

**MERMAID MARITIME PUBLIC COMPANY LIMITED**

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

**31 DECEMBER 2008**

**AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

I have reviewed the accompanying consolidated and company balance sheets of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited as at 31 December 2008, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the three-month period ended 31 December 2008. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

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

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

I have audited the consolidated and company financial statements for the year ended 30 September 2008 of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 19 November 2008. The consolidated and company balance sheets as at 30 September 2008, presented for comparative purposes, are part of the financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.



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

Bangkok  
12 February 2009

**Mermaid Maritime Public Company Limited**  
**Balance Sheets**  
**As at 31 December 2008 and 30 September 2008**

	Notes	Consolidated		Company	
		Unaudited 31 December 2008 Baht'000	Audited 30 September 2008 Baht'000	Unaudited 31 December 2008 Baht'000	Audited 30 September 2008 Baht'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		2,564,312	1,726,430	1,699,125	1,141,842
Trade accounts receivable - others, net	5	1,246,337	1,461,783	-	-
- related parties	19.2	149	152	-	-
Amounts due from related parties	19.2	1,404	14,252	264,410	275,692
Short-term loans to related parties	19.3	-	1,147,989	882,544	2,080,811
Supplies and spare parts		125,057	147,515	-	-
Other current assets		113,484	358,112	17,232	16,955
<b>Total current assets</b>		<b>4,050,743</b>	<b>4,856,233</b>	<b>2,863,311</b>	<b>3,515,300</b>
<b>Non-current assets</b>					
Investments in subsidiaries - cost method	6	-	-	4,233,919	3,543,392
Investments in associates - equity method	6	401,338	405,296	-	-
Long-term investment - other	7	75,758	-	-	-
Property, plant and equipment, net	8	8,044,177	7,492,276	202,594	208,054
Goodwill		180,898	180,898	-	-
Intangible assets, net		14,967	16,942	2,438	4,097
Deferred tax assets	9	202,924	213,605	-	-
Other non-current assets		109,628	14,352	569	569
<b>Total non-current assets</b>		<b>9,029,690</b>	<b>8,323,369</b>	<b>4,439,520</b>	<b>3,756,112</b>
<b>Total assets</b>		<b>13,080,433</b>	<b>13,179,602</b>	<b>7,302,831</b>	<b>7,271,412</b>

The notes to the consolidated and Company financial statements on pages 9 to 24 form an integral part of these consolidated financial statements

**Mermaid Maritime Public Company Limited**  
**Balance Sheets (Cont'd)**  
**As at 31 December 2008 and 30 September 2008**

	Notes	Consolidated		Company	
		Unaudited 31 December 2008 Baht'000	Audited 30 September 2008 Baht'000	Unaudited 31 December 2008 Baht'000	Audited 30 September 2008 Baht'000
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade accounts payable - others		284,675	327,150	-	-
- related parties	19.2	8,514	-	-	-
Other accounts payable		326,693	952,140	2,345	2,312
Amounts due to related parties	19.2	14	51	17	17
Current portion of long-term loans from financial institutions	10	425,740	416,570	24,800	24,800
Current portion of finance lease liabilities	11	4,020	4,587	1,854	1,845
Income taxes payable		35,654	20,210	-	-
Accrued expenses		125,792	74,813	568	606
Other current liabilities		100,808	176,926	10,738	10,865
<b>Total current liabilities</b>		<b>1,311,910</b>	<b>1,972,447</b>	<b>40,322</b>	<b>40,445</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	10	1,448,671	1,521,857	54,600	60,800
Finance lease liabilities	11	4,598	5,983	216	659
Retirement benefit obligations		8,231	5,373	2,289	2,065
<b>Total non-current liabilities</b>		<b>1,461,500</b>	<b>1,533,213</b>	<b>57,105</b>	<b>63,524</b>
<b>Total liabilities</b>		<b>2,773,410</b>	<b>3,505,660</b>	<b>97,427</b>	<b>103,969</b>
<b>Shareholders' equity</b>					
Share capital	12				
Registered share capital		674,537	674,537	674,537	674,537
Issued and fully paid up		541,205	541,205	541,205	541,205
Premium on share capital	12	6,470,791	6,470,791	6,470,791	6,470,791
Translation adjustments for investments in foreign subsidiaries		41,400	(24,536)	-	-
Retained earnings					
Appropriated - legal reserve	13	39,717	39,717	39,717	39,717
Unappropriated		2,568,891	2,261,511	153,691	115,730
Total parent's shareholders' equity		9,662,004	9,288,688	7,205,404	7,167,443
Minority interests		645,019	385,254	-	-
<b>Total shareholders' equity</b>		<b>10,307,023</b>	<b>9,673,942</b>	<b>7,205,404</b>	<b>7,167,443</b>
<b>Total liabilities and shareholders' equity</b>		<b>13,080,433</b>	<b>13,179,602</b>	<b>7,302,831</b>	<b>7,271,412</b>

The notes to the consolidated and Company financial statements on pages 9 to 24 form an integral part of these consolidated financial statements

**Mermaid Maritime Public Company Limited**  
**Statements of Income (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Service income		1,582,609	1,097,906	-	-
Cost of services		(1,121,536)	(711,875)	-	-
<b>Gross profit from services</b>		461,073	386,031	-	-
Service and administrative expenses		(110,801)	(237,953)	(22,032)	(23,045)
Management fee income	19.1	-	-	17,580	17,580
Interest income		13,265	15,133	14,463	12,126
Gains on exchange rates		2,407	18,237	26,302	(7,326)
Net gains on disposal and write off of property, plant, and equipment		16,720	514	235	514
Other income		2,138	1,430	2,622	3,317
<b>Operating profit</b>		384,802	183,392	39,170	3,166
Share of profits (losses) of investments	6	(3,958)	3,341	-	-
<b>Profit before interest expenses and income taxes</b>		380,844	186,733	39,170	3,166
Interest expenses		(32,018)	(37,937)	(1,209)	(1,998)
<b>Profit before income taxes</b>		348,826	148,796	37,961	1,168
Income taxes	14	(35,261)	92,495	-	11,915
<b>Net profit for the period</b>		<u>313,565</u>	<u>241,291</u>	<u>37,961</u>	<u>13,083</u>
<b>Attributable to:</b>					
Shareholders of the parent		307,380	240,279	37,961	13,083
Minority interest		6,185	1,012	-	-
		<u>313,565</u>	<u>241,291</u>	<u>37,961</u>	<u>13,083</u>
<b>Earnings per share for profit attributable to the shareholders of the parent</b>					
Basic (Baht)	15	<u>0.57</u>	<u>0.47</u>	<u>0.07</u>	<u>0.03</u>

The notes to the consolidated and Company financial statements on pages 9 to 24 form an integral part of these consolidated financial statements

**Mermaid Maritime Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

	Consolidated 2008						Unit : Baht' 000
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserve	Unappropriated retained earnings	Minority interests	Total
<b>Beginning balance as at 1 October 2008</b>	541,205	6,470,791	(24,536)	39,717	2,261,511	385,254	9,673,942
Issued share capital in subsidiary	-	-	-	-	-	230,313	230,313
Net profit for the period	-	-	-	-	307,380	6,185	313,565
Translation adjustments for investments in foreign subsidiaries	-	-	65,936	-	-	23,267	89,203
<b>Ending balance as at 31 December 2008</b>	<u>541,205</u>	<u>6,470,791</u>	<u>41,400</u>	<u>39,717</u>	<u>2,568,891</u>	<u>645,019</u>	<u>10,307,023</u>

	Company 2008				Unit : Baht' 000
	Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated retained earnings	Total
<b>Beginning balance as at 1 October 2008</b>	541,205	6,470,791	39,717	115,730	7,167,443
Net profit for the period	-	-	-	37,961	37,961
<b>Ending balance as at 31 December 2008</b>	<u>541,205</u>	<u>6,470,791</u>	<u>39,717</u>	<u>153,691</u>	<u>7,205,404</u>

The notes to the consolidated and Company financial statements on pages 9 to 24 form an integral part of these consolidated financial statements

**Mermaid Maritime Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

	<b>Consolidated 2007</b>						<b>Unit : Baht'000</b>
	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Translation adjustments for investments in foreign subsidiaries</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	<b>Minority interests</b>	<b>Total</b>
<b>Beginning balance as at 1 October 2007</b>	383,205	1,226,352	496	5,720	1,139,217	140,044	2,895,034
Issued share capital	158,000	5,252,214	-	-	-	171,243	5,581,457
Return of capital investment from a subsidiary	-	-	-	-	-	(90,547)	(90,547)
Net profit for the period	-	-	-	-	240,279	1,012	241,291
Legal reserve	-	-	-	27,054	(27,054)	-	-
Translation adjustments for investments in foreign subsidiaries	-	-	9,126	-	-	1,039	10,165
<b>Ending balance as at 31 December 2007</b>	<b>541,205</b>	<b>6,478,566</b>	<b>9,622</b>	<b>32,774</b>	<b>1,352,442</b>	<b>222,791</b>	<b>8,637,400</b>

	<b>Company 2007</b>				<b>Unit : Baht'000</b>
	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings (deficit)</b>	<b>Total</b>
<b>Beginning balance as at 1 October 2007</b>	383,205	1,226,352	5,720	10,865	1,626,142
Issued share capital	158,000	5,252,214	-	-	5,410,214
Net profit for the year	-	-	-	13,083	13,083
Legal reserve	-	-	27,054	(27,054)	-
<b>Ending balance as at 31 December 2007</b>	<b>541,205</b>	<b>6,478,566</b>	<b>32,774</b>	<b>(3,106)</b>	<b>7,049,439</b>

The notes to the consolidated and Company financial statements on pages 9 to 24 form an integral part of these consolidated financial statements

**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
<b>Cash flows from operating activities</b>					
Profit before income taxes		348,826	148,796	37,961	1,168
Adjustments for:					
Depreciation	8.2	135,425	129,128	5,180	5,303
Amortisation of intangible assets		3,376	1,999	1,659	1,867
Interest expenses		32,018	37,937	1,209	1,998
Net gains on disposal and write off of property, plant, and equipment		(16,189)	(364)	(235)	(514)
Realised gains on exchange rates		(15,902)	(10,699)	(10,272)	-
Unrealised (gains) losses on exchange rates		27,973	(18,633)	(15,856)	(626)
Retirement benefit obligations		2,858	597	224	299
Share of (profits) losses of investment in associates	6	3,958	(3,341)	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
- Trade accounts receivable - others		244,921	66,971	-	-
- Trade accounts receivable - related parties		3	19	-	18
- Amounts due from related parties		12,848	89	11,282	7,804
- Supplies and spare parts		22,458	(9,395)	-	-
- Other current assets		290,573	84,497	689	66,453
- Other non-current assets		(95,276)	44,824	-	-
- Trade accounts payable - others		(42,475)	(80,545)	-	-
- Trade accounts payable - related parties		8,514	(46,263)	-	(2)
- Other accounts payable		(625,446)	53,717	33	(2,602)
- Amounts due to related parties		(37)	(1,269)	-	38
- Accrued expenses		50,991	(66,032)	(38)	(32,315)
- Other current liabilities		(76,119)	(28,400)	(127)	(701)
Cash generated from operations		313,298	303,633	31,709	48,188
- Interest paid		(32,030)	(37,804)	(1,205)	(1,982)
- Income taxes paid		(25,043)	(1,298)	(971)	-
<b>Net cash inflows from operating activities</b>		<b>256,225</b>	<b>264,531</b>	<b>29,533</b>	<b>46,206</b>

The notes to the consolidated and Company financial statements on pages 9 to 24 form an integral part of these consolidated financial statements



**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
<b>Cash flows from investing activities</b>					
Repayment of short-term loans to related parties		1,140,394	-	1,226,008	409,000
Short-term loans provided to related parties		-	-	-	(428,126)
Payments for investments in subsidiaries	6	-	-	(690,527)	(1,167,581)
Payments for investments in associates	6	-	(337,784)	-	-
Payment for long-term investment	7	(75,758)	-	-	-
Proceeds from return of capital investment from a subsidiary being liquidated	6	-	-	-	94,005
Proceeds from disposals of property, plant, and equipment		18,852	12,882	1,027	12,882
Purchases of property, plant and equipment		(630,826)	(1,089,046)	(511)	(79)
Purchases of intangible assets		(1,400)	(4)	-	(4)
<b>Net cash inflows (outflows) from investing activities</b>		<b>451,262</b>	<b>(1,413,952)</b>	<b>535,997</b>	<b>(1,079,903)</b>
<b>Cash flows from financing activities</b>					
Net payments for bank overdrafts		-	(20,274)	-	-
Proceeds from short-term loans from financial institutions		-	41,514	-	-
Repayments on short-term loans from financial institutions		-	(121,578)	-	-
Repayments on finance lease liabilities		(1,951)	(1,241)	(434)	(459)
Proceeds from long-term loans from financial institutions	10	328,688	-	-	-
Repayments on long-term loans from financial institutions	10	(436,494)	(103,431)	(6,200)	(6,200)
Payments on capital investment to minorities		-	(90,547)	-	-
Proceeds from issuance of share capital		-	158,000	-	158,000
Proceeds from share premium		-	5,252,214	-	5,252,214
Proceeds from issuance of share capital received from minorities		230,313	171,243	-	-
<b>Net cash inflows (outflows) from financing activities</b>		<b>120,556</b>	<b>5,285,900</b>	<b>(6,634)</b>	<b>5,403,555</b>
Net increase in cash and cash equivalents		828,043	4,136,479	558,896	4,369,858
Cash and cash equivalents at beginning of period		1,726,430	511,700	1,141,842	21,139
Effects of exchange rate changes		9,839	2,882	(1,613)	-
<b>Cash and cash equivalents at the end of period</b>		<b>2,564,312</b>	<b>4,651,061</b>	<b>1,699,125</b>	<b>4,390,997</b>

**Non-cash transactions**

During the three-month periods that ended on 31 December 2008 and 2007, the following significant non-cash transactions occurred:

Unpaid liabilities under finance lease agreements for purchase of motor vehicles	8,618	10,808	2,070	4,325
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The notes to the consolidated and Company financial statements on pages 9 to 24 form an integral part of these consolidated financial statements

## **1 General information**

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

26/28-29 Orakarn Building, 9<sup>th</sup> 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.

These consolidated and Company interim financial statements have been approved for issue by the Board of Directors on 12 February 2009.

## **2 Summary of significant accounting policies**

### **Basis of preparation of interim consolidated and company financial statements**

These interim consolidated and Company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity, and cash flows) are prepared in the full format. The notes to the financial statements are prepared in condensed format according to Thai Accounting Standard 41, “Interim Financial Reporting”.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2008.

These interim financial statements have added additional information in relation to critical accounting estimates and judgements and capital risk management as required by the revised standards TAS 35.

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

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

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

These interim financial statements should be read in conjunction with the 2008 annual financial statements.

### **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.

#### **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.

#### **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 consider both historical performance and expectations regarding future operations, utilisation, and performance, as well as other industry specific information.

**Mermaid Maritime Public Company Limited**  
**Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

**4 Business segment information**

The segment results for the period that ended on 31 December 2008 are as follows:

	<b>Consolidated</b>					<b>Unit : Baht'000</b>
	<b>For the three-month period that ended on 31 December 2008</b>					
	<b>Subsea services</b>	<b>Drilling services</b>	<b>Training services</b>	<b>Seascope survey services</b>	<b>Holding</b>	<b>Group</b>
Total service income	1,037,114	500,298	8,475	111,462	-	1,657,349
Inter-segment service income	-	-	(87)	(74,653)	-	(74,740)
Service income	1,037,114	500,298	8,388	36,809	-	1,582,609
Operating profit	241,737	122,579	2,171	6,913	11,402	384,802
Interest expenses						(32,018)
Income taxes						(35,261)
Share of losses from associates						(3,958)
Net profit for the period						313,565
Property, plant, equipment and intangible assets	3,187,436	4,593,041	8,706	64,929	205,032	8,059,144
Total assets						13,080,433

**Mermaid Maritime Public Company Limited**  
**Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

**4 Business segment information**

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

	<b>Consolidated</b>					<b>Unit : Baht'000</b>
	<b>For the three-month period that ended on 31 December 2007</b>					
	<b>Subsea services</b>	<b>Drilling services</b>	<b>Ownership and operation of multi- purpose offshore service vessels</b>	<b>Training services</b>	<b>Holding</b>	<b>Group</b>
Total service income	888,164	202,659	-	7,083	-	1,097,906
Inter-segment service income	-	-	-	-	-	-
Service income	888,164	202,659	-	7,083	-	1,097,906
Operating profit (loss)	239,543	(58,146)	2,026	55	(86)	183,392
Interest expenses						(37,937)
Income taxes						92,495
Share of profits from associates						3,341
Net profit for the period						<u>241,291</u>
Property, plant, equipment and intangible assets	<u>2,397,247</u>	<u>2,338,090</u>	<u>-</u>	<u>10,648</u>	<u>221,968</u>	<u>4,967,953</u>
Total assets						<u>11,292,607</u>

**Mermaid Maritime Public Company Limited**  
**Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)**  
**For the three-month periods that ended on 31 December 2008 and 2007**

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**5 Trade accounts receivable - others, net**

Trade accounts receivable - others, comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>
Trade accounts receivable - others	1,166,970	1,439,054	-	-
Accrued income	83,546	26,908	-	-
	1,250,516	1,465,962		
<u>Less</u> Allowance for doubtful accounts	(4,179)	(4,179)	-	-
Trade accounts receivable - others, net	<u>1,246,337</u>	<u>1,461,783</u>	<u>-</u>	<u>-</u>

**6 Investments in subsidiaries and associates**

The movement of investments in subsidiaries and associates during the three-month periods that ended on 31 December 2008 and 2007 is as follows:

**Subsidiaries:**

	<b>Company</b>	
	<b>31 December 2008 Baht'000</b>	<b>31 December 2007 Baht'000</b>
Opening balance	3,543,392	1,228,824
Additional investments in subsidiaries	690,527	1,167,581
Return of capital investment from a subsidiary being liquidated	-	(94,005)
Ending balance	<u>4,233,919</u>	<u>2,302,400</u>

**Associates:**

	<b>Consolidated</b>	
	<b>31 December 2008 Baht'000</b>	<b>31 December 2007 Baht'000</b>
Opening balance	405,296	-
Additional investments in associates	-	337,784
Share of profits (losses) of investments in associates	(3,958)	3,341
Ending balance	<u>401,338</u>	<u>341,125</u>

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**6 Investments in subsidiaries and associates (Cont'd)**

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

Name of subsidiaries and associates	Country of incorporation	Percentage of holding	
		As at 31 December 2008	As at 30 September 2008
Darium Thai Offshore Ltd.	Thailand	51.0	51.0
Mermaid Offshore Services Ltd. which has one associate and two subsidiaries as follows:	Thailand	100.0	100.0
Worldclass Inspiration Sdn. Bhd.	Malaysia	25.0	25.0
Seascope Surveys (Thailand) Ltd.	Thailand	80.0	80.0
Seascope Surveys Pte. Ltd. which has two subsidiaries as follows:	Singapore	80.0	80.0
PT Seascope Surveys Indonesia	Indonesia	97.0	97.0
Seascope Inspection Services Pte. Ltd.	Singapore	100.0	100.0
Mermaid Drilling Ltd. which has three subsidiaries as follows:	Thailand	95.0	95.0
MTR-1 Ltd.	Thailand	100.0	100.0
MTR-2 Ltd.	Thailand	100.0	100.0
Mermaid Drilling (Malaysia) Sdn. Bhd.	Malaysia	100.0	100.0
Mermaid Training and Technical Services Ltd.	Thailand	100.0	100.0
Mermaid Drilling (Singapore) Pte. Ltd. which has four subsidiaries and one associate as follows:	Singapore	100.0	100.0
MTR-1 (Singapore) Ltd.	Singapore	100.0	100.0
MTR-2 (Singapore) Ltd.	Singapore	100.0	100.0
Mermaid Kencana Rig 1 Pte. Ltd.	Singapore	75.0	75.0
Mermaid Kencana Rig 2 Pte. Ltd.	Singapore	100.0	100.0
Kencana Mermaid Drilling Sdn. Bhd.	Malaysia	40.0	40.0

**Additional investments in subsidiaries**

As at 31 December 2008, the Company made a payment for share subscription in Mermaid Drilling (Singapore) Pte. Ltd. of Baht 690.5 million (or USD 21.1 million) in order for Mermaid Drilling (Singapore) Pte. Ltd. to invest further in Mermaid Kencana Rig 1 Pte. Ltd. Mermaid Kencana Rig 1 Pte. Ltd., received the share subscription in advance from Mermaid Drilling (Singapore) Pte. Ltd., as well as from Kencana Petroleum Ventures Sdn. Bnd., amounting to Baht 690.5 million (or USD 21.1 million) and Baht 230.3 million (or USD 7.0 million), respectively, according to the proportion of shareholding.

**7 Long-term investment - other**

On 26 December 2008, Mermaid Maritime Offshore Services Ltd., a wholly owned subsidiary, entered into a Sale and Purchase Agreement with the shareholders of Nemo Subsea IS for the purchase of 20 shares representing 20% of the total shares in Nemo Subsea IS. The total purchase value was Baht 75.8 million (or USD 2.2 million) representing a price of Baht 3.8 million (or USD 108,000) per share.

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**8 Property, plant, and equipment, net**

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

	<b>For the three-month periods that ended on 31 December</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening net book amount	7,492,276	4,011,342	208,054	237,363
Additions	689,990	1,089,935	511	79
Disposals	(2,133)	(12,368)	(791)	(12,368)
Write-off	(531)	(149)	-	-
Depreciation charge	(135,425)	(129,128)	(5,180)	(5,303)
Closing net book amount	<u>8,044,177</u>	<u>4,959,632</u>	<u>202,594</u>	<u>219,771</u>

**Consolidated**

The major additions during the three-month period that ended on 31 December 2008 were:

- a) an installment payment under a tender rig construction contract totalling Baht 289.8 million;
- b) an installment payment under a saturation diving system contract of Baht 148.7 million;
- c) an installment payment under an ROV support vessel construction contract totalling Baht 71.1 million.

The significant disposals during the three-month period that ended on 31 December 2008 comprised disposals of equipment at net book value of Baht 2.1 million.

8.2) The depreciation charges during the three-month periods that ended on 31 December are as follows:

	<b>For the three-month periods that ended on 31 December</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Depreciation charged to				
- Cost of service	125,043	80,144	-	-
- Service and administrative expenses	10,382	48,984	5,180	5,303
	<u>135,425</u>	<u>129,128</u>	<u>5,180</u>	<u>5,303</u>

8.3) Property, plant and equipment as at 31 December 2008 used as collateral for loan facilities can be summarized as follows:

There is one land and building, one saturation diving system, and two tender rigs which are mortgaged with various banks as collateral for overdrafts and loan facilities as described in Note 10. These assets are mortgaged at a total value of Baht 2,522 million (30 September 2008: Baht 2,522 million and USD 15 million in respect of one support vessel).



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**9 Deferred tax assets**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008</b>	<b>30 September 2008</b>	<b>31 December 2008</b>	<b>30 September 2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Deferred tax assets:				
Deferred tax assets to be recovered after 12 months	202,924	213,605	-	-
<b>Total</b>	<b>202,924</b>	<b>213,605</b>	<b>-</b>	<b>-</b>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008</b>	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening net book amount	213,605	59,606	-	-
Statement of income charged/(credited)	(10,681)	104,568	-	11,915
Closing net book amount	<b>202,924</b>	<b>164,174</b>	<b>-</b>	<b>11,915</b>

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

	<b>Retirement benefit obligations</b>	<b>Tax loss carry-forwards</b>	<b>Depreciation</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Deferred tax assets				
At 30 September 2008	857	145,510	67,238	213,605
Charged/(credited) to the consolidated statement of income	96	-	(10,777)	(10,681)
At 31 December 2008	<b>953</b>	<b>145,510</b>	<b>56,461</b>	<b>202,924</b>

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

As at 30 September 2008, the Group did not recognise deferred income tax assets of Baht 79.2 million in respect of tax loss carry-forwards amounting to Baht 264.1 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.

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**10 Long-term loans from financial institutions**

Long-term loans from financial institutions comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>
Current portion of long-term loans	425,740	416,570	24,800	24,800
Long-term portion of loans	1,448,671	1,521,857	54,600	60,800
Loans from financial institutions	<u>1,874,411</u>	<u>1,938,427</u>	<u>79,400</u>	<u>85,600</u>

The movement of long-term loans from financial institutions for the three-month periods that ended on 31 December 2008 and 2007 is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008 Baht'000</b>	<b>31 December 2007 Baht'000</b>	<b>31 December 2008 Baht'000</b>	<b>31 December 2007 Baht'000</b>
Beginning balance	1,938,427	2,179,655	85,600	110,400
Additions during period	328,688	-	-	-
Repayments during period	(436,494)	(103,431)	(6,200)	(6,200)
Realised (gains) losses on exchange rates	10,537	(8,404)	-	-
Unrealised (gains) losses on exchange rates	33,253	(18,046)	-	-
Ending balance	<u>1,874,411</u>	<u>2,049,774</u>	<u>79,400</u>	<u>104,200</u>

As at 31 December 2008, the total outstanding amounts of long-term loans granted by local commercial banks are Baht 546.8 million and USD 37.8 million (30 September 2008: Baht 241.2 million and USD 49.7 million). These loans are secured by mortgages on the Group's assets as mentioned in Note 8.3 and are guaranteed by the Company and some subsidiaries.

**11 Finance lease liabilities**

Finance lease liabilities comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>
Finance lease liabilities	9,600	12,416	2,153	2,631
<u>Less</u> Deferred interest expense	(982)	(1,846)	(83)	(127)
Total finance lease liabilities	8,618	10,570	2,070	2,504
<u>Less</u> Current portion of finance lease liabilities	(4,020)	(4,587)	(1,854)	(1,845)
Long-term portion of finance lease liabilities	<u>4,598</u>	<u>5,983</u>	<u>216</u>	<u>659</u>

As at 31 December 2008 and 30 September 2008, finance lease liabilities to purchase motor vehicles carry fixed interest rates. The leases have repayment terms within 3 to 5 years without guarantee.

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**12 Share capital and premium on share capital**

For the three-month period that ended on 31 December 2008:

	Number of registered shares Shares'000	Issued and paid-up shares Shares'000	Ordinary shares Baht'000	Premium on share capital Baht'000	Total Baht'000
As at 30 September 2008	674,537	541,205	541,205	6,470,791	7,011,996
Issue of shares	-	-	-	-	-
As at 31 December 2008	<u>674,537</u>	<u>541,205</u>	<u>541,205</u>	<u>6,470,791</u>	<u>7,011,996</u>

As at 31 December 2008 and 30 September 2008, all issued shares are fully paid.

**13 Legal reserve**

	Consolidated		Company	
	31 December 2008 Baht'000	31 December 2007 Baht'000	31 December 2008 Baht'000	31 December 2007 Baht'000
Opening balance	39,717	5,720	39,717	5,720
Allocation during the period	-	27,054	-	27,054
Closing balance	<u>39,717</u>	<u>32,774</u>	<u>39,717</u>	<u>32,774</u>

The Company registered as a public limited company on 15 January 2007. 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.

**14 Income taxes expenses**

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

The reconciliation of income taxes is provided as follows:

	For the three-month periods that ended on 31 December			
	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Current taxes	24,580	12,073	-	-
Deferred taxes (Note 9)	10,681	(104,568)	-	(11,915)
Total	<u>35,261</u>	<u>(92,495)</u>	<u>-</u>	<u>(11,915)</u>

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**15 Basic earnings per share**

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

	<b>For the three-month periods that ended on 31 December</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net profit for the period attributable to ordinary shareholders of the parent (Baht'000)	307,380	240,279	37,961	13,083
Weighted average number of ordinary shares (Shares'000)	541,205	512,803	541,205	512,803
Basic earnings per share (Baht)	0.57	0.47	0.07	0.03

There are no potential dilutive ordinary shares in issue during the periods that ended on 31 December 2008 and 2007.

**16 Financial instruments**

**Cross currency and interest rate swap contract**

On 29 December 2008, Mermaid Offshore Service Ltd., a subsidiary, entered into 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 has a notional amount of USD 9.4 million and a maturity date of 31 August 2012.

**Net fair values**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Unfavourable cross currency and interest rate swap contract	1,004	-	-	-

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

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**17 Guarantees**

As at 31 December 2008 and 30 September 2008, the Group and the Company have outstanding guarantees as follows:

	<b>Consolidated/Company</b>			
	<b>31 December 2008</b>		<b>30 September 2008</b>	
	<b>Baht'000</b>	<b>USD'000</b>	<b>Baht'000</b>	<b>USD'000</b>
Letters of guarantee issued by banks in the normal course of business	21,950	2,000	15,650	2,062
A guarantee for short-term loans of subsidiaries to a financial institution	335,000	2,000	305,000	2,000
A guarantee for long-term loans of subsidiaries to a financial institution	467,388	37,843	155,550	49,664
A guarantee for forward contract facility of a subsidiary to a financial institution	105,000	-	55,000	-
A guarantee for swap contract facility of a subsidiary to a financial institution	342,000	-	-	-

**18 Commitments**

*(a) Capital commitments*

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008</b>	<b>30 September 2008</b>	<b>31 December 2008</b>	<b>30 September 2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Vessel and rig building contracts				
USD	3,041,003	3,037,081	-	-
NOK	4,116	9,739	-	-
Vessel equipment contracts				
USD	128,571	201,243	-	-
SGD	35,747	37,237	-	-
GBP	95,295	172,519	-	-

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**18 Commitments (Cont'd)**

(b) *Operating lease commitments - group company as lessee*

*Operating lease commitments*

The future aggregate minimum lease payments under non-cancellable operating leases of vessels are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>	<b>31 December 2008 Baht'000</b>	<b>30 September 2008 Baht'000</b>
No later than 1 year	538,561	113,870	-	-
Later than 1 year but not later than 5 years	138,223	292,801	-	-

*Vessel Charter Contract*

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

(c) *Service Agreements*

As at 31 December 2008, the Group has two outstanding drilling service agreements. The remaining agreement periods are between seven months and sixteen months.

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**19 Related party transactions**

Significant related party transactions are as follows:

**19.1 Transactions with related parties**

Significant related party transactions between the Company and its subsidiaries, associates, and group companies of Thoresen Thai Agencies Public Company Limited, the parent company, and other related parties other than those already disclosed in the consolidated and Company balance sheets are as follows:

	<b>For the three-month periods that ended on 31 December</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Revenue</b>				
<u>Interest income</u>				
Subsidiaries	-	-	13,318	1,117
Other related parties	8,285	-	-	-
	<u>8,285</u>	<u>-</u>	<u>13,318</u>	<u>1,117</u>
<u>Management income</u>				
Subsidiaries	-	-	17,580	17,580
<u>Rental income</u>				
Subsidiaries	-	-	2,134	2,133
Other related parties	418	432	418	432
	<u>418</u>	<u>432</u>	<u>2,552</u>	<u>2,565</u>
<b>Expenses</b>				
<u>Vessel and equipment rental</u>				
Other related parties	9,938	-	-	-

There has been no significant change to the Group's policies in respect of related party transactions during the three-month period that ended on 31 December 2008.

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

**19.2 Accounts receivable and payable - related parties**

	Consolidated		Company	
	31 December 2008 Baht'000	30 September 2008 Baht'000	31 December 2008 Baht'000	30 September 2008 Baht'000
<u>Accounts receivable - trade</u>				
Other related parties	149	152	-	-
<u>Amounts due from related parties</u>				
Subsidiaries	-	-	264,384	275,665
Other related parties	1,404	14,252	26	27
	1,404	14,252	264,410	275,692
<u>Accounts payable - trade</u>				
Other related parties	8,514	-	-	-
	8,514	-	-	-
<u>Amounts due to related parties</u>				
Subsidiaries	-	-	3	3
Other related parties	14	51	14	14
	14	51	17	17

**19.3 Short-term loans to related parties**

	Consolidated		Company	
	31 December 2008 Baht'000	30 September 2008 Baht'000	31 December 2008 Baht'000	30 September 2008 Baht'000
Subsidiaries	-	-	882,544	2,080,811
Associate	-	1,147,989	-	-
	-	1,147,989	882,544	2,080,811

As at 31 December 2008, there is no outstanding balance of short-term loan to an associate.

As at 30 September 2008, the Group provided a short-term loan in Singapore Dollars to an associate company, Worldclass Inspiration Sdn. Bhd., which has an outstanding balance of Baht 1,117.2 million and carries an interest at the rate of 8.5% per annum and a short-term loan in Malaysia Ringgit to the same associate, which has an outstanding balance of Baht 30.8 million and carries an interest at the rate of LIBOR plus 3.5% per annum. The loans are unsecured and have repayment terms at call.

As at 31 December 2008, the Company provided a short-term loan in Thai Baht to a subsidiary company, Mermaid Offshore Services Ltd., which has an outstanding balance of Baht 65 million (30 September 2008 : Baht 65 million) and carries an interest at the rate of MLR plus 1% per annum (30 September 2008 : MLR plus 1% per annum) and a short term loan in US Dollars to a subsidiary company, Mermaid Drilling Ltd., which has an outstanding balance of Baht 817.5 million (30 September 2008: Baht 898.6 million) and carries an interest at the rate of 2.75% per annum (30 September 2008 : 2.75% per annum). As at 31 December 2008, there is no outstanding balance of short-term loan in Singapore Dollar to a subsidiary company, Mermaid offshore Services Ltd. (30 September 2008 : Baht 1,117.2 million and carries an interest at the rate of 7 % per annum). The loans are unsecured and have repayment terms at call.



## **20 Subsequent events**

At the annual General Meeting No. 1/2009 held on 29 January 2009, there were certain significant matters approved by shareholders as follows:

- A reduction in the registered share capital of the Company from Baht 674,537,393 to Baht 541,903,340 by means of the cancellation of 132,634,053 ordinary shares with a par value of Baht 1 each that have remained unissued or unallocated from the initial public offering and the 2008 Employee Share Option Plan. The reduction in the registered share capital was registered with the Ministry of Commerce on 10 February 2009.
- The 2009 Employee Share Option Plan (“ESOP 2009”) and to issue and offer up to 3,000,000 warrants to employees (including any employees who are directors) of the Company or subsidiaries under ESOP 2009 pursuant to its terms.
- An increase in the registered share capital of the company from Baht 541,903,340 to Baht 544,903,340 by means of the issuance of 3,000,000 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 11 February 2009.
- The allocation of 3,000,000 new ordinary shares from the increase in registered capital for distribution under the ESOP 2009.