be exposed to risks relating to debt financing

The Group may from time to time mortgage its drilling rigs and subsea vessels or pledge the shares of the Company's subsidiaries and associated companies as security for debt financing. In the event that there is a default in repayment of any loan instalments, the drilling rigs, subsea vessels and/or shares mortgaged and/or pledged may be liable to forfeiture, and the Group's financial condition and results of operations could be materially and adversely affected.

In addition, the Group may be subject to certain covenants in connection with any future debt financing that may, *inter alia*, limit or otherwise adversely affect its operations and its ability to pay dividends to the Shareholders.

Risks relating to Thailand

Economic, political, legal and regulatory conditions in Thailand may materially and adversely affect the Group's business, financial condition and results of operations

The Group is subject to economic, political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed economies. The Group's business and operations are subject to the changing economic and political conditions prevailing from time to time in Thailand such as the protests and military crackdown in mid-2010. There is no assurance that the Thai government will not impose policy changes in the future or that any future political instability in Thailand or any changes in the Thai government's policies or in Thailand's political environment will not materially and adversely affect the Group's business, financial condition and results of operations.

Non-enforceability of non-Thai judgments may limit the ability of investors to recover damages from the Company

The Company is a public company with limited liability incorporated under the laws of Thailand. A substantial number of the Directors and members of senior management are citizens or residents of Thailand.

Also, the assets of the Directors and members of senior management are located throughout the world including Thailand. As a result, save where a proceeding is commenced in Thailand and service is effected through diplomatic channels, it may not be possible for investors to effect service of process outside of Thailand, including within the United States, upon such persons or upon the Company, or to enforce judgments obtained in courts outside of Thailand, including in U.S. courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States.

Thai courts will not enter any judgment or order obtained outside of Thailand, but a judgment or order from a foreign court may, at the discretion of a court in Thailand, be admitted as evidence of an obligation in a new proceeding instituted in that court, which will consider the issue or the evidence before it.

Thus, to the extent investors succeed in bringing legal actions against the Company, their available remedies and any recovery in any Thai proceeding may be burdensome or prolonged.

1. Mermaid Shares held by Directors

As at 01 November 2011, Mermaid Maritime Public Company Limited (the “Company” or “Mermaid”) had a total of 784,747,743 ordinary shares issued and fully paid. Mermaid has no convertible securities. The direct and deemed interests of each Director of Mermaid in Mermaid’s ordinary shares were as follows:

Name	Direct	% of Issued Share Capital	Deemed	% of Issued Share Capital
M.L. Chandchutha Chandratat	477,000	0.0678	None	n/a
Mr. Surasak Khaoroptham	None	n/a	None	n/a
Mr. Pichet Sithi-Amnuai	None	n/a	None	n/a
Mr. Leslie George Merszei	None	n/a	None	n/a
Mr. Ng Chee Keong	None	n/a	None	n/a
Mr. Robert Edward Bier	None	n/a	None	n/a
Mr. John Willoughby Crane III	5,600	0.0071	None	n/a

2. Material Contracts Involving Interested Persons

There were no material contracts of Mermaid or its subsidiaries involving the interests of the Mermaid’s chief executive officer (Managing Director), each Director of Mermaid, or any of the controlling shareholders of Mermaid, entered into during the financial year ended 30 September 2011 or still subsisting as at 30 September 2011.

3. Shareholder Base and Voting Rights

The only class of equity securities in Mermaid are ordinary shares. As at 01 November 2011, there were 5,644 shareholders holding a total of 784,747,743 ordinary shares in Mermaid.

Each ordinary share is entitled to one (1) vote per one (1) share. In a shareholders’ meeting, voting must be by a show of hands, unless at least five (5) shareholders request for a secret vote. Under the Thai Public Companies Act B.E. 2535 (1992), a resolution can be adopted at a general meeting of shareholders by a simple majority of the total number of votes cast of the shareholders who attend the meeting, except in the following matters which require at least three-fourths of the total number of voting rights of all of the shareholders who attend the meeting and have the right to vote:

• the sale or transfer of all or a substantial part of Mermaid’s business to any other person or the purchase by Mermaid or acceptance of transfer of the businesses of other companies to Mermaid;

• the making, amendment or termination of contracts relating to the leasing out of all or a substantial part of Mermaid’s business, the assignment to any other person to manage Mermaid’s business or the consolidation of Mermaid with other persons with an objective towards profit and loss sharing; and

• the increase or reduction of registered capital, issuance of bonds for offer to the public, amalgamation with another company, dissolution or the amendment to the Memorandum of Association and Articles of Association of Mermaid.

To remove a Director before his/her term requires a resolution of a general meeting of shareholders of not less than three-fourths of the number of shareholders who attend the meeting, who have the right to vote, and hold shares in aggregate of not less than half of the total number of shares held by shareholders attending the meeting and entitled to vote.

In addition, to fix the remuneration of Directors requires a resolution of a general meeting of shareholders of not less than two-thirds of all votes presented.

4. Shareholder Spread

As at 01 November 2011, the distribution of ordinary shares amongst all shareholders was as follows:

No. of Shares	No. of Shareholders
1-999	173
1,000-10,000	2772
10,001-1,000,000	2679
1,000,001 and above	20

5. Details of Substantial Shareholders

As at 01 November 2011, the names of substantial shareholders and a breakdown of their direct and deemed interests as recorded in Mermaid's register of substantial shareholders were as follows:

Name	Direct	Deemed	Total
Thoresen Thai Agencies Public Company Limited ("TTA") (see Note 1)	277,823,871 (35.40%)	170,590,470 (21.74%)	398,414,341 (57.14%)
Soleado Holdings Pte. Ltd.	170,590,470 (21.74%)	-	170,590,470 (21.74%)
Thailand Equity Fund ("TEF") (see Notes 2, 3, 4 and 5)	118,285,229 (15.07%)	-	118,285,229 (15.07%)

Note 1: The deemed interest arises from shares of Mermaid held by Soleado Holdings Pte. Ltd., a wholly owned subsidiary of TTA.

Note 2: Lombard Thailand Intermediate Fund LLC ("Lombard") has a deemed interest in the shares of Mermaid held by TEF as Lombard holds over 50% of the units in TEF. There are no other unit holders who hold 20% or more of the units in TEF.

Note 3: Lombard Thailand Partners LLP ("LTP") has a deemed interest in the shares of Mermaid held by TEF as LTP holds over 50% in Lombard.

Note 4: California Public Employees Retirement System ("CALPERS") has a deemed interest in the shares of Mermaid held by TEF as CALPERS holds a 99% interest in LTP who holds over 50% in Lombard.

Note 5: International Finance Corporation ("IFC") has a deemed interest in the shares of Mermaid held by TEF as IFC holds over 20% in Lombard.

6. Top 20 Largest Shareholders

As at 01 November 2011, the twenty (20) largest holders of ordinary shares in Mermaid on record and the number of shares held by such shareholders were as follows:

No.	Name	Shares	%	Culm. %
1	THORESEN THAI AGENCIES PLC	277,823,871	35.40	35.40
2	SOLEADO HOLDINGS PTE. LTD.	170,590,470	21.74	57.14
3	THAILAND EQUITY FUND	118,285,229	15.07	72.21
4	HSBC (SINGAPORE) NOMS PTE LTD	19,058,365	2.43	74.64
5	DBS NOMINEES PTE LTD	14,077,815	1.79	76.44
6	BNP PARIBAS SECS SVCS SPORE	8,413,215	1.07	77.51
7	CITIBANK NOMS S'PORE PTE LTD	5,483,520	0.70	78.21
8	OCBC SECURITIES PRIVATE LTD	5,064,308	0.65	78.85
9	BNP PARIBAS NOMS S'PORE PL	4,959,000	0.63	79.48
10	DBS VICKERS SECS (S) PTE LTD	4,805,850	0.61	80.10
11	MERRILL LYNCH (S'PORE) P L	3,912,950	0.50	80.60
12	UOB KAY HIAN PTE LTD	3,722,750	0.47	81.07
13	PHILLIP SECURITIES PTE LTD	2,366,400	0.30	81.37
14	UNITED OVERSEAS BANK NOMINEES	1,840,500	0.23	81.61
15	LEE KA KING	1,619,000	0.21	81.81
16	KIM ENG SECURITIES PTE. LTD.	1,605,075	0.20	82.02
17	MAYBAN NOMINEES (S) PTE LTD	1,219,000	0.16	82.17
18	CHEE YAM MUI	1,125,000	0.14	82.32
19	CIMB SEC (S'PORE) PTE LTD	1,089,500	0.14	82.45
20	TAN CHIN KWANG JOHNSON	1,024,000	0.13	82.59

7. Shareholding Held by Public

As at 01 November 2011, the percentage of ordinary shares held in the hand of the public was 27.61%. This is in compliance with Rule 723 of the SGX-ST Listing Manual which requires that at least 10.00% of ordinary shares in Mermaid to be at all times held by the public.

8. Treasury Shares

Mermaid has no treasury shares.

9. Dealings in Securities

Based on best practice recommendations in Rule 1207(18) of the SGX-ST Listing Manual, Mermaid introduced a Code of Business Conduct that, among other things, prohibits its officers from using or sharing non-public information for trading purposes in the securities of Mermaid, or for any non-business purpose. Such prohibition should also have the effect of deterring such persons from trading in Mermaid's securities on short-term considerations.

Before announcement of financial results, Mermaid has also a system of sending prior notification to all its Directors and those other officers of Mermaid who have access to price-sensitive financial information recommending them not to deal in securities of Mermaid during each period commencing two (2) weeks before the announcement of Mermaid's financial statements for each of the first three quarters of the financial year, and one (1) month before announcement of Mermaid's full financial year statements, ending on the date of announcement of the relevant results.

10. Non-Audit Fees

Non-audit fee paid to PricewaterhouseCoopers ABAS Ltd. during the financial year that ended on 30 September 2011 amounted to Baht 861,160 (Eight hundred sixty one thousand one hundred and sixty only). This was for work related to agreed-upon procedures in relation to Thailand Board of Investment related certification, corporate and personal income tax filing for subsidiaries. The Audit Committee had reviewed these transactions and was of the opinion that these transactions did not affect to the independence of PricewaterhouseCoopers ABAS Ltd. conducting the audit of the Company and its relevant subsidiaries, not did it affect the independence of their audit signatory's review and certification of the Company's financial statements and the Company and its subsidiaries' consolidated financial statements for the year ended 30 September 2011.

11. Appointment of Auditor

PricewaterhouseCoopers ABAS Ltd., was appointed by a resolution of the Company's shareholders on 25 January 2011 to audit the Company's financial statements and the Company and its subsidiaries' consolidated financial statements for the year that ended on 30 September 2011.

The following names are audit partners whom were appointed to engage in audit of the consolidated and Company financial statements for the year that ended on 30 September 2011.

1. Ms. Nattaporn Phan-Udom	CPA License No. 3430
2. Mr. Kajornkiet Aroonpirodkul	CPA License No. 3445
3. Mr. Chanchai Chaiprasith	CPA License No. 3760

Mr. Kajornkiet Aroonpirodkul was the audit partner in charge of auditing and expressed his opinion on the consolidated and Company financial statements for the year that ended on 30 September 2011. He has audited and expressed his opinion on the consolidated and Company financial statements since the year that ended on 30 September 2008. He has therefore been audit partner in charge for four (4) full consecutive years.

PricewaterhouseCoopers ABAS Ltd., was also appointed to audit all of the Company's significant subsidiaries for the year ended 30 September 2011 except for a subsidiary, Mermaid Drilling (Singapore) Pte. Ltd., which was audited by Thong & Lim, certified public accountants based in Singapore. Mermaid's Board and Audit Committee were satisfied that the appointment of Thong & Lim as auditor of the said subsidiary did not compromise the standard and effectiveness of the audit of Mermaid on a consolidated basis. There were no significant associated companies for the year ended 30 September 2011.

For the purposes of the preceding paragraph, an entity is significant if its net tangible assets represent 20% or more of the Company's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the Company's consolidated pre-tax profits.

12. Interested Person Transactions

There were no interested person transactions of a value equal to, or more than 3% of Mermaid and its subsidiaries' (the "Group") latest audited net tangible assets pursuant to Rule 905 of the SGX-ST Listing Manual.

There were no interested person transactions of a value equal to, or more than 5% of the Group's latest audited net tangible assets pursuant to Rule 906 of the SGX-ST Listing Manual.

Mermaid's aggregate value of all interested person transactions for the year that ended on 30 September 2011 pursuant to Rule 907 of the SGX-ST Listing Manual were as follows:

	Baht'000
Revenue	
Management fee income	147,601
Rental income	1,912
Other income – Compensation for agreement termination	76,986
Expenses	
Administrative expenses	11,302
Cost of services	25,910

This is further detailed as follows:

Company	Type of revenue/expense	Baht'000
Asia Offshore Drilling Pte. Ltd.	Management fee income	22,716
Asia Offshore Rig 1 Limited	Management fee income	66,116
Asia Offshore Rig 2 Limited	Management fee income	58,769
		147,601

Company	Type of revenue/expense	Baht'000
Gulf Agency Company(Thailand) Ltd.	Rental income	1,912
		1,912

Company	Type of revenue/expense	Baht'000
Asia Offshore Drilling Pte. Ltd.	Other income – Compensation for agreement termination	14,940
Asia Offshore Rig 1 Limited	Other income – Compensation for agreement termination	31,023
Asia Offshore Rig 2 Limited	Other income – Compensation for agreement termination	31,023
		76,986

Company	Type of revenue/expense	Baht'000
Thoresen Thai Agencies Plc.	Administrative expenses	11,302
		11,302

Company	Type of revenue/expense	Baht'000
Gulf Agency Company (Thailand) Ltd.	Cost of services	25,910
		25,910

13. Land, Buildings and Key Movable Assets

As at 30 September 2011, land and buildings owned by Mermaid and held for investment purposes were as follows:

			CalendarYear	Million Baht		
No.	**Description**	**Location**	**Purchase Year**	**Cost**	**Net Book Value**	**Ownership**
1.	Land	Pinthong Industrial Estate, Chonburi, Thailand	2003	24.72	24.72	Freehold
2.	Land	Laem Chabang, Chonburi, Thailand	2001	10.41	10.41	Freehold
3.	Buildings	Built on land at no. (1) above	2005	189.11	118.17	On freeholdland

The land and buildings at (1) and (3) were used as offices and the land at (2) remained vacant land.

As at 30 September 2011, Mermaid's key movable assets were eight (8) vessels and two tender rigs owned by its subsidiaries as follows:

			Calendar Year		Million Baht	
No.	**Subsidiary Name**	**Name of Vessels/Rigs**	**Build Year**	**Purchase Year**	**Cost**	**Net Book Value**
1.	Mermaid Offshore Services Ltd.	Mermaid Commander	1987	2005	956.41	503.87
2.	Mermaid Offshore Services Ltd.	Mermaid Performer	1982	2006	127.82	11.03
3.	Mermaid Offshore Services Ltd.	Mermaid Challenger	2008	2008	638.62	529.37
4.	Mermaid Offshore Services Ltd.	Mermaid Sapphire	2009	2009	1,142.06	1,055.57

No.	Subsidiary Name	Name of Vessels/Rigs	Calendar Year Build Year	Calendar Year Purchase Year	Million Baht Cost	Million Baht Net Book Value
5.	Mermaid Offshore Services Ltd.	Mermaid Siam	2002	2010	976.72	886.05
6.	Mermaid Offshore Services Ltd.	Mermaid Endurer	2010	2010	3,184.02	3,040.93
7.	PT Seascape Surveys Indonesia	Barakuda	1982	2010	34.15	19.80
8.	Nemo Subsea AS	Mermaid Asiana (*)	2010	2010	2,481.94	2,403.25
9.	MTR-1 (Singapore) Pte. Ltd.	MTR-1	1978	2005	889.18	244.96
10.	MTR-2 Ltd.	MTR-2	1981	2005	1,242.91	566.88

(*) Original currency of cost and NBV of Mermaid Asiana is in US$. The Baht valuation is subject to exchange rate between Baht and US$ as at end of year.

14. Reconciliation of material differences between Thai GAAP and IFRS

Mermaid had applied IAS 12: Income Taxes; IAS 16: Property, Plant, and Equipment; IAS 18: Revenue (in relation to revenue recognition of mobilisation fee); and IAS 19: Employee Benefits in its Thai GAAP financial statements. The Company received a waiver from the 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 the effect of changes in foreign exchange rates. This is reconciled below:

<u>Thai GAAP</u>

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 Baht for companies registered in Thailand.

<u>IFRS</u>

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.

<u>Impact</u>

Because the functional currency of Mermaid Offshore Services Ltd., MTR-1 Ltd., MTR-2 Ltd., and Mermaid Drilling (Malaysia) Sdn. Bhd., is in US Dollars and is considered material to the consolidated level, 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 2011 and 2010 and balance sheets as at 30 September 2011 and 2010 can be summarised as follows:

	Net effects on Consolidated Income Statement for the year that ended on 30 September 2011		
	Thai GAAP Million Baht	IFRS Million Baht	Changes Million Baht
Total service income	5,542.82	5,542.82	-
Total cost of services	4,788.64	4,788.64	-
Administrative expenses	718.96	718.96	-
Operating profits (losses)	185.71	177.11	(8.60)
Net profits (losses) for period	(161.35)	(169.95)	(8.60)

	Net effects on Consolidated Income Statement for the year that ended on 30 September 2010		
	Thai GAAP Million Baht	IFRS Million Baht	Changes 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)

	Net effects on Consolidated Balance Sheet as at 30 September 2011		
	Thai GAAP Million Baht	IFRS Million Baht	Changes Million Baht
Total current assets	3,495.52	3,432.44	(63.08)
Total non-current assets	13,608.58	13,667.01	58.43
Total current liabilities	1,226.54	1,249.19	22.65
Total non-current liabilities	3,435.94	3,348.67	(87.28)

	Net effects on Consolidated Balance Sheet as at 30 September 2010		
	Thai GAAP Million Baht	IFRS Million Baht	Changes 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

15. Use of Rights Issue Proceeds

In November 2009, Mermaid's total proceeds received from the Rights Issue of its shares was Baht 3,591.17 million after deduction of issuing costs.

The total actual accumulative uses of Rights Issue proceeds as at 30 November 2010 was Baht 3,591.17 million, or 100% of the Rights Issue proceeds and is summarised as follows:-

No.	Description	Baht (Million)
1.	Construction cost of the newbuild subsea vessel, "Mermaid Endurer"	817.78
2.	Construction cost of the newbuild subsea vessel, "Mermaid Asiana"	842.82
3.	Purchase of the subsea vessel, "Mermaid Siam"	243.76
4.	Subscription of shares in Subtech Ltd.	230.18
5.	Subscription of shares in Asia Offshore Drilling Ltd.	1,456.63
	Total	**3,591.17**

The use of proceeds is in accordance with the conditions governing the application of proceeds in the Rights Issue offer information statement ("OIS").

Statement of General Compliance

The Board of Directors ("Board") recognise the importance of corporate governance and the offering of high standards of accountability to shareholders. As at 30 September 2011, Mermaid Maritime Public Company Limited (the "Company" or "Mermaid") is generally in compliance with the principles and guidelines of the Singapore Code of Corporate Governance 2005 ("Code").

Specific Disclosures pursuant to the Code

1. Delegation of authority, by the Board to any Board Committee, to make decisions on certain Board matters.

There are three (3) committees on the Board: the Audit Committee, the Nomination Committee, and the Remuneration Committee. These Board Committees were formed on 26 June 2007. Details of each Board Committee are as follows:

Audit Committee:

The Audit Committee's responsibilities include, among other things, to:

Financial Statements:

(1) Review significant accounting and reporting issues and understand their impact on the financial statements.

(2) Review with management and the external auditors the results of the audit, including any difficulties encountered.

(3) Review the annual financial statements, and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles.

(4) Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information to ascertain proper application of the Code and that the corporate governance report accurately reflects the company's corporate governance practices.

(5) Review with management and the external auditors all matters required to be communicated to the Audit Committee under generally accepted auditing standards.

(6) Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

(7) Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to Audit Committee members.

Internal Control:

(8) Review the adequacy of the Company's internal financial controls, operational and compliance controls, information technology security and control, and risk management policies and systems established by the management.

(9) Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit:

(10) Review with management and the internal audit manager the charter, activities, staffing, and organizational structure of the internal audit function.

(11) Have final authority to review and approve the annual audit plan and all major changes to the plan.

(12) Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the internal audit manager.

(13) At least once per year, review the performance of the internal audit manager and concur with the annual compensation and salary adjustment.

(14) Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

(15) On a regular basis, meet separately with the internal audit manager to discuss any matters that the Audit Committee or internal audit believes should be discussed privately.

External Audit:

(16) Review the external auditors' proposed audit scope, approach, its cost effectiveness and co-ordination of audit effort with internal audit, and propose the final cost to the Company's shareholders for approval.

(17) Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.

(18) Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.

(19) On a regular basis, meet separately with the external auditors to discuss any matters that the Audit Committee or the auditors believe should be discussed privately.

Compliance:

(20) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

(21) Review the findings of any examinations by regulatory agencies, and any auditor observations.

(22) Review the process for communicating the Code of Business Conduct to Company personnel, and for monitoring compliance therewith.

(23) Obtain regular updates from management and the Company's General Counsel regarding compliance maters.

Reporting Responsibilities:

(24) Regularly report to the Board about Audit Committee activities, issues, and related recommendations.

(25) Provide an open avenue of communication between internal audit, the external auditors, and the Board.

(26) Review any other reports the Company issues that relate to Audit Committee responsibilities.

Other Responsibilities:

(27) Perform other activities related to the Audit Committee's scope as requested by the Board.

(28) Institute and oversee special investigations as needed.

(29) Review and assess the adequacy of the Audit Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

(30) Confirm annually that all responsibilities outlined in its scope have been carried out.

(31) Evaluate the Audit Committee's and individual members' performance on a regular basis.

(32) Review arrangements by which staff of the Company may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

Remuneration Committee:

The Remuneration Committee's responsibilities include, among other things, to:

(1) Recommend to the Board a framework of remuneration for the Board and determine the specific remuneration package for key executives of the Company.

(2) Ensure that the recommendation at paragraph (1) shall cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share awards, options and benefits in kind.

(3) Make recommendations to the Board in respect of paragraphs (1) and (2) above and submit the same for endorsement by the entire Board.

(4) Determine performance-related elements of remuneration to align interests of executive Directors with those of shareholders and link rewards to corporate and individual performance.

(5) Consider whether Directors should be eligible for benefits under long-term incentive schemes.

(6) Administer the Company's share award scheme and share option scheme (if any).

(7) Consider and make recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the Directors and executives of the Company, in addition (if appropriate) to those required by law or by the Code.

Nomination Committee:

The Nomination Committee's responsibilities include, among other things, to:

(1) Review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors.

(2) Identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company, having regard to the Directors' contribution and performance (such as their attendance, preparedness, participation and candour), including, if applicable, as independent Directors.

(3) Determine periodically whether or not a Director is independent, bearing in mind the circumstances set out in Guidance Note 2.1 of the Code and other salient factors.

(4) Decide, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as Director of the Company. If the Nomination Committee considers it necessary, it shall make recommendations to the Board on the guidelines to be implemented to address the competing time commitments faced by Directors serving on multiple boards.

(5) Ensure that, in connection with the re-election of Directors at annual general meetings of the Company, sufficient information is provided to the shareholders so as to enable them to make an informed decision.

(6) Identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise.

(7) Review all candidates nominated for appointment as the Company's chairman, president, chief executive officer, group managing director, managing director, deputy chairman, deputy president, deputy chief executive officer or other officer by whatever name called who has responsibilities and functions similar to any of the said officers.

(8) Put in place plans for succession, in particular, of the Chairman of the Board and the Managing Director of the Company.

(9) Make recommendations to the Board on the continuation (or not) of service of any Director who has reached the age of 70.

(10) At least once every financial year, review (and thereafter, make recommendations to the Board regarding) the Board structure, size, composition and core competencies, taking into account the balance between executive and non-executive Directors and between independent and non-independent Directors, and having regard at all times to the principles of corporate governance and the Code.

(11) Procure that at least one-third (1/3) of the Board shall comprise of independent Directors (or such other minimum proportion and criteria as may be specified in the Code from time to time).

(12) Propose, for approval by the Board, objective performance criteria (that allows comparison with the Company's industry peers) to evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

2. **The number of Board and Board committee meetings held in the year, as well as the attendance of every Board member at these meetings.**

Name of Director	Board	Audit Com.	Rem. Com.	Nom. Com.
M.L. Chandchutha Chandratat	8/8	-	-	-
Mr. Surasak Khaoroptham	8/8	-	-	-
Mr. Pichet Sithi-Amnuai	8/8	5/5	-	-
Mr. Ng Chee Keong	8/8	-	6/6	1/1
Mr. Leslie George Merszei	8/8	5/5	6/6	1/1
Mr. Lim How Teck*	2/2	1/1	-	-
Ms. Joey Horn**	5/5	2/2	4/4	1/1
Mr. Andrew Tom Springall***	5/5	-	-	-
Mr. Robert Edward Bier****	7/7	-	1/2	-
Mr. John Willoughby Crane III*****	2/3	1/1	-	-

* Mr. Lim How Teck retired by rotation effective 25 January 2011.
** Ms. Joey Horn resigned effective 31 July 2011.
*** Mr. Andrew Tom Springall resigned effective 1 August 2011.
**** Mr. Robert Edward Bier was elected on 25 January 2011.
***** Mr. John Willoughby Crane III was elected on 11 August 2011.

3. **The type of material transactions that require Board approval under internal guidelines.**

All material transactions of Mermaid and its subsidiaries (collectively the “Group”) require approval of the Board. All loans to the Group and corporate guarantees issued by the Group with a value of above US$500,000 are also subject to Board approval.

4. **Where the company considers a Director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the Director’s relationship and the reason for considering him as independent should be disclosed.**

Not applicable. Mermaid’s independent Directors do not fall into any of the relationship categories or substantive definitions as set forth in the Code that may compromise their independence.

5. Relationship between the Chairman and the Chief Executive Officer where they are related to each other.

Not applicable. There is no relationship between the Executive Chairman and the Chief Executive Officer (Managing Director) of Mermaid.

6. Composition of Nominating Committee.

As at 30 September 2011, the Nomination Committee members were Mr. Ng Chee Keong, Mr. Leslie George Merszei, and Mr. Robert Edward Bier. The Chairman of the Nomination Committee was Mr. Ng Chee Keong.

7. Process for the selection of new Directors to the Board.

The Nomination Committee reviews and assesses candidates for directorships before making recommendations to the Board. It also reviews the retirement and re-election of Directors at each annual general meeting under Mermaid's Articles of Association and makes recommendations to the Board.

8. Key information regarding Directors, which Directors are executive, non-executive or considered by the Nominating Committee to be independent.

Name of Director	Board	Audit Com.	Rem. Com.	Nom. Com.
M.L. Chandchutha Chandratat	Executive Chairman	-	-	-
Mr. Surasak Khaoroptham	Non-Executive Director	-	-	-
Mr. Pichet Sithi-Amnuai	Independent Director	●	-	-
Mr. Ng Chee Keong	Independent Director	-	●	●
Mr. Leslie George Merszei	Independent Director	●	●	●
Mr. Lim How Teck*	Independent Director	●	-	-
Ms. Joey Horn**	Non-Executive Director	●	●	●
Mr. Andrew Tom Springall***	Non-Executive Director	-	-	-
Mr. Robert Edward Bier****	Independent Director	-	●	●
Mr. John Willoughby Crane III*****	Non-Executive Director	●	-	-

* Mr. Lim How Teck retired by rotation effective 25 January 2011.
** Ms. Joey Horn resigned effective 31 July 2011.
*** Mr. Andrew Tom Springall resigned effective 1 August 2011.
**** Mr. Robert Edward Bier was elected on 25 January 2011.
***** Mr. John Willoughby Crane III was elected on 11 August 2011.

9. Process for assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board.

On the initiative of the Audit Committee and in line with past practice, each Director is in the process of undertaking a self-assessment exercise of the performance of the Board as a whole and of himself/herself taking into relevant consideration the roles and responsibilities of Directors pursuant to the Code and the results of the business operations. The results of the self-assessment exercise will be reported to and discussed by the Board and areas for improvement will be noted by the Board and recorded in the minutes.

10. Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to Directors and key executives, and performance.

The Remuneration Committee reviews matters concerning the remuneration of Board members and key executives. Level and mix of remuneration are further detailed below.

11. Composition of Remuneration Committee.

As at 30 September 2011, the Remuneration Committee members were Mr. Ng Chee Keong, Mr. Leslie George Merszei, and Mr. Robert Edward Bier. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

12. The name and remuneration of each person who is/was a Director of the company during the financial year ending 30 September 2010 in bands of SGD 250,000.

Name	Below SGD 250,000	SGD 250,000 to SGD 499,999	SGD 500,000 and above
M.L. Chandchutha Chandratat	●		
Mr. Surasak Khaoroptham	●		
Mr. Pichet Sithi-Amnuai	●		
Mr. Ng Chee Keong	●		
Mr. Leslie George Merszei	●		
Mr. Lim How Teck*	●		
Ms. Joey Horn**	●		
Mr. Andrew Tom Springall***	●		
Mr. Robert Edward Bier****	●		
Mr. John Willoughby Crane III*****	●		

* Mr. Lim How Teck retired by rotation effective 25 January 2011

** Ms. Joey Horn resigned effective 31 July 2011

*** Mr. Andrew Tom Springall resigned effective 1 August 2011

**** Mr. Robert Edward Bier was elected on 25 January 2011

***** Mr. John Willoughby Crane III was elected on 11 August 2011

Note: For persons who served in the capacity of a Director for any part of a financial period, remuneration calculation is based on a pro-forma assessment of full year remuneration (i.e., the remuneration that the Director would have received had he/she served as a Director for the full financial period).

13. Breakdown (in percentage terms) of each Director's remuneration earned through [1] base/fixed salary, [2] variable or performance-related income/bonuses, [3] benefits in kind, and [4] stock options granted and other long-term incentives.

Name	[1]	[2]	[3]	[4]
M.L. Chandchutha Chandratat	100%	0%	0%	0%
Mr. Surasak Khaoroptham	100%	0%	0%	0%
Mr. Pichet Sithi-Amnuai	100%	0%	0%	0%
Mr. Ng Chee Keong	100%	0%	0%	0%
Mr. Leslie George Merszei	100%	0%	0%	0%
Mr. Lim How Teck*	100%	0%	0%	0%
Ms. Joey Horn**	100%	0%	0%	0%
Mr. Andrew Tom Springall***	100%	0%	0%	0%
Mr. Robert Edward Bier****	100%	0%	0%	0%
Mr. John Willoughby Crane III*****	100%	0%	0%	0%

* Mr. Lim How Teck retired by rotation effective 25 January 2011

** Ms. Joey Horn resigned effective 31 July 2011

*** Mr. Andrew Tom Springall resigned effective 1 August 2011

**** Mr. Robert Edward Bier was elected on 25 January 2011

***** Mr. John Willoughby Crane III was elected on 11 August 2011

The value of stock options (if any) was derived based on the positive net difference between the market price on 15 December 2011 and the exercise price as at the date of the grant of such options multiplied by the number of options held, even though the actual compensation from such stock options may only be realisable in subsequent calendar years.

14. The names and remunerations of the key executives (who are not also Directors) in bands of SGD 250,000.

Key Executives	Below SGD 250,000	SGD 250,000 to SGD 499,999	SGD 500,000 and above
Mr. Denis William Welch	•		
Mr. Sataporn Amornvorapak	•		
Mr. Stephen William Davey			•
Mr. Stephen Gregor Lenz	•		
Mr. Simon Matthew Turner	•		
Mr. Graham Edward Cooper	•		
Mr. Bruce Saunders	•		
Mr. James McGhee Nicol	•		

Note: For the financial year that ended on 30 September 2011 and due to operational changes in Mermaid, the following key executives resigned from their positions with the Group: Mr. Denis William Welch serving as Chief Executive Officer of Mermaid resigned effective 30 September 2011; Mr. Sataporn Amornvorapak serving as Chief Financial Officer of Mermaid resigned effective 7 June 2011; Mr. Stephen William Davey serving as Executive Director for Mermaid Offshore Services Ltd., resigned effective 1 May 2011; Mr. Stephen Gregor Lenz Executive Director for Mermaid Drilling Ltd., resigned effective 31 August 2011; and Mr. Simon Matthew Turner serving as Operations Director for Mermaid Offshore Services Ltd., resigned effective 31 October 2011.

Mr. James McGhee Nicol assumed the responsibilities of Mr. Stephen Gregor Lenz for Mermaid Drilling Ltd., since 1 September 2011; Mr. Graham Edward Cooper was appointed as Commercial Director of Mermaid Offshore Services Ltd., effective 1 September 2011 and assumed the responsibilities of Mr. Stephen William Davey; and Mr. Bruce Saunders was appointed as Projects Director of Mermaid Offshore Services Ltd., effective 1 August 2011.

Mr. James McGhee Nicol and Mr. Graham Edward Cooper currently report directly to the Executive Chairman, until such time a Chief Executive Officer is appointed.

Note: For persons who served in the capacity of a key executive for any part of a financial period, remuneration calculation is based on a pro-forma assessment of full year remuneration (i.e., remuneration that the key executive would have received had he/she remain in employment for the full financial period).

15. Breakdown (in percentage terms) of each key executive's remuneration earned through [1] base/fixed salary, [2] variable or performance-related income/bonuses, [3] benefits in kind, and [4] stock options granted and other long-term incentives.

Key Executives	[1]	[2]	[3]	[4]
Mr. Denis William Welch	100%	0%	0%	0%
Mr. Sataporn Amornvorapak	85%	7%	8%	0%
Mr. Stephen William Davey	100%	0%	0%	0%
Mr. Stephen Gregor Lenz	100%	0%	0%	0%
Mr. Graham Edward Cooper	73%	0%	27%	0%
Mr. Simon Matthew Turner	88%	6%	6%	0%
Mr. James McGhee Nicol	100%	0%	0%	0%

The value of stock options (if any) were derived based on the positive net difference-between the market price on 15 December 2011 and the exercise price as at the date of the grant of such options multiplied by the number of options held, even though the actual compensation from such stock options may only be realisable in subsequent calendar years.

16. Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer of the Company, and whose remuneration exceeds SGD 150,000 during the year.

Not applicable. There are no employees who are immediate family members of a Director or the Chief Executive Officer (Managing Director) of Mermaid.

17. If a person served in the capacity of a Director or key executive for any part of a financial period, disclosure is required of the person's actual remuneration for the period that the person had served as a Director or key executive.

Please refer to Items 12 and 14 above.

18. Details of Employee Share Option Plan.

Mermaid's first employee share option plan was approved by Mermaid's shareholders on 11 July 2007 ("ESOP 2008"). Mermaid's second employee share option plan was approved by Mermaid's shareholders on 29 January 2009 ("ESOP 2009"). Mermaid's third employee share option plan was approved by Mermaid's shareholders on 28 January 2010 ("ESOP 2010"). Mermaid 's latest employee share option plan was approved by the Mermaid's shareholders on 25 January 2011 ("ESOP 2011", and ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011 shall collectively be referred to as "ESOPs"). The following is a summary of the principal rules of the ESOPs.

(a) Objectives of ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011

Mermaid recognises that the contributions and continued dedication of its executives and employees are significant to its future growth and development. The ESOPs were offered by Mermaid to advance the best interests of the Group by providing employees of the Group with additional incentives through the grant of options ("Options") based on the performance of the Group.

The objectives of ESOP 2008, ESOP 2009, and ESOP 2010 were as follows: (a) to retain key personnel whose contributions are essential to the long-term growth and profitability of the Group; and (b) to align the interests of participants with the interests of the shareholders. ESOP 2011 follows on this same theme. To emphasize these objectives, Mermaid has extended the range of participants in ESOP 2010 and ESOP 2011 to include non-executive Directors of the Group.

The ESOPs are share incentive plans the implementation of which enabled Mermaid to recognise the contributions made by the participants by introducing a variable component into their remuneration package in the form of Options. The ESOPs also provided an opportunity for each participant to participate in the equity of Mermaid and will provide a further incentive for the participants to strive for greater long-term growth and profitability for the Group. Mermaid believes the ESOPs help to attract, motivate and retain key executives and reward them for achievement of pre-determined targets which create and enhance economic value for the shareholders.

(b) Summary of ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011

A summary of the rules of each of the ESOPs is set out below. Full details of ESOP 2008 were disclosed to shareholders in Appendix-C of Mermaid's Initial Public Offering ("IPO") prospectus dated 09 October 2007 and a summary of the principle terms of ESOP 2009, ESOP 2010, and ESOP 2011 were circulated to the shareholders on 09 January 2009, 06 January 2010, and 3 January, 2011 respectively with full the details available to shareholders upon request.

Plan administration: All ESOPs are administered by the Remuneration Committee (the "Committee"), which have powers to determine, among others, the persons to be granted Options, number of Options to be granted, recommendations for modifications to ESOPs and calculation of the exercise price of the Options.

Option Participants: Employees of the Group (including Executive Directors) were eligible to participate in ESOP 2008 and ESOP 2009, at the absolute discretion of the Committee. The non-Executive Directors of the Group, and persons who are controlling shareholders and their associates, were not eligible to participate in ESOP 2008 and ESOP 2009. In ESOP 2010 and ESOP 2011, non-Executive Directors of the Group were included as eligible participants.

Size of ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011: The aggregate number of new shares that were available to be granted under ESOP 2008 was limited to 3,832,053 shares or 1.0% of the then issued share capital of Mermaid. The aggregate number of new shares that were available to be granted under ESOP 2009 was limited to 3,000,000 shares or 0.55% of the then issued share capital of Mermaid. The aggregate number of new shares that were available to be granted under ESOP 2010 was limited to 4,000,000 shares or 0.51% of the then issued share capital of Mermaid (after the Rights Issue). The aggregate number of new shares that were available to be granted under ESOP 2011 was limited to 4,000,000 shares or 0.51% of the paid-up capital of Mermaid (such paid-up capital representing 784,747,743 shares).

Maximum entitlements: The number of shares in any Options to be offered to a participant was determined at the absolute discretion of the Committee, which took into account criteria such as performance of the employee.

Options, exercise period and exercise price: The exercise price for each share in respect of which an Option is exercisable was set at the price equal to the average of the "Market Price", being the price equal to the weighted average price for the shares on SGX-ST fifteen (15) consecutive trading days immediately preceding the date of grant of the Options.

Options may be exercised every six (6) months commencing from the third anniversary from the date of grant of the Option and will expire on the fifth (5th) anniversary from the date of grant of the Options, upon which the Options shall expire automatically.

Grant of Options: Under the rules of the Thai Securities and Exchange Commission ("Thai SEC"), the Options must be granted within one (1) year from the approval date. For ESOP 2008 and ESOP 2009, the expiry date has lapsed therefore no new Options can be granted under the said schemes. For ESOP 2010 and ESOP 2011, the expiry date is 28 January 2011 and 24 January 2012 respectively.

Termination of Options: Special provisions in the rules of ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011 deal with the lapse or earlier exercise of Options in circumstances which include the termination or resignation of the employment of the participant.Compared with ESOP 2010, a material amendment was made to ESOP 2011 regarding the circumstances wherein Options shall lapse. The rationale for these amendments were principally to limit the circumstances in which participants who subsequently cease or discontinue their service to the Company may exercise their Options post employment since the ESOPs are premised on encouraging participants to remain in the service of the Company.

A summary of the differences are as follows:

CESSATION EVENT	ESOP 2010	ESOP 2011
Resignation (for Directors and employees)	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier.	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier, but Remuneration Committee may allow continuity up to expiry date at its discretion.

CESSATION EVENT	ESOP 2010	ESOP 2011
Termination with fault (for employees)	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier.	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier, but Remuneration Committee may allow continuity up to expiry date at its discretion.
Termination without fault or for any other reason not due to fault (for employees)	Options shall remain exercisable until expiry date.	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier, but Remuneration Committee may allow continuity up to expiry date at its discretion.
Early retirement by the Company (for employees)	Options shall remain exercisable until expiry date.	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier, but Remuneration Committee may allow continuity up to expiry date at its discretion.
Failure to be re-elected by the shareholders (for Directors)	Options shall remain exercisable until expiry date.	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier, but Remuneration Committee may allow continuity up to expiry date at its discretion.
Cessation of directorship for any reason other than failure to be re-elected by the shareholders (for Directors)	Options shall remain exercisable until expiry date.	Options shall lapse within sixty (60) days or at expiry date, whichever is earlier, but Remuneration Committee may allow continuity up to expiry date at its discretion.

Shares which are allotted will upon issue rank *pari passu* in all respects with the then existing issued shares, save for any dividend, rights, allotments or distributions, the record date (“Record Date”) for which falls on or before the relevant exercise date of the Option. “Record Date” means the date as at the close of business on which the shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

(c) Financial Effects of ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011

Share capital: ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011 will result in an increase in Mermaid's issued share capital when the Options are exercised into new shares and when new shares are issued to participants pursuant to the grant. This will in turn depend on, among others, the number of shares comprised in the Options to be granted, the vesting schedules under the Options and the prevailing market price of the shares on the SGX-ST.

Costs to the Company: Under Thai Generally Accepted Accounting Principles ("Thai GAAP"), the granting of options under ESOP 2008, ESOP 2009, ESOP 2010, and ESOP 2011 do not result in having to recognise any expenses in the income statement.

(d) Status of ESOP 2008

Allocation of Options pursuant to ESOP 2008 was made by the Committee on 20 November 2008. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 20 November 2008 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2008. On 20 November 2011, the Options granted under ESOP 2008 will reach their third anniversary of the issue date and become exercisable by the participants pursuant to the principle terms of ESOP 2008. As at 01 December 2011, 925,100 of those Options remained exercisable amongst 16 participants.

The Committee who administered ESOP 2008 comprised: Mr. Ng Chee Keong, M.L. Chandchutha Chandratat, and Mr. Leslie George Merszei. The Chairman of the Committee was Mr. Ng Chee Keong. Effective 24 November 2009, an adjustment was made pursuant to the terms of ESOP 2008 to the number of options granted under ESOP 2008 due to a variation to Mermaid's issued capital arising from the completion of Mermaid's renounceable underwritten rights issue ("Rights Issue"). The Committee who approved the adjustments to ESOP 2008 arising from the Rights Issue comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Ms. Joey Horn. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

Reference is made to the Directors of Mermaid that remained in office as at 30 September 2011 (see Item 8). As at 01 December 2011, none of the said Directors are participants of ESOP 2008.

None of the participants of ESOP 2008 received more than 5% or more of the total number of options available under ESOP 2008 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted Options under ESOP 2008 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

(e) Status of ESOP 2009

Allocation of Options pursuant to ESOP 2009 was made by the Remuneration Committee on 16 November 2009. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 16 November 2009 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2009. ESOP 2009 will not be exercisable until 16 November 2012 being the third anniversary of the issue date. As at 1 December 2011, 806,000 of those Options remained exercisable amongst 19 participants.

The Remuneration Committee who administered ESOP 2009 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Ms. Joey Horn. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

Reference is made to the Directors of Mermaid that remained in office on 30 September 2011 (see Item 8). As at 1 December 2011, none of the said Directors are participants of ESOP 2009.

None of the participants of ESOP 2009 received more than 5% or more of the total number of options available under ESOP 2009 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted Options under ESOP 2009 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

(f) Status of ESOP 2010

Allocation of Options pursuant to ESOP 2010 was made by the Committee on 01 December 2010. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 1 December 2010 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2010. ESOP 2010 will not be exercisable until 1 December 2013 being the third anniversary of the issue date. As at 1 December 2011, 540,000 of those Options remained exercisable amongst 19 participants.

The Remuneration Committee who administered ESOP 2010 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Ms. Joey Horn. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

Reference is made to the Directors of Mermaid that remained in office on 30 September 2011 (see Item 8). As at 1 December 2011, none of the said Directors are participants of ESOP 2010.

None of the participants of ESOP 2010 received more than 5% or more of the total number of options available under ESOP 2010 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted Options under ESOP 2010 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

(g) Status of ESOP 2011

Allocation of Options pursuant to ESOP 2011 was made by the Committee on 15 December 2011. In accordance with Rule 704(29) of the SGX-ST Listing Manual, Mermaid had on 15 December 2011 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2011. ESOP 2011 will not be exercisable until 15 December, 2014, its third anniversary of the Issue Date. As at 15 December 2011, 1,310,000 of those Options are granted to 33 participants under ESOP 2011.

The Remuneration Committee who administered ESOP 2011 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Mr. Robert Edward Bier. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

None of the participants of ESOP 2011 received more than 5% or more of the total number of options available under ESOP 2011 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted options under ESOP 2011 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

19. Composition of the Audit Committee and details of the Audit Committee's activities.

As at 30 September 2011, the Audit Committee members were: Mr. Pichet Sithi-Amnuai, Mr. Leslie George Merszei and Mr. John Willoughby Crane III. The Chairman of the Audit Committee was Mr. Pichet Sithi-Amnuai.

The Audit Committee held five (5) meetings during the financial year. The management of Mermaid, including the Chief Financial Officer, Senior Finance and Accounting Manager, General Counsel, and concerned Managers also participated in those meetings when invited. Mermaid's external auditors from Pricewater-houseCoopers ABAS Limited also presented at the meetings to review Mermaid's financial statements and reported with the Audit Committee and management during the financial year. Mermaid's Internal Audit Manager attended the meetings to review the internal audit activities and results with the Audit Committee during the financial year. The meeting agenda and minutes were prepared.

The Audit Committee carried out its functions stated in the Audit Committee Charter including the following:

- Reviewed the interim consolidated and company financial statements, annual audited consolidated and company financial statements and the related auditors' reports before their submission to the Board;
- Monitored the effectiveness of the external auditor's performance, their independence and objectivity;
- Pre-approved an annual external audit scopes and fees;
- Reviewed and approved the audit plans of Mermaid's Internal Audit Department to ensure the adequacy of internal control systems in the Company;
- Reviewed the effectiveness of Mermaid's internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Reviewed the performance of the Internal Audit Manager and concurred with annual compensation and salary adjustment;
- Separately met with the external auditors and internal auditors, without the presence of Mermaid's management, to discuss any matters and concerns;
- Reviewed the Company's related party transactions;
- Regularly reported the Board of Directors about the committee activities, internal audit activities and findings, and recommended the proper solutions; and
- Investigated anonymous reports raised by whistleblowers as appropriate.

20. Adequacy of internal controls, including financial, operational and compliance controls, and risk management systems.

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance.

The Internal Audit Manager is independent of management and has a direct and primary reporting line to the Chairman of the Audit Committee. The Internal Audit Manager assists the Audit Committee in the discharge of its duties and responsibilities by being responsible for all regulatory compliances, internal audits, corporate governance matters, and risk management systems of the Company. The Company Secretary assists in overseeing compliances with all law and regulations concerning public companies.

In line with the commitment of a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto as set out in the Code of Business Conduct, the Company has also set in place a Whistleblowing Policy ("Policy"), providing an avenue for its employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimization for whistleblowing in good faith. The Policy conforms to the guidance set out in the Code which encourages employees to raise concerns, in confidence, about possible irregularities.

The Audit Committee has been working with the Internal Audit Department to continuously improve Mermaid's internal control systems and provides progress reports to the Board on a quarterly basis.

21. Specific Case of non-Compliance with the Code of Corporate Governance due to Legal Requirement

Thai law presently do not recognise telephonic and videoconference meetings. Therefore, Mermaid is presently unable to comply with the recommendation in Guideline 1.4 of the Code of Corporate Governance on the conduct of Board meetings which provides that "*Companies are encouraged to amend their Articles of Association to provide for telephonic and videoconference meetings*". This also applies to all of Mermaid's subsidiaries incorporated in Thailand.

However, the Thai Cabinet had on 18 August 2009 approved an amendment to the law to allow Thai private limited companies to conduct Board meetings using modern technology, such as teleconferencing, provided that, among other things, the company's Articles of Association specifically allows the company to do so. If the amendment to the law is submitted to, and passed by Thai parliament as proposed, Mermaid's subsidiaries incorporated as private limited companies in Thailand may amend their Articles of Association to allow for this compliance.

Notwithstanding this present limitation in Thailand, Mermaid is in compliance with this recommendation insofar as it relates to its subsidiaries incorporated in jurisdictions outside Thailand, to the extent permissible by applicable laws in such jurisdictions.

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AUDITOR'S REPORT

To the Shareholders of Mermaid Maritime Public Company Limited

I have audited the accompanying consolidated and Company balance sheets as at 30 September 2011 and 2010, and the related consolidated and Company statements of income, changes in shareholders' equity, and cash flows for the years then ended of Mermaid Maritime Public Company Limited and its subsidiaries, and of Mermaid Maritime Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and Company financial statements referred to above present fairly, in all material respects, the consolidated and Company financial positions as at 30 September 2011 and 2010, and the consolidated and Company results of operations and cash flows for the years then ended of Mermaid Maritime Public Company Limited and its subsidiaries, and of Mermaid Maritime Public Company Limited, respectively, in accordance with generally accepted accounting principles.

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

Bangkok
25 November 2011

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BALANCE SHEETS

Mermaid Maritime Public Company Limited
As at 30 September 2011 and 2010

		Consolidated		Company	
		2011	2010	2011	2010
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
Assets					
Current assets					
Cash and cash equivalents	5	1,352,380	3,742,938	377,635	3,375,758
Restricted deposits at financial institutions	6	206,484	-	-	-
Short-term investments	7	-	606,325	-	606,325
Trade accounts receivable - others, net	8	1,661,898	616,323	-	-
Trade accounts receivable - related parties	27.2	-	169	-	-
Amounts due from related parties	27.2	33	22	412,054	311,798
Short-term loans to related parties	27.3	-	-	4,933,109	2,808,167
Supplies and spare parts		137,926	138,545	-	-
Other current assets	10	136,801	128,348	13,743	10,896
Total current assets		3,495,522	5,232,670	5,736,541	7,112,944
Non-current assets					
Restricted deposits at financial institutions	6	124,110	-	-	-
Investments in subsidiaries - cost method, net	9.1	-	-	4,970,999	4,995,728
Investments in associates	9.2	1,862,041	-	1,903,814	-
Property, plant, and equipment, net	11	11,122,394	11,985,255	170,644	173,444
Goodwill		332,279	332,279	-	-
Intangible assets, net	12	16,206	16,925	1,256	389
Deferred expenses		29,375	47,789	-	-
Deferred tax assets, net	13	99,437	113,240	-	-
Other non-current assets	14	22,739	111,143	864	597
Total non-current assets		13,608,581	12,606,631	7,047,577	5,170,158
Total assets		17,104,103	17,839,301	12,784,118	12,283,102

The accompanying notes are an integral part of these consolidated and Company financial statements.

Mermaid Maritime Public Company Limited
As at 30 September 2011 and 2010

	Notes	Consolidated 2011 Baht'000	Consolidated 2010 Baht'000	Company 2011 Baht'000	Company 2010 Baht'000
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable - others		187,295	116,507	-	-
Trade accounts payable - related parties	27.2	15,486	7,201	-	-
Other accounts payable		54,156	69,729	5,758	2,113
Amounts due to related parties	27.2	14	101	1,141,526	1,790,240
Current portion of long-term loans from financial institutions	15	556,747	695,643	-	24,800
Current portion of finance lease liabilities		1,744	868	1,170	-
Income taxes payable		19,684	26,824	-	-
Accrued expenses		279,906	178,109	7,759	6,760
Current portion of employee benefit obligations	16	61,031	66,151	-	-
Other current liabilities		50,482	41,147	10,681	8,853
Total current liabilities		1,226,545	1,202,280	1,166,894	1,832,766
Non-current liabilities					
Long-term loans from financial institutions	15	3,409,963	3,624,772	-	11,200
Finance lease liabilities		3,277	3,413	1,366	-
Employee benefit obligations	16	22,703	27,047	2,908	3,855
Total non-current liabilities		3,435,943	3,655,232	4,274	15,055
Total liabilities		4,662,488	4,857,512	1,171,168	1,847,821
Shareholders' equity					
Share capital					
Authorised share capital					
Ordinary shares					
791,213,843 shares of par Baht 1 each	17	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	17	9,818,420	9,818,420	9,818,420	9,818,420
Translation adjustments for investments in foreign subsidiaries		(197,695)	(270,702)	-	-
Retained earnings					
Appropriated - legal reserves	19	78,475	39,717	78,475	39,717
Unappropriated (deficit)		1,858,659	2,519,918	931,307	(207,604)
Total parent's shareholders' equity		12,342,607	12,892,101	11,612,950	10,435,281
Minority interests		99,008	89,688	-	-
Total shareholders' equity		12,441,615	12,981,789	11,612,950	10,435,281
Total liabilities and shareholders' equity		17,104,103	17,839,301	12,784,118	12,283,102

The accompanying notes are an integral part of these consolidated and Company financial statements.

STATEMENTS OF INCOME

Mermaid Maritime Public Company Limited
For the years that ended on 30 September 2011 and 2010

		Consolidated		Company	
	Notes	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Service income	4	5,542,823	3,476,365	-	-
Cost of services		(4,788,639)	(3,245,194)	-	-
Gross profits		754,184	231,171	-	-
Management fee income	27.1	147,601	-	238,374	93,360
Dividend income	27.1	-	-	1,400,540	-
Interest income		6,613	6,499	94,778	76,567
Other income		187,599	29,201	90,349	12,912
Administrative expenses		(718,957)	(556,453)	(196,944)	(121,353)
Gains (losses) on exchange rates		21,208	(79,926)	31,699	(459,285)
Net gains (losses) on disposals and write-offs of property, plant, and equipment and intangible assets		(8,805)	11,802	(9)	950
Impairment losses of property, plant, and equipment and deposits		(203,736)	-	-	-
Net gains on disposals of investments in subsidiaries and associates		-	170,657	-	346,954
Impairment losses of investments in a subsidiary	9.1	-	-	(24,729)	(241,536)
Operating profits (losses)		185,707	(187,049)	1,634,058	(291,431)
Share of profits (losses) of investments in associates	9.2	(41,773)	19,779	-	-
Profits (losses) before finance costs and income taxes		143,934	(167,270)	1,634,058	(291,431)
Finance costs		(228,916)	(95,890)	(1,235)	(1,344)
Profits (losses) before income taxes		(84,982)	(263,160)	1,632,823	(292,775)
Income taxes	21	(76,371)	(193,324)	-	-
Net profits (losses) for the year		(161,353)	(456,484)	1,632,823	(292,775)
Attributable to:					
Shareholders of the parent		(167,347)	(456,078)	1,632,823	(292,775)
Minority interests		5,994	(406)	-	-
		(161,353)	(456,484)	1,632,823	(292,775)
		Baht	**Baht**	**Baht**	**Baht**
Earnings (losses) per share for profits (losses) attributable to the shareholders of the parent					
Basic and diluted earnings (losses) per share	22	(0.21)	(0.61)	2.08	(0.39)

The accompanying notes are an integral part of these consolidated and Company financial statements.

STATEMENTS
OF CHANGES IN SHAREHOLDERS' EQUITY

Mermaid Maritime Public Company Limited
For the years that ended on 30 September 2011 and 2010

		Consolidated						Baht'000
	Notes	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserves	Unappropriated retained earnings	Minority interests	Total
Beginning balance as at 1 October 2010		784,748	9,818,420	(270,702)	39,717	2,519,918	89,688	12,981,789
Increase from additional investments in subsidiary		-	-	-	-	-	1,247	1,247
Net profits (losses) for the year		-	-	-	-	(167,347)	5,994	(161,353)
Dividends paid	18	-	-	-	-	(455,154)	-	(455,154)
Translation adjustments for investments in foreign subsidiaries		-	-	73,007	-	-	2,079	75,086
Legal reserves	19	-	-	-	38,758	(38,758)	-	-
Ending balance as at 30 September 2011		784,748	9,818,420	(197,695)	78,475	1,858,659	99,008	12,441,615

		Company				Baht'000
	Notes	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 year		-	-	-	1,632,823	1,632,823
Dividends paid	18	-	-	-	(455,154)	(455,154)
Legal reserves	19	-	-	38,758	(38,758)	-
Ending balance as at 30 September 2011		784,748	9,818,420	78,475	931,307	11,612,950

The accompanying notes are an integral part of these consolidated and Company financial statements.

STATEMENTS
OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)

Mermaid Maritime Public Company Limited
For the years that ended on 30 September 2011 and 2010

		Consolidated						Baht'000
	Note	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserves	Unappropriated retained earnings	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	17	243,543	3,347,629	-	-	-	-	3,591,172
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				Baht'000
	Note	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	17	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

The accompanying notes are an integral part of these consolidated and Company financial statements.

Mermaid Maritime Public Company Limited
For the years that ended on 30 September 2011 and 2010

	Notes	Consolidated 2011 Baht'000	Consolidated 2010 Baht'000	Company 2011 Baht'000	Company 2010 Baht'000
Cash flows from operating activities					
Profits (losses) before income taxes		(84,982)	(263,160)	1,632,823	(292,775)
Adjustments for:					
Depreciation	11	1,007,040	704,088	17,732	19,947
Amortisation of intangible assets	12	9,132	14,177	859	570
Finance costs		228,916	95,890	1,235	1,344
Net (gains) losses on disposals and write-offs of property, plant, and equipment and intangible assets		8,805	(11,802)	9	(950)
Impairment losses of property, plant, and equipment and deposits		203,736	-	-	-
Net gains on disposals of investments in subsidiaries and associates		-	(170,657)	-	(346,954)
Impairment losses of investments in a subsidiary	9.1	-	-	24,729	241,536
Doubtful accounts expense		15,815	-	-	-
Realised (gains) losses on exchange rates		(51,257)	86,133	28,626	92,209
Unrealised (gains) losses on exchange rates		30,049	(6,207)	(60,325)	367,076
Employee benefit obligations		56,076	78,425	(946)	895
Dividend income	27.1	-	-	(1,400,540)	-
Share of (profits) losses of investments in associates	9.2	41,773	(19,779)	-	-
Exchange rates (gains) losses from translation of overseas subsidiaries		30,288	(125,385)	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal of subsidiaries)					
- Restricted deposits at financial institutions		(330,594)	-	-	-
- Trade accounts receivable - others		(1,040,395)	732,906	-	-
- Trade accounts receivable - related parties		169	(56)	-	-
- Amounts due from related parties		(1,640)	1,931	(98,542)	158,276
- Supplies and spare parts		619	(25,605)	-	-
- Other current assets		(3,628)	(252,464)	(33)	7,653
- Deferred expenses		18,414	20,037	-	-
- Other non-current assets		19,467	9,242	(267)	(28)
- Trade accounts payable - others		84,078	(331,989)	-	-
- Trade accounts payable - related parties		8,285	(2,757)	-	-
- Other accounts payable		8,263	215,059	8,332	(870)
- Amounts due to related parties		(87)	72	(681,892)	1,878,035
- Accrued expenses		113,414	61,148	999	5,960
- Other current liabilities		6,102	(30,152)	1,829	57
Cash generated from operations		377,858	779,095	(525,372)	2,131,981
- Finance costs paid		(230,830)	(93,169)	(1,235)	(1,344)
- Income taxes paid		(73,337)	(110,643)	(2,808)	(2,495)
- Employee benefits paid	16	(67,417)	(121,572)	-	-
Net cash inflows (outflows) from operating activities		6,274	453,711	(529,415)	2,128,142

The accompanying notes are an integral part of these consolidated and Company financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

Mermaid Maritime Public Company Limited
For the years that ended on 30 September 2011 and 2010

		Consolidated		Company	
		2011	2010	2011	2010
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from investing activities					
Repayments of short-term loans to related parties		-	-	533,248	812,275
Short-term loans provided to related parties		-	-	(2,571,504)	(3,145,091)
Payments for short-term investments	7	(602,403)	(1,307,063)	(602,403)	(1,307,063)
Proceeds from short-term investments	7	1,208,728	993,595	1,208,728	993,595
Payments for investments in subsidiaries and associates		(1,903,814)	(492,348)	(1,903,814)	(410,000)
Net proceeds from disposals of investments in subsidiaries		-	2,135,050	-	-
Net proceeds from disposals of investments in associates		-	743,781	-	743,370
Proceeds from disposals of property, plant and equipment and intangible assets		32,753	80,392	1,581	1,139
Purchases of property, plant and equipment		(255,468)	(6,014,617)	(12,493)	(4,316)
Purchases of intangible assets		(8,736)	(13,623)	(2,243)	-
Dividend received	27.1	-	-	1,400,540	-
Net cash outflows from investing activities		(1,528,940)	(3,874,833)	(1,948,360)	(2,316,091)
Cash flows from financing activities					
Repayments of finance lease liabilities		(3,252)	(2,879)	(975)	(774)
Proceeds from long-term loans from financial institutions	15	1,973,502	2,824,193	-	-
Repayments of long-term loans from financial institutions	15	(2,431,869)	(509,088)	(36,000)	(24,800)
Net proceeds from issuance of ordinary shares	17	-	243,543	-	243,543
Net proceeds from share premium	17	-	3,347,629	-	3,347,629
Proceeds from share capital from minority interests		1,247	-	-	-
Dividends paid to shareholders	18	(455,154)	-	(455,154)	-
Net cash inflows (outflows) from financing activities		(915,526)	5,903,398	(492,129)	3,565,598

The accompanying notes are an integral part of these consolidated and Company financial statements.

Mermaid Maritime Public Company Limited
For the years that ended on 30 September 2011 and 2010

		Consolidated		Company	
		2011	2010	2011	2010
	Note	Baht'000	Baht'000	Baht'000	Baht'000
Net increase (decrease) in cash and cash equivalents		(2,438,192)	2,482,276	(2,969,904)	3,377,649
Cash and cash equivalents at the beginning of the year	5	3,742,938	1,450,525	3,375,758	224,140
Effects of exchange rates		47,634	(189,863)	(28,219)	(226,031)
Cash and cash equivalents at the end of the year	5	1,352,380	3,742,938	377,635	3,375,758

Non-cash transactions

During the years that ended on 30 September 2011 and 2010, the following significant non-cash transactions occurred:

Unpaid liabilities for purchases of vessels and equipment	7,294	37,832	-	-
Unpaid liabilities under finance lease agreements for purchase of computer hardware	2,536	-	2,536	-

The accompanying notes are an integral part of these consolidated and Company financial statements.

NOTES TO
THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Mermaid Maritime Public Company Limited
For the years that ended on 30 September 2011 and 2010

1 General information

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

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

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

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

The Board of Directors approved the issue of the audited consolidated and Company financial statements on 25 November 2011.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

The consolidated and Company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

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

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

2 Summary of significant accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards and amendments to accounting standards and accounting framework

a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, which are not applicable to the Group for the fiscal year ending 30 September 2011. However, the Group has adopted IAS 16 "Property, Plant and Equipment", IAS 19 "Employee Benefits" and IAS 12 "Income Taxes" since the fiscal year 2007. TAS 16 (Revised 2009), TAS 19 and TAS 12 are equivalent to these IAS.

<u>Effective for the periods beginning on or after 1 January 2011</u>

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

2 Summary of significant accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards and amendments to accounting standards and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards (Cont'd)

<u>Effective for the periods beginning on or after 1 January 2013</u>

TAS 12	Income Taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Group's management has determined that the new accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards will not significantly impact the financial statements being presented.

2.3 Critical accounting estimates, assumptions, and judgments

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

2.3.1 Property, plant, and equipment and intangible assets

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

2.3.2 Deferred income taxes

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

2 Summary of significant accounting policies (Cont'd)

2.3 Critical accounting estimates, assumptions, and judgments (Cont'd)

2.3.3 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.4.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates by management.

2.4 Accounting policies

2.4.1 Investments in subsidiaries and associates

(a) Investments in subsidiaries

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

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

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

A list of the Group's principal subsidiaries and the effect of acquisitions and disposals of subsidiaries are shown in Note 9.

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.1 Investments in subsidiaries and associates

(b) Investments in associates

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

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

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

A list of the Group's principal associates and the effects of acquisitions and disposals of associates are shown in Note 9.

2.4.2 Foreign currencies translation

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

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

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

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.3 Cash and cash equivalents

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

2.4.4 Trade accounts receivable

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

2.4.5 Supplies and spare parts

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

2.4.6 Property, plant, and equipment

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

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

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

Buildings and building improvement	10 and 20 years
New build support vessels	5 to 30 years
Second-hand support vessels	5 to 16 years
Second-hand tender rigs	1 to 20 years
Motor launches	10 years
Tools and equipment	3 to 10 years
Office equipment	5 years
Motor vehicles	5 years

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.6 Property, plant, and equipment (Cont'd)

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

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

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

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

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

The borrowing costs to finance the construction of property, plant, and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare it for its intended use.

2.4.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated balance sheets. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to forecast future cash-generating units and is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.8 Intangible assets

Computer software

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

2.4.9 Accounting for long-term leases

Where the Group is the lessee

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

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

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

Where the Group is the lessor

Assets leased out under operating leases are included in property, plant, and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant, and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.10 Provisions

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

2.4.11 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.4.12 Revenue recognition

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

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

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.12 Revenue recognition (Cont'd)

(a) Rendering of services

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

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

(b) Interest income

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

(c) Dividend income

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

(d) Rental income

Rental income is recognised as revenue on an accrual basis at the amount as specified under each lease agreement.

2.4.13 Dividend distribution

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

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.14 Financial instruments

The Group is party to derivative financial instruments, which mainly comprise cross currency and interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Cross currency and interest rate swap agreements protect the Group from movements in exchange rates and interest rates. Any differential to be paid or received on a currency and interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of currency and interest rate swaps or on repayment of the borrowing are taken to the statements of income.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 23.

2.4.15 Current and deferred income taxes

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

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

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

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

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.16 Employee benefits

(a) Provident fund

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

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

(b) Retirement benefits

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

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

(c) Retention incentives

The drilling subsidiaries provide retention incentives to certain employees. The entitlement to these incentives is conditional on the employees remaining in service up to the completion of the minimum entitlement service periods. The expected costs of these incentives are accrued over the period of the entitlement service periods without discount to their present value, as there is no significant impact from a discounted value calculation approach.

2.4.17 Segment reporting

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

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

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.18 Related parties

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

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

3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4 Business segment information

The segment results are as follows:

	Consolidated				Baht'000
	For the year that ended on 30 September 2011				
	Subsea services	Drilling services	Survey services	Holding	Group
Total service income	4,910,620	1,038,508	890,148	-	6,839,276
Inter-segment service income	(922,982)	-	(373,471)	-	(1,296,453)
Service income	3,987,638	1,038,508	516,677	-	5,542,823
Operating profits (losses)	23,511	129,064	77,398	(44,266)	185,707
Share of losses from associates					(41,773)
Finance costs					(228,916)
Income taxes					(76,371)
Net losses for the year					(161,353)

	Consolidated				Baht'000
	As at 30 September 2011				
	Subsea services	Drilling services	Survey services	Holding	Group
Property, plant, equipment, and intangible assets	9,471,017	1,431,528	65,119	170,936	11,138,600
Total assets					17,104,103

4 Business segment information (Cont'd)

The segment results are as follows: (Cont'd)

	Consolidated					Baht'000
	For the year that ended on 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)
Share of profits from associates						19,779
Finance costs						(95,890)
Income taxes						(193,324)
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

5 Cash and cash equivalents

Cash and cash equivalents comprise:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Cash on hand	4,250	4,640	89	50
Cash at banks	1,348,130	3,738,298	377,546	3,375,708
Total cash and cash equivalents	1,352,380	3,742,938	377,635	3,375,758

6 Restricted deposits at financial institutions

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Restricted deposits at financial institutions				
- Within 1 year	206,484	-	-	-
- Over 1 year	124,110	-	-	-
Total restricted deposits at financial institutions	330,594	-	-	-

The restricted deposit at a financial institution, which matures on September 2012, is pledged against the interest swap contract provided by that financial institution.

The restricted deposit at a financial institution, which matures over one year from now, is pledged against long-term loans with a local financial institution. The restricted deposit must be maintained in a minimum amount of the next two principal and interest payments after the two-year grace period expires.

7 Short-term investments

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Fixed deposits	-	606,325	-	606,325

Short-term investments represent fixed deposits with two financial institutions and carry interest at a fixed rate per annum.

The movement of short-term investments during the years is as follows:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Opening balance	606,325	334,217	606,325	334,217
Payment for short-term investments	602,403	1,307,063	602,403	1,307,063
Proceed from short-term investments	(1,208,728)	(993,595)	(1,208,728)	(993,595)
Unrealised loss from exchange rate	-	(41,360)	-	(41,360)
Closing net book amount	-	606,325	-	606,325

8 Trade accounts receivable - others, net

Trade accounts receivable - others, comprise:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Trade accounts receivable - others	1,434,434	590,819	-	-
Accrued income	265,373	108,772	-	-
	1,699,807	699,591	-	-
Less Allowance for doubtful accounts	(37,909)	(83,268)	-	-
Trade accounts receivable - others, net	1,661,898	616,323	-	-

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Trade accounts receivable under credit terms	1,102,542	485,464	-	-
Aging of trade accounts receivable past due:				
Less than 3 months	410,035	55,018	-	-
Overdue 3 to 6 months	5,248	9,006	-	-
Overdue 6 to 12 months	170,065	19,488	-	-
Overdue 12 months	11,917	130,615	-	-
	1,699,807	699,591	-	-
Less Allowance for doubtful accounts	(37,909)	(83,268)	-	-
Trade accounts receivable - other, net	1,661,898	616,323	-	-

9 Investments in subsidiaries and associates

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

Name	Classification	Country of incorporation	Percentage of holding As at 30 September 2011	2010
Mermaid Offshore Services Ltd., which has ten subsidiaries as follows:	Subsidiary	Thailand	100.0	100.0
Nemo Subsea AS	Subsidiary	Norway	100.0	100.0
Nemo Subsea IS	Subsidiary	Norway	97.0[1]	97.0[1]
Seascape Surveys (Thailand) Ltd.	Subsidiary	Thailand	80.0	80.0
Seascape Surveys Pte. Ltd., which has one subsidiary as follows:	Subsidiary	Singapore	80.0	80.0
PT Seascape Surveys Indonesia	Subsidiary	Indonesia	97.0	97.0
Subtech Ltd., which has two subsidiaries as follows:	Subsidiary	Seychelles	100.0	100.0
Subtech Qatar Diving and Marine Services LLC	Subsidiary	Qatar	97.0	97.0
Subtech Saudi Arabia Limited	Subsidiary	Saudi Arabia	70.0	-
Mermaid Offshore Services PTY LTD	Subsidiary	Australia	100.0	100.0
Mermaid Offshore Services Pte. Ltd.	Subsidiary	Singapore	100.0	-
Mermaid Drilling Ltd., which has five subsidiaries as follows:	Subsidiary	Thailand	95.0	95.0
MTR-1 Ltd.	Subsidiary	Thailand	100.0	100.0
MTR-2 Ltd.	Subsidiary	Thailand	100.0	100.0
Mermaid Drilling (Malaysia) Sdn. Bhd.	Subsidiary	Malaysia	100.0	100.0
MTR-1 (Singapore) Pte. Ltd.	Subsidiary	Singapore	100.0	100.0
MTR-2 (Singapore) Pte. Ltd.[2]	Subsidiary	Singapore	100.0	100.0
Mermaid Training and Technical Services Ltd.	Subsidiary	Thailand	100.0	100.0
Mermaid Drilling (Singapore) Pte. Ltd., which has one subsidiary as follows:	Subsidiary	Singapore	100.0	100.0
MTR-3 (Singapore) Pte. Ltd.	Subsidiary	Singapore	100.0	100.0
Asia Offshore Drilling Limited, which has four subsidiaries as follows:	Associate	Bermuda	33.75	-
Asia Offshore Rig 1 Limited	Associate	Bermuda	100.0	-
Asia Offshore Rig 2 Limited	Associate	Bermuda	100.0	-
Asia Offshore Rig 3 Limited	Associate	Bermuda	100.0	-
Asia Offshore Drilling Pte. Ltd.	Associate	Singapore	100.0	-

[1] Investment portion of 97.0% represents Mermaid Offshore Services Ltd.'s direct ownership in Nemo Subsea IS. Another 3.0% of Nemo Subsea IS's interest is owned by Nemo Subsea AS.

[2] On 29 November 2010, the Company entered into Share Sale and Purchase Agreements with Mermaid Drilling Ltd. to sell and transfer shares of MTR-2 (Singapore) Pte. Ltd. as described in Note 9.1.

9 Investments in subsidiaries and associates (Cont'd)

9.1 Investments in subsidiaries

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

	Company	
	2011 Baht'000	2010 Baht'000
Opening balance	5,237,264	5,237,264
Additional investment in subsidiary	-	-
Disposal of investment in subsidiary	-	-
Ending balance	5,237,264	5,237,264
Less Allowance for impairment loss of investments in a subsidiary	(266,265)[(4)]	(241,536) [(3)]
Closing net book amount	4,970,999	4,995,728

[(3)] The impairment loss of investment in a subsidiary was because the subsidiary sold its entire investments in subsidiaries and an associate to a third party and resulted in losses on disposals.

[(4)] The additional impairment loss of investments in a subsidiary during 2011 was because the recoverable amount of the investment in a subsidiary is less than its net book value amount.

MTR-2 (Singapore) Pte. Ltd. ("MTR2-S")

On 29 November 2010, the Company entered into Share Sale and Purchase Agreement with Mermaid Drilling Ltd., a subsidiary, to sell MTR2-S's 1 share with a par value of USD 1, constituting 100% of the total issued and paid-up share capital of MTR2-S. The total sale value was USD 1.

Mermaid Offshore Services Pte. Ltd.

On 28 March 2011, Mermaid Offshore Services Ltd. subscribed to 100 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of Mermaid Offshore Services Pte. Ltd. The total subscription value was USD 100.

Subtech Saudi Arabia Limited

On 26 May 2011, Subtech Ltd. subscribed to 3,500 ordinary shares with a par value of SAR 100 constituting 70% of the total issued and paid-up share capital of Subtech Saudi Arabia Limited. The total subscription value was SAR 350,000.

9 Investments in subsidiaries and associates (Cont'd)

9.2 Investments in associates

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Opening balance	-	387,967	-	-
Additional investments in associates	1,903,814	-	1,903,814	410,000
Disposal of investments in associates	-	(407,746)	-	(410,000)
Share of profits (losses) of investments in associates	(41,773)	19,779	-	-
Ending balance	1,862,041	-	1,903,814	-

During the year that ended on 30 September 2011, the Company had additional investments in associates as follows:

On 1 November 2010, Asia Offshore Drilling Limited ("AOD") subscribed to each of 100 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of Asia Offshore Rig 1 Limited ("AOR1") and Asia Offshore Rig 2 Limited ("AOR2"). The total subscription value was USD 100 each for AOR1 and AOR2.

On 1 November 2010, the Company subscribed to 100 ordinary shares in AOD with a par value of USD 1 per share, at a subscription price of USD 1 per share, totalling USD 100 or equivalent to Baht 2,983.8. On 16 November 2010, the Company acquired another 9,800,000 ordinary shares in AOD with a par value of USD 1 per share, at a subscription price of USD 5 per share, totalling USD 49.0 million or equivalent to Baht 1,456.6 million. The total subscribed shares represent 49% of the total paid-up share capital of AOD.

On 28 March 2011, AOD subscribed to 100 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of Asia Offshore Drilling Pte. Ltd. The total subscription value was USD 100.

On 30 March 2011, AOD subscribed to each of 35,999,900 additional ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of AOR1 and AOR2. The total subscription value was USD 35,999,900 each for AOR1 and AOR2.

On 1 July 2011, AOD subscribed to 100 ordinary shares with a par value of USD 1 constituting 100% of the total issued and paid-up share capital of Asia Offshore Rig 3 Limited ("AOR3"). The total subscription value was USD 100.

On 1 July 2011, AOD issued 20 million new shares of which the subscription price is USD 4 per share through a private placement. The Company subscribed for an additional 3.7 million shares totalling USD 14.8 million or equivalent to Baht 447.2 million, resulting in the Company's shareholding in AOD to be reduced from 49% to 33.75%.

On 15 July 2011, AOD's shares were listed on the Oslo Axess in Norway.

9 Investments in subsidiaries and associates (Cont'd)

9.2 Investments in associates (Cont'd)

Details of associates are as follows:

Name	Country of incorporation	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Profit (loss) Baht'000	% Interest held	Profit (loss) sharing Baht'000
Group of AOD companies[5]	Bermuda	5,502,059	263,284	-	(117,252)	33.75[6]	(41,773)

(5) Group of AOD companies comprises four subsidiaries, which are Asia Offshore Rig 1 Limited, Asia Offshore Rig 2 Limited, Asia Offshore Rig 3 Limited, and Asia Offshore Drilling Pte. Ltd.

(6) Prior to 1 July 2011, the Company subscribed shares equal to 49% of the total paid-up share capital of AOD, the Company subsequently subscribed for an additional shares as described above, resulting in the Company's shareholding in AOD to be 33.75%.

10 Other current assets

Other current assets comprise:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Value added taxes refundable	7,908	16,702	1,156	-
Prepaid expenses	35,878	37,981	1,067	1,133
Advances to employees	4,908	8,375	-	18
Advances for business expenses	24,308	24,417	-	-
Withholding taxes	15,582	13,617	9,401	6,593
Deferred mobilisation cost	4,195	9,589	-	-
Accrued interest income	-	2,757	-	2,757
Suspense input taxes	9,037	6,058	227	185
Insurance claim receivables	18,317	-	-	-
Other current assets	16,668	8,852	1,892	210
	136,801	128,348	13,743	10,896

11 Property, plant, and equipment, net

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

	Consolidated										Baht'000
	Land	**Buildings**	**Building improvement**	**Tools and equipment**	**Office equipment**	**Motor vehicles**	**Offshore support vessels, and tender rigs**	**Dry-docking**	**Motor launches**	**Construction in process**	**Total**
At 30 September 2010											
Cost	35,136	189,114	24,653	2,193,548	60,884	28,453	11,673,829	489,383	298	10,765	14,706,063
Less Accumulated depreciation	-	(59,291)	(17,597)	(540,816)	(44,821)	(14,392)	(1,768,026)	(275,568)	(297)	-	(2,720,808)
Net book amount	35,136	129,823	7,056	1,652,732	16,063	14,061	9,905,803	213,815	1	10,765	11,985,255
For the year that ended on 30 September 2011											
Opening net book amount	35,136	129,823	7,056	1,652,732	16,063	14,061	9,905,803	213,815	1	10,765	11,985,255
Additions	-	-	2,357	96,305	16,107	2,159	32,264	43,556	529	31,333	224,610
Transferred in (out)	-	-	-	16,839	-	413	332	-	1,111	(18,695)	-
Disposals	-	-	-	(5,361)	(1,073)	(805)	(16,095)	(293)	(1)	(964)	(24,592)
Write-off	-	-	-	(15)	(133)	-	-	-	-	-	(148)
Impairment charge	-	-	-	(31,048)	-	-	(102,145)	(1,606)	-	-	(134,799)
Depreciation charge	-	(11,654)	(2,310)	(229,439)	(9,487)	(4,321)	(637,084)	(112,334)	(411)	-	(1,007,040)
Translation adjustments	-	-	108	226	101	140	78,639	(266)	(13)	173	79,108
Closing net book amount	35,136	118,169	7,211	1,500,239	21,578	11,647	9,261,714	142,872	1,216	22,612	11,122,394
At 30 September 2011											
Cost	35,136	189,114	27,254	2,298,920	75,580	26,892	11,760,630	532,378	2,208	22,612	14,970,724
Less Accumulated depreciation	-	(70,945)	(20,043)	(766,676)	(54,002)	(15,245)	(2,393,622)	(387,851)	(992)	-	(3,709,376)
Provision for impairment	-	-	-	(32,005)	-	-	(105,294)	(1,655)	-	-	(138,954)
Net book amount	35,136	118,169	7,211	1,500,239	21,578	11,647	9,261,714	142,872	1,216	22,612	11,122,394

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

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

	Company						Baht'000
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Total
At 30 September 2010							
Cost	35,136	189,115	16,326	497	34,898	4,035	280,007
Less Accumulated depreciation	-	(59,292)	(14,301)	(279)	(30,254)	(2,437)	(106,563)
Net book amount	35,136	129,823	2,025	218	4,644	1,598	173,444
For the year that ended on 30 September 2011							
Opening net book amount	35,136	129,823	2,025	218	4,644	1,598	173,444
Additions	-	-	2,357	37	13,611	-	16,005
Disposals	-	-	-	-	(1,073)	-	(1,073)
Depreciation charge	-	(11,654)	(476)	(64)	(4,999)	(539)	(17,732)
Closing net book amount	35,136	118,169	3,906	191	12,183	1,059	170,644
At 30 September 2011							
Cost	35,136	189,115	18,683	534	47,309	4,035	294,812
Less Accumulated depreciation	-	(70,946)	(14,777)	(343)	(35,126)	(2,976)	(124,168)
Net book amount	35,136	118,169	3,906	191	12,183	1,059	170,644

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

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

As at 30 September 2011, there are land and buildings, three remotely operated vehicles, two support vessels, and a tender rig that are mortgaged with various banks as collateral for their overdrafts, loans, and swap facilities. These assets are mortgaged at a total value of Baht 1,583 million and USD 117.6 million (30 September 2010: Baht 2,746 million and USD 115.5 million in respect of land and building, one saturation diving system, three remotely operated vehicles, two support vessels, and two tender rigs).

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Depreciation charged to				
- Cost of services	979,203	676,400	-	-
- Administrative expenses	27,837	27,688	17,732	19,947
	1,007,040	704,088	17,732	19,947

12 Intangible assets, net

Computer software	Consolidated Baht'000	Company Baht'000
At 30 September 2010		
Cost	60,586	24,606
Less Accumulated amortisation	(43,661)	(24,217)
Net book amount	16,925	389
For the year that ended on 30 September 2011		
Opening net book amount	16,925	389
Additions	8,969	2,243
Disposals	(517)	(517)
Write-off	(12)	-
Amortisation charge	(9,132)	(859)
Translation adjustments	(27)	-
Closing net book amount	16,206	1,256
At 30 September 2011		
Cost	69,194	26,266
Less Accumulated amortisation	(52,988)	(25,010)
Net book amount	16,206	1,256

13 Deferred tax assets, net

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Deferred tax assets	142,026	128,745	-	-
Deferred tax liabilities	(42,589)	(15,505)	-	-
Deferred tax assets, net	99,437	113,240	-	-

The amounts shown in the balance sheets include the following:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Deferred tax assets to be recovered after 12 months	126,768	108,900	-	-
Deferred tax liabilities to be recovered after 12 months	(42,589)	(15,505)	-	-

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Opening net book amount	113,240	228,424	-	-
Statements of income (charged)/credited (Note 21)	(13,803)	(115,184)	-	-
Closing net book amount	99,437	113,240	-	-

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

Deferred tax assets	Employee benefit obligations Baht'000	Tax loss carry-forwards Baht'000	Depreciation Baht'000	Allowance for doubtful Baht'000	Total Baht'000
At 30 September 2009	42,549	148,549	67,238	-	258,336
(Charged)/credited to 2010 consolidated statement of income	(24,781)	(44,628)	(60,182)	-	(129,591)
At 30 September 2010	17,768	103,921	7,056	-	128,745
(Charged)/credited to 2011 consolidated statement of income	88	-	2,361	10,832	13,281
At 30 September 2011	17,856	103,921	9,417	10,832	142,026

13 Deferred tax assets, net (Cont'd)

Deferred tax liabilities	Depreciation Baht'000	Total Baht'000
At 30 September 2009	(29,912)	(29,912)
Charged/(credited) to 2010 consolidated statement of income	14,407	14,407
At 30 September 2010	(15,505)	(15,505)
Charged/(credited) to 2011 consolidated statement of income	(27,084)	(27,084)
At 30 September 2011	(42,589)	(42,589)

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

The Company and certain subsidiaries did not recognise deferred income tax assets of Baht 296.0 million (2010: Baht 173.9 million) in respect of tax loss carry-forwards amounting to Baht 986.5 million (2010: Baht 579.6 million), as management's view is that insufficient taxable income will be available for offset in the foreseeable future. These tax losses will expire in 5 years.

14 Other non-current assets

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Prepayment	-	92,468	-	-
Other deposits	22,739	18,675	864	597
Total	22,739	111,143	864	597

15 Long-term loans from financial institutions

Long-term loans from financial institutions comprise:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Current portion of long-term loans	556,747	695,643	-	24,800
Long-term portion of loans	3,409,963	3,624,772	-	11,200
Loans from financial institutions	3,966,710	4,320,415	-	36,000

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

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Beginning balance	4,320,415	2,540,293	36,000	60,800
Additions during year	1,973,502	2,824,193	-	-
Increased from investments in subsidiaries	-	190,438	-	-
Repayments during year	(2,431,869)	(509,088)	(36,000)	(24,800)
Deconsolidated due to disposals of investments in subsidiaries	-	(517,482)	-	-
Realised gains on exchange rates	(16,390)	(9,030)	-	-
Unrealised (gains) losses on exchange rates	87,110	(167,093)	-	-
Translation adjustments	33,942	(31,816)	-	-
Ending balance	3,966,710	4,320,415	-	36,000

As at 30 September 2011 and 2010, maturity of long-term loans from financial institutions is as follows:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Less than 1 year	556,747	695,643	-	24,800
1 - 5 years	1,543,165	2,088,724	-	11,200
Over 5 years	1,866,798	1,536,048	-	-
	3,966,710	4,320,415	-	36,000

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Currencies:				
US Dollars	3,312,784	3,338,828	-	-
Thai Baht	653,926	981,587	-	36,000
	3,966,710	4,320,415	-	36,000

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

Long-term loans from financial institutions comprise:

Loans for the purchase of support vessels and equipment are granted by commercial banks and are denominated in Thai Baht and US Dollars, having a total outstanding balance of Baht 653.9 million and USD 97.6 million as at 30 September 2011 (30 September 2010: Baht 945.6 million and USD 91.0 million) with repayment terms within 5 - 10 years. As at 30 September 2011, interest rates on the Thai Baht loans and US Dollar loans are as follows:

- The loan balance of Baht 653.9 million (30 September 2010: Baht 945.6 million): three-month fixed deposit rates plus a certain margin;

- The loan balance of USD 97.6 million (30 September 2010: USD 91.0 million): USD-LIBOR plus a certain margin.

Certain loans are currently secured by mortgages of support vessels and equipment as mentioned in Note 11.1 and are guaranteed by the Company.

Loan for the purchase of tender rig is granted by a local commercial bank and is denominated in US Dollars with a total outstanding balance of USD 8.25 million as at 30 September 2011 (30 September 2010: USD 18.5 million) with repayment terms within 9 years. This loan bears interest at the rate of USD-LIBOR plus a certain margin, is secured by mortgage of a tender rig as mentioned in Note 11.1, and guaranteed by the Company and a subsidiary.

Loans for the purchase of land and construction of buildings were granted by a local commercial bank and were denominated in Thai Baht with no outstanding balance as at of 30 September 2011 (30 September 2010: Baht 36.0 million). The loan was secured by mortgages of the Company's land and buildings as mentioned in Note 11.1. This loan bore interest at the three-month fixed deposit rates plus a certain margin.

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

Borrowing facilities

The Group and the Company have the following undrawn committed long-term borrowing facilities:

	30 September 2011	
	Consolidated	**Company**
	USD Million	**USD Million**
Floating interest rate		
- expiring within one year	45	-

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

	30 September 2010	
	Consolidated	Company
	USD Million	USD Million
Floating interest rate		
- expiring within one year	63	-

As at 30 September 2011, a subsidiary had breached loan covenants committed with two financial institutions. However, a subsidiary had successfully obtained consent from financial institutions to waive the breaches, with the next testing date for 30 September 2012.

16 Employee benefit obligations

Employee benefit obligations comprise:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Current portion of employee benefits	61,031	66,151	-	-
Long-term portion of employee benefits	22,703	27,047	2,908	3,855
Employee benefit obligations	83,734	93,198	2,908	3,855

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Balance sheets obligations for:				
Retirement benefits	22,703	17,115	2,908	3,855
Retention incentives	61,031	76,083	-	-
	83,734	93,198	2,908	3,855

(a) Retirement benefits

The amounts recognised in the balance sheets are determined as follows:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Present value of obligations	22,703	17,748	2,908	3,869
Unrecognised actuarial gains	-	(633)	-	(14)
Liability in the balance sheets	22,703	17,115	2,908	3,855

16 Employee benefit obligations (Cont'd)

(a) *Retirement benefits* (Cont'd)

The movement in the retirement benefit obligations during the years is as follows:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Beginning of the year	17,748	11,784	3,869	2,974
Current service costs	7,533	5,460	1,348	780
Interest costs	319	504	58	100
Actuarial (gains) losses	(1,834)	-	(2,367)	15
Benefits paid	(1,063)	-	-	-
End of the year	22,703	17,748	2,908	3,869

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

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Current service cost	7,533	5,460	1,348	780
Interest cost	319	504	58	100
Amortisation of actuarial (gains) losses	(1,834)	-	(2,367)	15
Total, included in staff costs	6,018	5,964	(961)	895

These amounts are included in cost of service and administrative expenses.

The principal actuarial assumptions used are as follows:

	Consolidated		Company	
	2011	2010	2011	2010
Discount rate	3.90%	6.00%	3.90%	6.00%
Future salary increase rate	6.00%	6.00%	6.00%	6.00%
Mortality rate	0.08% - 1.03%	0.11% - 1.48%	0.08% - 1.03%	0.11% - 1.48%
Resignation rate	0.00% - 20.00%	0.00% - 30.00%	0.00% - 20.00%	0.00% - 30.00%

(b) *Retention incentives*

The amounts recognised in the balance sheets are determined as follows:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Obligations	61,031	76,083	-	-

16 Employee benefit obligations (Cont'd)

(b) Retention incentives (Cont'd)

The movement in the retention incentive obligations during the year is as follows:

	Consolidated		Company	
	2011	**2010**	**2011**	**2010**
	Baht'000	**Baht'000**	**Baht'000**	**Baht'000**
Beginning of the year	76,083	137,694	-	-
Current service costs	49,753	75,796	-	-
Paid during the year	(66,354)	(121,572)	-	-
Effects from disposal of investments in subsidiaries	-	(3,335)	-	-
Realised gains on exchange rate	(251)	-	-	-
Unrealised (gains) losses on exchange rate	1,800	(12,500)	-	-
End of the year	61,031	76,083	-	-

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

	Consolidated		Company	
	2011	**2010**	**2011**	**2010**
	Baht'000	**Baht'000**	**Baht'000**	**Baht'000**
Current service costs	49,753	75,796	-	-

These amounts are included in cost of services.

17 Share capital and premium on share capital

Share capital, issued and paid-up, comprises:

	Par value Baht	**Number of registered ordinary shares Shares'000**	**Issued and paid-up ordinary shares Shares'000**	**Share premium Baht'000**	**Total Baht'000**
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
Issued shares	1	4,000	-	-	-
Decrease in number of shares registered	1	(3,393)	-	-	-
As at 30 September 2011	1	791,214	784,748	9,818,420	10,603,168

17 Share capital and premium on share capital (Cont'd)

As at 30 September 2011 and 2010, all issued shares are fully paid.

17.1 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.

17.2 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 Company Limited, the parent company, as required by the notification No. Tor Jor 32/2551 of the Securities and Exchange Commission of Thailand.

18 Dividends paid

The Board of Directors Meeting held on 11 February 2011 approved to pay an interim dividend in respect of the Company's retained earnings as at 31 December 2010 at Baht 0.58 per share amounting to Baht 455.2 million. The dividend was paid to the shareholders on 11 March 2011.

19 Legal reserves

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
At 1 October	39,717	39,717	39,717	39,717
Allocation during the year	38,758	-	38,758	-
At 30 September	78,475	39,717	78,475	39,717

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

20 Expenses by nature

The following expenditures items, classified by nature, have been charged in arriving at operating profits (losses).

	Consolidated		Company	
	2011 Baht'000	**2010 Baht'000**	**2011 Baht'000**	**2010 Baht'000**
Crew, staff, and subcontractor costs	2,534,713	1,737,176	56,817	63,682
Vessel expenses and repair and maintenance expenses	974,535	786,063	-	-
Charter hire and equipment rental	263,320	177,875	-	-
Recharge expense relating to services provided	249,964	78,049	-	-
Mobilisation/demobilisation expense	136,563	90,548	-	-
Depreciation	1,007,040	704,088	17,732	19,947
Amortisation of intangible assets	9,132	14,177	859	570
Office and office equipment rental	10,763	11,850	3,504	2,244
Yard supervision fees	52,904	-	52,904	-
Management and support fees	16,165	-	16,165	-
Consulting fees	32,617	13,934	16,092	2,665
Others	219,880	187,887	32,871	32,245
Total cost of services and administrative expenses	5,507,596	3,801,647	196,944	121,353

21 Income tax expenses

	Consolidated		Company	
	2011 Baht'000	**2010 Baht'000**	**2011 Baht'000**	**2010 Baht'000**
Current taxes	62,568	78,140	-	-
Deferred taxes (Note 13)	13,803	115,184	-	-
Total	76,371	193,324	-	-

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

21 Income tax expenses (Cont'd)

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Profits (losses) before income taxes - accounting	(84,982)	(263,160)	1,632,823	(292,775)
Tax at the domestic rate of 30%	(25,495)	(78,948)	489,847	(87,833)
Adjustments:				
Income not subject to tax and additional taxable expenses	(158,425)	(205,158)	(420,162)	(36,944)
Expenses not deductible for tax purposes	80,167	33,174	7,834	77,547
Utilisation of previously unrecognised tax losses	(80,773)	(13,857)	(77,519)	-
Tax losses for which no deferred income tax assets were recognised	135,265	187,905	-	47,230
Tax losses which could not be utilised	49,551	79,248	-	-
Tax charges from domestic operations	290	2,364	-	-
Tax charges from overseas operations	62,278	75,776	-	-
Total tax charges	62,568	78,140	-	-
Tax charges	62,568	78,140	-	-
The effect from change of deferred tax assets	13,803	115,184	-	-
	76,371	193,324	-	-
The average effective tax rate	89.87%	73.46%	-	-

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

22 Earnings (losses) per share

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 outstanding during the year.

For the purpose of calculating diluted earnings (losses) per share, the weighted average number of ordinary shares 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 2011, is 785,004,852 shares (as at 30 September 2010: 749,784,873 shares).

	Consolidated		Company	
	2011	**2010**	**2011**	**2010**
Weighted average number of ordinary shares (Shares'000)	784,748	749,384	784,748	749,384
Effect of dilutive potential ordinary shares				
Employee Shares Option Plan (Shares'000)	257	401	257	401
Weighted average number of ordinary shares for diluted earnings (losses) (Shares'000)	785,005	749,785	785,005	749,785
Net profits (losses) for the year attributable to ordinary shareholders (Baht'000)	(167,347)	(456,078)	1,632,823	(292,775)
Basic and diluted earnings (losses) per share (Baht)	(0.21)	(0.61)	2.08	(0.39)

There is no significant impact from dilutive potential ordinary shares in issue for the years that ended on 30 September 2011 and 2010.

23 Financial instruments

The principal financial risks faced by the Group are exchange rate risk, interest rate risk, and credit risk. Exchange rate risk arises from loans and operation denominated in foreign currencies. Interest rate risk arises from borrowing loans at floating interest rates to finance its investments and operations. Credit risk arises when services are made on deferred credit terms.

(a) Exchange rate and interest rate risks

The exchange rate risk is the principal risk faced by the Group as certain purchases and services are entered in foreign currencies and also interest rate risk, which is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group manages these risks as follows:

Cross currency and interest rate swap contracts

On 29 December 2008, Mermaid Offshore Services Ltd. entered into a cross currency and interest rate swap contract with a local commercial bank for a long term loan in Thai Baht currency of Baht 328.7 million. The loan had a notional amount of USD 10 million with a maturity date of 31 August 2012. On 26 September 2011, the loan was fully paid and this cross currency and interest swap contract was terminated. The gain from this termination has been recognised in the statement of income in the amount of Baht 9.9 million.

On 6 February 2009, Mermaid Offshore Services Ltd. entered into another cross currency and interest rate swap contract with a local commercial bank for a long-term loan facility in Thai Baht currency of Baht 786.2 million. The loan has a notional amount of USD 22.5 million and a maturity date of December 2016. On 26 September 2011, the cross currency and interest rate swap contract was early terminated. The gain from this termination has been recognised in the statement of income in the amount of Baht 72.1 million. Mermaid Offshore Services Ltd. subsequently entered into a new cross currency and interest rate swap contract, which was modified for business day convention. As at 30 September 2011, the outstanding loan balance is Baht 653.9 million, and the loan has a notional amount of USD 21.1 million.

On 29 December 2009, Nemo Subsea AS, a subsidiary of Mermaid Offshore Services Ltd. entered into an interest rate swap contract with a commercial bank for a long-term loan facility in US Dollar currency of USD 45.9 million. The notional principal amounts of the outstanding interest rate swap contracts at 30 September 2011 are USD 19.9 million and USD 19.9 million (30 September 2010: USD 21.4 million and USD 21.4 million) with a maturity date of September 2012 and September 2017, respectively.

23 Financial instruments (Cont'd)

Net fair values

The net fair values of the cross currency and interest rate swap contracts at the balance sheet date are as follows:

	Consolidated		Company	
	30 September 2011 Baht'000	30 September 2010 Baht'000	30 September 2011 Baht'000	30 September 2010 Baht'000
Favourable cross currency and interest rate swap contract	12,972	132,158	-	-

	Consolidated		Company	
	30 September 2011 USD'000	30 September 2010 USD'000	30 September 2011 USD'000	30 September 2010 USD'000
Unfavourable interest rate swap contract	4,212	5,237	-	-

The mark to market evaluation of cross currency and interest rate swap contracts has been calculated using rates quoted by the counterparty to the contract as if the contracts were terminated at the balance sheet date.

(b) Credit risk

Management is of the opinion that credit risk is not significant. The Group has not entered into any derivative contracts relating to credit risk.

(c) Fair value

As at 30 September 2011 and 2010, financial assets carried on the consolidated balance sheets include cash and cash equivalents, short-term investments, trade accounts receivable and amounts due from related parties. Financial liabilities carried on the consolidated balance sheets include loans from financial institutions, trade accounts payable, amounts due to related parties, other current liabilities, and finance lease liabilities.

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

24 Promotional privileges

As at 30 September 2011, the Company and five subsidiaries received promotional privileges from the Board of Investment ("BOI") under a number of different categories, including services of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, drilling services, trade and investment service office. The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

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

25 Guarantees

As at 30 September 2011 and 2010, the Group and the Company have outstanding guarantees as follows:

	Consolidated					
	30 September 2011			30 September 2010		
	Baht'000	USD'000	QAR'000	Baht'000	USD'000	QAR'000
Letters of guarantee issued by banks in the normal course of business	15,600	689	-	15,650	65	14,500

	Company			
	30 September 2011		30 September 2010	
	Baht'000	USD'000	Baht'000	USD'000
Letters of guarantee issued by banks in the normal course of business	400	-	400	-
Guarantee for long-term loans of subsidiaries to a financial institution	653,926	104,425	945,588	109,472

26 Commitments

(a) Service Agreement

As at 30 September 2011, the Group has one outstanding drilling service agreement. The remaining agreement period is 6 months.

(b) Other commitments

As at 30 September 2011, the Group has other commitments approximately Baht 63.9 million (2010: Baht 62.3 million).

27 Related party transactions

As at 30 September 2011, the Group is controlled by Thoresen Thai Agencies Public Company Limited, which owns 57.14% of the Company's shares (30 September 2010: 57.14%).

Significant related party transactions are as follows:

27.1 Transactions with related parties

Significant related party transactions between the Company and its subsidiaries, associates, and other related parties, which mean the group companies of Thoresen Thai Agencies Public Company Limited, are as follows:

	For the year that ended on 30 September			
	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Revenues				
Management fee income				
Subsidiaries	-	-	90,773	93,360
Associates	147,601	-	147,601	-
	147,601	-	238,374	93,360
Dividend income				
Subsidiary	-	-	1,400,540	-

The Board of Directors Meeting of Mermaid Offshore Services Ltd., a subsidiary, held on 27 December 2010 approved to pay interim dividends in respect of the accumulated retained earnings from BOI activities of Baht 4.78 per share amounting to Baht 1,400.5 million. The dividend was paid to the shareholders on 27 September 2011.

	Consolidated 2011 Baht'000	Consolidated 2010 Baht'000	Company 2011 Baht'000	Company 2010 Baht'000
Interest income				
Subsidiaries	-	-	88,982	70,808
Rental income				
Subsidiaries	-	-	6,748	7,761
Other related party	1,912	1,674	1,912	1,674
	1,912	1,674	8,660	9,435
Other income - Compensation for agreement termination				
Associate	76,986	-	76,986	-

AOD, an associate, compensated the Company for termination of the technical and commercial management agreements.

27 **Related party transactions** (Cont'd)

27.1 **Transactions with related parties** (Cont'd)

	For the year that ended on 30 September			
	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Expenses				
Cost of services				
Other related parties	25,910	39,097	-	-
Other administrative expenses				
Other related party	11,302	-	11,302	-
Expenses relating to the Right Issue				
Other related parties	-	67,322	-	67,322

The expenses relating to the rights issue are offset with premium on share capital when presented in the balance sheet.

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

a) The interest income rates charged are not less than fixed deposit rate.
b) Management fee income is charged based on actual cost plus margin.
c) Rental income is transacted at contract prices.
d) Cost of services is transacted at prices normally charged to a third party.
e) Other administrative expenses are paid to a related party for IT and Management Agreements and transacted at contract prices.

27 Related party transactions (Cont'd)

27.2 Accounts receivable and payable - related parties

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Trade accounts receivable				
Other related parties	-	169	-	-
Amounts due from related parties				
Subsidiaries	-	-	412,021	311,776
Other related parties	33	22	33	22
	33	22	412,054	311,798
Trade accounts payable				
Other related parties	15,486	7,201	-	-
Amounts due to related parties				
Subsidiaries	-	-	1,128,996	1,790,225
Other related parties	14	101	12,530	15
	14	101	1,141,526	1,790,240

27.3 Short-term loans to related parties

		Consolidated		Company	
	Interest rate (%)	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Subsidiaries					
- Baht	2.75%	-	-	676,540	-
- US Dollar	2.75%-3.35%	-	-	4,256,569	2,808,167
		-	-	4,933,109	2,808,167

All short-term loans to related parties are unsecured and have repayment terms at call.

THE COMPANY

Name of Company	Mermaid Maritime Public Company Limited
Place of Incorporation	Kingdom of Thailand
Registration No.	0107550000017
In Business Since	1983
Date of Conversion to Public Company	15 January 2007
Date of Listing	16 October 2007
Place of Listing	Singapore Stock Exchange
Company Secretary	Dr. Vincent Siaw
Corporate Head Office	26/28-29 Orakarn Building, 9th Floor Soi Chidlom, Ploenchit Road, Kwaeng Lumpinee, Khet Pathumwan Bangkok 10330 Thailand
Telephone	+66 2255 3115 (local dial 0 2255 3115) +66 2255 3116 (local dial 0 2255 3116)
Facsimile	+66 2255 1079 (local dial 0 2255 1079)
Type of Business	Offshore Drilling Services Subsea Engineering Services
Registered Capital	Baht 791,213,843
Paid-up Capital	Baht 784,747,743
No. of Issued Shares	784,747,743 ordinary shares
Par Value/Share	Baht 1
Corporate Website:	www.mermaid-maritime.com
Investor Relations E-mail:	ir@mermaid-maritime.com

(all information current as at 1 November 2011)

Mermaid Maritime Public Company Limited

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