

MERMAID MARITIME PUBLIC COMPANY LIMITED

**CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS**

30 SEPTEMBER 2011



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.

A handwritten signature in blue ink, appearing to read 'Kajornkiet Aroonpirodkul', is written over a faint, dotted rectangular box.

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

Bangkok
25 November 2011

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

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 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
Balance Sheets (Cont'd)
As at 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	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.

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

	Notes	Consolidated		Company	
		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		<u>(161,353)</u>	<u>(456,484)</u>	<u>1,632,823</u>	<u>(292,775)</u>
Attributable to:					
Shareholders of the parent		(167,347)	(456,078)	1,632,823	(292,775)
Minority interests		5,994	(406)	-	-
		<u>(161,353)</u>	<u>(456,484)</u>	<u>1,632,823</u>	<u>(292,775)</u>
		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	<u>(0.21)</u>	<u>(0.61)</u>	<u>2.08</u>	<u>(0.39)</u>

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

Mermaid Maritime Public Company Limited
Statements of Changes in Shareholders' Equity
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		<u>784,748</u>	<u>9,818,420</u>	<u>(197,695)</u>	<u>78,475</u>	<u>1,858,659</u>	<u>99,008</u>	<u>12,441,615</u>

	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		<u>784,748</u>	<u>9,818,420</u>	<u>78,475</u>	<u>931,307</u>	<u>11,612,950</u>

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

Mermaid Maritime Public Company Limited
 Statements of Changes in Shareholders' Equity (Cont'd)
 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		<u>784,748</u>	<u>9,818,420</u>	<u>(270,702)</u>	<u>39,717</u>	<u>2,519,918</u>	<u>89,688</u>	<u>12,981,789</u>

	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		<u>784,748</u>	<u>9,818,420</u>	<u>39,717</u>	<u>(207,604)</u>	<u>10,435,281</u>

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

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

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	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.

Mermaid Maritime Public Company Limited
Statements of Cash Flows (Cont'd)
For the years that ended on 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 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
Statements of Cash Flows (Cont'd)
For the years that ended on 30 September 2011 and 2010

	Note	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 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	<u>1,352,380</u>	<u>3,742,938</u>	<u>377,635</u>	<u>3,375,758</u>

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.

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.

Effective for the periods beginning on or after 1 January 2011

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

Effective for the periods beginning on or after 1 January 2013

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

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)

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.

2.3.3 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 Summary of significant accounting policies (Cont'd)

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.

(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 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

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.

2.4.3 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:

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

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

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

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.

2.4.10 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 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

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.

(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.

2 Summary of significant accounting policies (Cont'd)

2.4 Accounting policies (Cont'd)

2.4.12 Revenue recognition (Cont'd)

(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.

2.4.14 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.

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

5 Cash and cash equivalents

Cash and cash equivalents comprise:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

8 Trade accounts receivable - others, net

Trade accounts receivable - others, comprise:

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

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

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	-	-
<u>Less</u> Allowance for doubtful accounts	(37,909)	(83,268)	-	-
Trade accounts receivable - other, net	<u>1,661,898</u>	<u>616,323</u>	<u>-</u>	<u>-</u>

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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⁾
Seascope Surveys (Thailand) Ltd.	Subsidiary	Thailand	80.0	80.0
Seascope Surveys Pte. Ltd., which has one subsidiary as follows:	Subsidiary	Singapore	80.0	80.0
PT Seascope 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	2010
	Baht'000	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
<u>Less</u> Allowance for impairment loss of investments in a subsidiary	(266,265) ⁽⁴⁾	(241,536) ⁽³⁾
Closing net book amount	<u>4,970,999</u>	<u>4,995,728</u>

⁽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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	<u>1,862,041</u>	<u>-</u>	<u>1,903,814</u>	<u>-</u>

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.

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

9 Investments in subsidiaries and associates (Cont'd)

9.2 Investments in associates (Cont'd)

Details of associates are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Assets Baht'000</u>	<u>Liabilities Baht'000</u>	<u>Revenues Baht'000</u>	<u>Profit (loss) Baht'000</u>	<u>% Interest held</u>	<u>Profit (loss) sharing Baht'000</u>
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:

	<u>Consolidated</u>		<u>Company</u>	
	<u>2011 Baht'000</u>	<u>2010 Baht'000</u>	<u>2011 Baht'000</u>	<u>2010 Baht'000</u>
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
	<u>136,801</u>	<u>128,348</u>	<u>13,743</u>	<u>10,896</u>

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

11 Property, plant, and equipment, net

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

	Consolidated										Haht'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
<u>Less</u> Accumulated depreciation	-	(59,291)	(17,597)	(540,816)	(44,821)	(14,392)	(1,768,026)	(275,568)	(297)	-	(2,720,808)
Net book amount	<u>35,136</u>	<u>129,823</u>	<u>7,056</u>	<u>1,652,732</u>	<u>16,063</u>	<u>14,061</u>	<u>9,905,803</u>	<u>213,815</u>	<u>1</u>	<u>10,765</u>	<u>11,985,255</u>
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	<u>35,136</u>	<u>118,169</u>	<u>7,211</u>	<u>1,500,239</u>	<u>21,578</u>	<u>11,647</u>	<u>9,261,714</u>	<u>142,872</u>	<u>1,216</u>	<u>22,612</u>	<u>11,122,394</u>
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
<u>Less</u> 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	<u>35,136</u>	<u>118,169</u>	<u>7,211</u>	<u>1,500,239</u>	<u>21,578</u>	<u>11,647</u>	<u>9,261,714</u>	<u>142,872</u>	<u>1,216</u>	<u>22,612</u>	<u>11,122,394</u>

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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
<u>Less</u> Accumulated depreciation	-	(59,292)	(14,301)	(279)	(30,254)	(2,437)	(106,563)
Net book amount	<u>35,136</u>	<u>129,823</u>	<u>2,025</u>	<u>218</u>	<u>4,644</u>	<u>1,598</u>	<u>173,444</u>
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	<u>35,136</u>	<u>118,169</u>	<u>3,906</u>	<u>191</u>	<u>12,183</u>	<u>1,059</u>	<u>170,644</u>
At 30 September 2011							
Cost	35,136	189,115	18,683	534	47,309	4,035	294,812
<u>Less</u> Accumulated depreciation	-	(70,946)	(14,777)	(343)	(35,126)	(2,976)	(124,168)
Net book amount	<u>35,136</u>	<u>118,169</u>	<u>3,906</u>	<u>191</u>	<u>12,183</u>	<u>1,059</u>	<u>170,644</u>

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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

12 Intangible assets, net

	Consolidated	Company
	Baht'000	Baht'000
Computer software		
At 30 September 2010		
Cost	60,586	24,606
<u>Less</u> Accumulated amortisation	<u>(43,661)</u>	<u>(24,217)</u>
Net book amount	<u>16,925</u>	<u>389</u>
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	<u>(27)</u>	<u>-</u>
Closing net book amount	<u>16,206</u>	<u>1,256</u>
At 30 September 2011		
Cost	69,194	26,266
<u>Less</u> Accumulated amortisation	<u>(52,988)</u>	<u>(25,010)</u>
Net book amount	<u>16,206</u>	<u>1,256</u>

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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

The amounts shown in the balance sheets include the following:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	<u>99,437</u>	<u>113,240</u>	<u>-</u>	<u>-</u>

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

	Employee benefit obligations	Tax loss carry-forwards	Depreciation	Allowance for doubtful	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Deferred tax assets					
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	<u>17,856</u>	<u>103,921</u>	<u>9,417</u>	<u>10,832</u>	<u>142,026</u>

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	<u>3,966,710</u>	<u>4,320,415</u>	<u>-</u>	<u>36,000</u>

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

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	-	-
	<u>3,966,710</u>	<u>4,320,415</u>	<u>-</u>	<u>36,000</u>

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

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

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.

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

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	
	<u>Consolidated</u>	<u>Company</u>
	<u>USD</u>	<u>USD</u>
	<u>Million</u>	<u>Million</u>
Floating interest rate		
- expiring within one year	45	-
	<u>45</u>	<u>-</u>
	30 September 2010	
	<u>Consolidated</u>	<u>Company</u>
	<u>USD</u>	<u>USD</u>
	<u>Million</u>	<u>Million</u>
Floating interest rate		
- expiring within one year	63	-
	<u>63</u>	<u>-</u>

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.

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

16 Employee benefit obligations

Employee benefit obligations comprise:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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

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

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

16 Employee benefit obligations (Cont'd)

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

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

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.

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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

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.

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

19 Legal reserves

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

21 Income tax expenses

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	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:

23 Financial instruments (Cont'd)

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 rate 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.

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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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).

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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	2010	2011	2010
	Baht'000	Baht'000	Baht'000	Baht'000
Revenues				
<u>Management fee income</u>				
Subsidiaries	-	-	90,773	93,360
Associates	147,601	-	147,601	-
	<u>147,601</u>	<u>-</u>	<u>238,374</u>	<u>93,360</u>
<u>Dividend income</u>				
Subsidiary	-	-	1,400,540	-
	<u>-</u>	<u>-</u>	<u>1,400,540</u>	<u>-</u>
<u>Interest income</u>				
Subsidiaries	-	-	88,982	70,808
	<u>-</u>	<u>-</u>	<u>88,982</u>	<u>70,808</u>
<u>Rental income</u>				
Subsidiaries	-	-	6,748	7,761
Other related party	1,912	1,674	1,912	1,674
	<u>1,912</u>	<u>1,674</u>	<u>8,660</u>	<u>9,435</u>
<u>Other income - Compensation for agreement termination</u>				
Associate	76,986	-	76,986	-
	<u>76,986</u>	<u>-</u>	<u>76,986</u>	<u>-</u>

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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

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				
<u>Cost of services</u>				
Other related parties	25,910	39,097	-	-
<u>Other administrative expenses</u>				
Other related party	11,302	-	11,302	-
<u>Expenses relating to the Right Issue</u>				
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.

27.2 Accounts receivable and payable - related parties

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

Mermaid Maritime Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years that ended on 30 September 2011 and 2010

27 Related party transactions (Cont'd)

27.3 Short-term loans to related parties

	Interest rate (%)	Consolidated		Company	
		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.