



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

Financial Statements and Dividend Announcement for the Three-Month and Six-Month Periods Ended 31 March 2008

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Consolidated		
	For three-month periods that ended on 31 March		
	2008	2007	Changes
	Baht'000	Restated Baht'000	%
Service income	1,075,050	982,433	9.4%
Sales	-	258	-100.0%
Total service income and sales	1,075,050	982,691	9.4%
Cost of services	(734,390)	(679,108)	8.1%
Cost of sales	-	(258)	-100.0%
Total cost of services and sales	(734,390)	(679,366)	8.1%
Gross profit from services and sales	340,660	303,325	12.3%
Service and administrative expenses	(296,023)	(88,878)	233.1%
Interest income	3,309	92	3496.7%
Gains (losses) on exchange rates	(16,077)	33,814	-147.5%
Net gains on disposal and write off of property, plant, and equipment	766	255	200.4%
Other income	70,121	44,859	56.3%
Operating profit (loss)	102,756	293,467	-65.0%
Share of profit of investments in associates - equity	7,428	-	100.0%
Profit (loss) before interest expenses and income taxes	110,184	293,467	-62.5%
Interest expenses	(30,789)	(44,773)	-31.2%
Profit (loss) before income taxes	79,395	248,694	-68.1%
Income taxes	34,492	(4,857)	-810.2%
Net profit (loss) for the period	113,887	243,837	-53.3%
Attributable to:			
Shareholders of the parent	113,173	239,916	
Minority interest	714	3,921	
	113,887	243,837	
Note to the Statements of Income			
Depreciation and amortisation expenses	138,317	125,171	



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	Consolidated		
	For six-month periods that ended on 31 March		
	2008	2007	Changes
	Baht'000	Restated Baht'000	%
Service income	2,172,956	1,938,115	12.1%
Sales	-	964	-100.0%
Total service income and sales	2,172,956	1,939,079	12.1%
Cost of services	(1,446,265)	(1,428,765)	1.2%
Cost of sales	-	(932)	-100.0%
Total cost of services and sales	(1,446,265)	(1,429,697)	1.2%
Gross profit from services and sales	726,691	509,382	42.7%
Service and administrative expenses	(533,976)	(177,737)	200.4%
Interest income	18,442	2,769	566.0%
Gains (losses) on exchange rates	2,160	81,380	-97.3%
Net gains on disposal and write off of property, plant, and equipment	1,280	12,812	-90.0%
Gains on disposal of investments	-	2,729	-100.0%
Other income	71,551	54,216	32.0%
Operating profit (loss)	286,148	485,551	-41.1%
Share of profit of investments in associates - equity	10,769	-	100.0%
Profit (loss) before interest expenses and income taxes	296,917	485,551	-38.8%
Interest expenses	(68,726)	(94,412)	-27.2%
Profit (loss) before income taxes	228,191	391,139	-41.7%
Income taxes	126,987	(5,944)	-2236.4%
Net profit (loss) for the period	355,178	385,195	-7.8%
Attributable to:			
Shareholders of the parent	353,452	382,715	
Minority interest	1,726	2,480	
	355,178	385,195	
Note to the Statements of Income			
Depreciation and amortisation expenses	269,444	254,016	



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1 (b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Consolidated		Company	
	Unaudited 31 March 2008	Audited 30 September 2007	Unaudited 31 March 2008	Audited 30 September 2007 Restated
	Baht'000	Baht'000	Baht'000	Baht'000
Assets				
Current assets				
Cash and cash equivalents	3,796,340	511,700	3,365,759	21,139
Trade accounts receivable - others, net	970,097	966,140	-	-
- related parties	23	260	23	56
Amounts due from related parties	1,801	89	119,834	107,470
Short-term loans to related parties	30,792	-	505,265	108,000
Supplies and spare parts	130,379	113,581	-	-
Other current assets	248,152	226,892	19,234	89,952
Total current assets	5,177,584	1,818,662	4,010,115	326,617
Non-current assets				
Investments in subsidiaries - cost method	-	-	2,810,950	1,228,824
Investments in associates - equity method	383,903	-	-	-
Property, plant, and equipment, net	5,270,292	4,011,342	214,938	237,363
Intangible assets, net	6,718	10,317	5,667	9,131
Deferred tax assets	213,491	59,606	43,797	-
Other non-current assets	3,933	45,803	569	569
Total non-current assets	5,878,337	4,127,068	3,075,921	1,475,887
Total assets	11,055,921	5,945,730	7,086,036	1,802,504



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	Consolidated		Company	
	Unaudited 31 March 2008	Audited 30 September 2007	Unaudited 31 March 2008	Audited 30 September 2007 Restated
	Baht'000	Baht'000	Baht'000	Baht'000
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts	-	20,274	-	-
Short-term loans from financial institutions	-	201,578	-	-
Trade accounts payable - others	328,571	353,796	-	-
- related parties	520	46,778	18	16
Other accounts payable	9,115	20,898	1,928	8,682
Amounts due to related parties	1	1,269	358	-
Current portion of long-term loans				
from financial institutions	380,214	406,245	24,800	24,800
Current portion of finance lease liabilities	5,946	6,010	2,501	2,584
Income taxes payable	8,105	14,154	-	-
Accrued expenses	50,856	104,446	1,173	41,826
Other current liabilities	42,777	93,330	9,270	9,109
Total current liabilities	826,105	1,268,778	40,048	87,017
Non-current liabilities				
Long-term loans from financial institutions	1,460,215	1,773,410	73,200	85,600
Finance lease liabilities	4,987	5,149	1,351	2,200
Retirement benefit obligations	4,553	3,359	1,993	1,545
Total non-current liabilities	1,469,755	1,781,918	76,544	89,345
Total liabilities	2,295,860	3,050,696	116,592	176,362
Shareholders' equity				
Share capital				
Registered share capital	674,537	674,537	674,537	674,537
Issued and fully paid up	541,205	383,205	541,205	383,205
Premium on share capital	6,473,428	1,226,352	6,473,428	1,226,352
Translation adjustments for investments in foreign subsidiaries	21,529	496	-	-
Retained earnings				
Appropriated - legal reserve	32,774	5,720	32,774	5,720
Unappropriated	1,465,615	1,139,217	(77,963)	10,865
Total parent's shareholders' equity	8,534,551	2,754,990	6,969,444	1,626,142
Minority interests	225,510	140,044	-	-
Total shareholders' equity	8,760,061	2,895,034	6,969,444	1,626,142
Total liabilities and shareholders' equity	11,055,921	5,945,730	7,086,036	1,802,504

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1 (b)(ii) Aggregate amount of group's borrowings and debt securities.

	As at 31 March 2008		
	Secured	Guaranteed	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	326,077	60,083	386,160
Amount repayable after one year	1,313,483	151,719	1,465,202

	As at 30 September 2007		
	Secured	Guaranteed	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	412,255	221,852	634,107
Amount repayable after one year	1,580,922	197,637	1,778,559

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



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1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Consolidated	
	2008	2007
	Baht'000	Restated Baht'000
Cash flows from operating activities		
Profit (loss) before income taxes	228,191	391,139
Adjustments for:		
Depreciation	265,842	250,221
Amortisation of intangible assets	3,602	3,795
Interest expenses	68,726	94,412
Net gains on disposal and write off of property, plant, and equipment	(1,280)	(12,812)
Gains on disposals of investments in subsidiaries	-	(2,729)
Realised (gains) losses on exchange rates	(25,179)	(2,466)
Unrealised (gains) losses on exchange rates	(25,463)	(138,402)
Reversal of bad and doubtful accounts receivable	-	3,357
Retirement benefit obligations	1,194	(2,917)
Share of profit of investment in associates	(10,769)	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)		
- Trade accounts receivable - others	(3,957)	165,497
- Trade accounts receivable - related parties	237	15,360
- Amounts due from related parties	(1,712)	(642)
- Inventories	-	865
- Supplies and spare parts	(16,798)	2,016
- Other current assets	1,491	(56,213)
- Other non-current assets	41,870	10,744
- Trade accounts payable - others	(25,225)	(29,007)
- Trade accounts payable - related parties	(46,258)	(14,431)
- Other accounts payable	(11,783)	(12,608)
- Amounts due to related parties	(1,268)	(801)
- Accrued expenses	(53,590)	56,918
- Other current liabilities	(50,553)	19,871
Cash generated from operations	337,318	741,167
- Interest paid	(68,726)	(94,162)
- Income taxes paid	(32,947)	(19,509)
Net cash inflows (outflows) from operating activities	235,645	627,496



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	Consolidated	
	2008	2007
	Baht'000	Restated Baht'000
Cash flows from investing activities		
Short-term loans provided to related party	(30,792)	-
Proceeds from disposal of investments in subsidiaries	-	30,899
Payments for investments in associates	(373,134)	-
Proceeds from disposals of property, plant, and equipment	13,650	253,864
Purchases of property, plant and equipment	(1,534,798)	(433,188)
Purchases of intangible assets	(3)	(1,500)
Net cash inflows (outflows) from investing activities	(1,925,077)	(149,925)
Cash flows from financing activities		
Net payments from bank overdrafts	(20,274)	(18,134)
Proceeds from short-term loans from financial institutions	41,514	72,704
Repayments on short-term loans from financial institutions	(243,092)	(60,000)
Repayments on finance lease liabilities	(2,589)	(5,928)
Proceeds from long-term loans from financial institutions	-	115,340
Repayments on long-term loans from financial institutions	(198,717)	(91,858)
Dividends paid to minorities	-	(29,141)
Payments on capital investment to minorities	(90,547)	-
Proceeds from issuance of share capital	158,000	-
Proceeds from share premium	5,247,076	-
Proceeds from issuance of share capital received from minorities	172,568	-
Net cash inflows (outflows) from financing activities	5,063,939	(17,017)
Net increase (decrease) in cash and cash equivalents	3,374,507	460,554
Cash and cash equivalents at beginning of period	511,700	185,314
Effects of exchange rate changes	(89,867)	-
Cash and cash equivalents at the end of period	3,796,340	645,868



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1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Consolidated 2008						Unit : Baht' 000
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserve	Unappropriated retained earnings	Minority interests	Total
Beginning balance as at 1 October 2007	383,205	1,226,352	496	5,720	1,139,217	140,044	2,895,034
Issued share capital	158,000	5,247,076	-	-	-	172,568	5,577,644
Return of capital investment from a subsidiary	-	-	-	-	-	(90,547)	(90,547)
Net profit for the period	-	-	-	-	353,452	1,726	355,178
Legal reserve	-	-	-	27,054	(27,054)	-	-
Translation adjustment for investments in foreign subsidiaries	-	-	21,033	-	-	1,719	22,752
Ending balance as at 31 March 2008	541,205	6,473,428	21,529	32,774	1,465,615	225,510	8,760,061

	Company 2008						Unit : Baht' 000
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserve	Unappropriated retained earnings		Total
Beginning balance as at 1 October 2007	383,205	1,226,352	496	5,720	1,139,217		2,754,990
Retrospective adjustments due to adoption of new accounting policy	-	-	(496)	-	(1,128,352)		(1,128,848)
Beginning balance after retrospective adjustment	383,205	1,226,352	-	5,720	10,865		1,626,142
Issued share capital	158,000	5,247,076	-	-	-		5,405,076
Net loss for the period	-	-	-	-	(61,774)		(61,774)
Legal reserve	-	-	-	27,054	(27,054)		-
Ending balance as at 31 March 2008	541,205	6,473,428	-	32,774	(77,963)		6,969,444



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	Consolidated 2007 (Restated)						Unit : Baht' 000
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserve	Unappropriated retained earnings	Minority interests	Total
Beginning balance as at 1 October 2006	383,205	1,226,352	(4,138)	5,720	598,135	176,094	2,385,368
Net profit for the period	-	-	-	-	382,715	2,480	385,195
Dividends paid by a subsidiary	-	-	-	-	-	(29,141)	(29,141)
Translation adjustment for investments in overseas subsidiaries	-	-	10,661	-	-	887	11,548
Ending balance as at 31 March 2007	383,205	1,226,352	6,523	5,720	980,850	150,320	2,752,970

	Company 2007 (Restated)						Unit : Baht' 000
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserve	Unappropriated retained earnings		Total
Beginning balance as at 1 October 2006	383,205	1,226,352	(4,138)	5,720	598,135		2,209,274
Retrospective adjustments due to adoption of new accounting policy	-	-	4,138	-	(623,192)		(619,054)
Beginning balance after retrospective adjustment	383,205	1,226,352	-	5,720	(25,057)		1,590,220
Net profit for the period	-	-	-	-	44,508		44,508
Ending balance as at 31 March 2007	383,205	1,226,352	-	5,720	19,451		1,634,728



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1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued share excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in share capital during the three-month periods that ended on 31 March 2008 and 2007.

As mentioned in the previous announcement, during the first quarter that ended on 31 December 2007, the Company increased its paid-up share capital from 383,205,340 ordinary shares to 541,205,340 ordinary shares at a par value of Baht 1 per ordinary share, totalling Baht 158,000,000. The increase of paid-up share capital was from the Company's Initial Public Offering ("IPO"), which occurred on 16 October 2007.

There was no transaction of treasury shares during the three-month and six-month periods that ended on 31 March 2008 and 2007.

As at 30 September 2007 and 31 March 2008, the registered share capital of the Company was Baht 674,537,393.

As at 30 September 2007 and 31 March 2008, the paid-up share capital of the Company was Baht 383,205,340 and Baht 541,205,340, respectively.

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of immediately preceding year.

As at 31 March 2008, the Company's issued shares were 541,205,340 shares with a par value of Baht 1 per share.

As at 31 March 2007, the Company's issued shares were 38,320,534 shares with a par value of Baht 10 per share. On 2 August 2007, the Company did a share split, where the par value went from Baht 10 per ordinary share to Baht 1 per ordinary share. This resulted in an increase in the number of shares from 38,320,534 shares to 383,205,340 shares as at 30 September 2007.

As at 31 March 2008 and 2007, there were no outstanding treasury shares.

1 (d)(iv) Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable since the Company has not transacted treasury shares during the period that ended on 31 March 2008.



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2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have been reviewed by the Company's auditor in accordance with the standard on auditing applicable to review engagements. The consolidated and Company financial statements presented herewith have been prepared in accordance with generally accepted accounting principles in Thailand ("Thai GAAP").

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Please see page 1 of the interim consolidated and Company financial statements.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation as in the Group's most recently audited annual Thai GAAP financial statements have been applied, except as described in paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by and accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

(1) The amendment of Thai Accounting Standard

The amendment of Thai Accounting Standard ("TAS") 44 ("TAS 44") regarding "Consolidated and separate financial statements" was effective for the period beginning on or after 1 January 2007. This amendment to TAS 44 requires a change from the equity method to the cost method for investments in subsidiaries presented in the Company's separate financial statements. Under the cost method, income from investments will be recorded when dividends are declared. This change has an impact to the Company's separate financial statements only and does not have any impact on the consolidated financial statements. The Company has complied with this change beginning on 1 October 2007.

(2) The adoption of new accounting standards

The Group has adopted the following accounting standards for the first time in the financial statements for the year that ended on 30 September 2007.

- (2.1) IAS 12 : Income taxes
- (2.2) IAS 16 : Property, plant and equipment
- (2.3) IAS 19 : Employee benefits
- (2.4) Revenue - recognition of mobilisation fees

For comparative purposes, these standards have been applied retrospectively to the financial statements for the period that ended on 31 March 2007.



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The effects of changes in accounting policies (1) and the adoption of new accounting standards (2) are as follows:

	Ref.	Company		
		31 March 2008 Baht'000	30 September 2007 Baht'000	31 March 2007 Baht'000
Balance sheets				
Decrease in investments in subsidiaries	(1)	(1,565,107)	(1,128,848)	(967,922)
Increase (decrease) in translation adjustments for investments in foreign subsidiaries	(1)	(21,033)	(496)	(11,255)
Decrease in property, plant and equipment	(2.2)	-	-	(1,096)
Decrease in retirement benefit obligations	(2.3)	-	-	(2,761)
Decrease in beginning balance of retained earnings as at 1 October 2006	(1)	-	(623,192)	(623,192)
Decrease in beginning balance of retained earnings as at 1 October 2007	(1)	(1,128,352)	-	-
Decrease in ending balance of retained earnings	(1), (2.2) (2.3)	(415,225)	(505,160)	(336,541)
Company				
		Six-month period ended 31 March 2008 Baht'000	Twelve-month period ended 30 September 2007 Baht'000	Six-month period ended 31 March 2007 Baht'000
Statements of income				
Decrease in share profit of investments in subsidiaries	(1)	(415,225)	(536,803)	(373,834)
Increase dividend income	(1)	-	30,331	30,331
Increase in gain on disposal of investments	(1)	-	1,312	5,297
Increase in service and administrative expenses	(2.2), (2.3)	-	-	1,665
		(415,225)	(505,160)	(336,541)
Decrease in earnings per share (Baht)		(0.79)	(1.32)	(0.88)
Consolidated				
				31 March 2007 Baht'000
Balance sheets				
Increase in other current assets			(2.4)	7,352
Decrease in property, plant and equipment			(2.2)	(40,241)
Increase in deferred tax assets			(2.1)	12,750
Increase in other current liabilities			(2.4)	30,797
Decrease in retirement benefit obligations			(2.3)	(2,917)
Decrease in ending balance of retained earnings			(2.1), (2.2), (2.3), (2.4)	(48,019)
Statement of income for the six-month period that ended on 31 March 2007				
Decrease in service income			(2.4)	(30,797)
Increase in cost of services			(2.2), (2.4)	(31,793)
Decrease in service and administrative expenses			(2.2), (2.3)	1,821
Decrease in income taxes			(2.1)	12,750
				(48,019)
Decrease in earnings per share (Baht)				(0.13)



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Early adoption of new accounting standards

During the first quarter of 2008, the Group's management chose to adopt earlier than required TAS 43 (as amended in 2007) "Business Combination" and TAS 51 (as amended in 2007) "Intangible Assets". Under the standards, any indefinite life intangible asset will not be amortised and instead, is subject to impairment in value, if there is any indication. If the carrying value of the intangible asset is less than its recoverable amount, an impairment loss will be charged to the statement of income.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for reference dividends.

	Consolidated		
	For the three-month period ended 31 March		
	2008	2007	Changes
Basic earnings per share	Baht	Restated Baht	%
Based on weighted average number of ordinary shares in issue	0.21	0.63(*)	(66.7%)

	Consolidated		
	For the six-month period ended 31 March		
	2008	2007	Changes
Basic earnings per share	Baht	Restated Baht	%
Based on weighted average number of ordinary shares in issue	0.67	1.00(*)	(33.0%)

(*) based on post share-split as mentioned in item 1(d)(iii).

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



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7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

Consolidated		Company	
31-Mar-08	30-Sep-07	31-Mar-08	30-Sep-07
	Restated		Restated
Baht	Baht	Baht	Baht

Net asset value per ordinary share based on the total number of issued share excluding treasury shares as at end of respective period

16.19	7.55	12.88	4.24
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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

For the three-month period that ended on 31 March 2008, total sales and service income of the Group was Baht 1,075.05 million, an increase of Baht 92.36 million, or 9.4%, from Baht 982.69 million for the three-month period that ended on 31 March 2007. The higher revenue were primarily a result of strong performance in our subsea engineering group, including higher day rates and higher utilisation of our subsea assets, which were partially offset by lower than expected contributions from our drilling group as a result of one rig still offhire completing periodic survey and other upgrades.

Gross profit was Baht 340.66 million, an increase of Baht 37.34 million, or 12.3%. This increase reflects the substantial increase in revenue generated by our subsea engineering group compared to the same period last year.

Service and administrative expenses increased 233.04% from Baht 88.87 million to Baht 296.02 million. The increase was primarily due to the reclassification of operating expenses comprising crew, overhead, and depreciation related to assets that went off-hire. One rig, MTR-2, and one vessel, Mermaid Commander, went offhire for dry dockings or planned upgrades during the period. MTR-2 incurred operating costs during off-hire of Baht 145.1 million, while the vessels incurred operating costs of Baht 53.1 million. These expenses are normally included in cost of services but are reclassified during their off-hire periods. Once the assets are operational again, these expenses will be reflected in cost of services.



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Operating profit was Baht 102.76 million, a decrease of Baht 190.71 million, or 65.0%. The lower operating profit was a result of higher service and administrative expenses in the current period and higher exchange rate gains in last year's comparable period.

During this quarter, the Group recorded deferred tax assets of Baht 49.32 million, which resulted in a net positive income tax of Baht 34.49 million as presented in the statement of income. The deferred tax assets arise mainly from the losses incurred during the quarter of our drilling subsidiary, MTR-2. As the Company anticipates that there will be future taxable profits after the expiration of MTR-2's Board of Investment privileges, these future profits can be offset with the losses carried forward.

Net profit was Baht 113.17 million, including an exchange loss of Baht 16.08 million, as compared to Baht 243.84 million, including an exchange gain of Baht 33.81 million. Excluding unrealised exchange gains and tax effects, net profit decreased by Baht 116.20 million, or 55.0%.

Business Segment Analysis

Drilling: The drilling segment generated 20.7% and 29.9% (*) of the Group's total revenues and operating profits, respectively.

During the quarter, MTR-1 was under contract and working in Indonesia. Utilisation of MTR-1 for the quarter was 99.35%.

MTR-2 was offhire during the period, completing special periodic survey and additional modifications. MTR-2 recommenced its contract with Chevron Thailand on April 22 after completing its periodic surveys and upgrades.

Subsea Engineering: The assets in our subsea engineering segment had a 99% utilisation rate during the quarter, and generated 78.9% and 175.7% (*) of the Group's revenues and operating profits, respectively. This strong performance was a result of higher day rates and strong utilisation.

(*) Operating profit calculation inclusive of foreign exchange gains and losses.

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

Not applicable



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10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Drilling

The offshore rig market continues to show strength across all categories and classes of mobile offshore drilling units. Continuing increases in oil prices have reinforced demand for production drilling, the niche in which Mermaid Drilling participates. MTR-1 is presently on a long term contract with Amerada Hess through mid-2009 and MTR-2 with Chevron through early 2010. MTR2 recommenced operations 22nd April 2008 with Chevron Thailand. While there are multiple newbuild jackup deliveries expected, a number of these units will effectively be replacing older units that will likely be retired from the market should there be any softening of demand. In addition, smaller, shallow water jackups, which are seeing some price erosion in Gulf of Mexico, cannot be economically mobilised to Asia and are not suited for water depths of many locations currently serviced by tender rigs. Accordingly, these shallow water rigs are not seen as a competitive alternative to tender rigs.

The market sentiment for tender rigs continues to see near full utilisation with new fixture day rates continuing to increase, as evidenced by two recently reported fixtures for tender rigs at US\$ 115,000 per day for 3-year contracts beginning in mid-2008. After final design criteria was completed, construction work has commenced on Mermaid's first newbuild rig, and delivery is expected in late 2009. Discussions are ongoing with major regional oil & gas companies to secure the newbuild rig on a long term contract upon delivery. It is anticipated that this contract will be secured well in advance of the actual rig delivery. Given current supply / demand situation within the region, it is probable that an option for a second rig may be exercised in 2008.

Subsea Engineering

Subsea engineering vessels continue to be in short supply throughout the region, and term contracts are being secured at near record high day rates. Our DSV's Mermaid Commander and Team Siam are now committed through the remainder of the year at near record high day rates. Both vessels remain in high demand and further longer term commitments can be expected at similar day rates. Our charter vessel Binh Minh recently completed deepwater ROV operations, in excess of 1000 metres, in Indonesia and is presently operating in Vietnam. This vessel is equipped with state of the art deepwater ROV technology and will continue to be in high demand due to its operational adaptability combining survey and air diving services. Our other vessels are presently operating on various contracts maintaining a high utilisation rate.

We also completed our acquisition of Seascope Surveys. This 80% acquisition now allows our Subsea group to offer a complete range of subsea survey services from a single source to the end user. Already we are seeing benefits from this acquisition as we now have the internal capacity to provide our owned vessels with an "on-board" facility thus eliminating the need for our clients to mobilise and demobilise external survey services. The survey group is further supported by its own ability to produce high quality reports utilising its own software.



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Our recent indirect acquisition of a minority share in Allied Marine and Equipment (AME) has greatly influenced and supported the term charter of its DSV Allied Centurion in China. It is expected that we will complete this programme in late May 2008 and mobilise directly to our next work programme in Vietnam, thereafter returning to China.

Our two newbuilds, one DP2 ROV/Survey vessel and one DP2 DSV vessel, are under construction and on schedule for delivery Q3 CY 2009 and Q2 CY 2009, respectively.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the currency period report on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable

13. A reconciliation of difference between Thai GAAP to IFRS.

Currently, the Company has applied IAS 12: Income Taxes, IAS 16: Property, Plant, and Equipment, IAS 18: Revenue (in relation to revenue recognition of mobilisation fee), and IAS 19: Employee Benefits in its Thai GAAP financial statements. The Company received a waiver from Singapore Exchange Limited and has not applied IAS 21: The Effects of Changes in Foreign Exchange Rates. Therefore, the significant difference between Thai GAAP and IFRS financial statements is clarified below.



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The Effects of Changes in Foreign Exchange Rates

Thai GAAP

Thai GAAP does not require a determination of the functional currency (the currency of the primary economic environment in which the entity operates). The measurement currency as presented in the Thai GAAP financial statements is the local currency of Thai Baht for companies registered in Thailand.

IFRS

IFRS requires each individual entity included in the reporting entity to determine its functional currency and measure its results and financial position in that currency.

Impact

Because the functional currency of Mermaid Offshore Services Ltd., Darium Thai Offshore Ltd., MTR-1 Ltd., MTR-2 Ltd. and Mermaid Drilling (Malaysia) Sdn. Bhd. is in US Dollars, accounting records need to be measured in the functional currency. This would affect all balance sheet and income statements line items.

The net effects on the consolidated income statements for six-month periods that ended on 31 March 2008 and 2007 and balance sheets as at 31 March 2008 and 30 September 2007 can be summarised as follows:

	Net effects on Consolidated Income Statement for the six-month that ended on 31 March 2008		
	Thai GAAP	IFRS	Increased (Decreased)
	Million Baht	Million Baht	Million Baht
Total sales and service income	2,172.96	2,172.82	(0.14)
Total cost of sales and service income	1,446.26	1,476.04	29.78
Service and administrative expenses	533.98	534.97	1.00
Operating profit (loss)	286.15	128.79	(157.36)
Net profit for period	353.45	202.10	(151.35)

	Net effects on Consolidated Income Statement for the six-month that ended on 31 March 2007		
	Thai GAAP (Restated)	IFRS	Increased (Decreased)
	Million Baht	Million Baht	Million Baht
Total sales and service income	1,939.08	1,931.51	(7.57)
Total cost of sales and service income	1,429.70	1,406.72	(22.98)
Service and administrative expenses	177.74	178.52	0.79
Operating profit (loss)	485.55	439.33	(46.22)
Net profit for period	382.71	311.03	(71.69)



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	Net effects on Consolidated Balance Sheet as at 31 March 2008		
	Thai GAAP	IFRS	Increased (Decreased)
	Million Baht	Million Baht	Million Baht
Total current assets	5,177.58	5,094.74	(82.85)
Total non-current assets	5,878.34	5,035.26	(843.08)
Total current liabilities	826	820	(5.80)
Total non-current liabilities	1,469.75	1,462.94	(6.81)

	Net effects on Consolidated Balance Sheet as at 30 September 2007		
	Thai GAAP	IFRS	Increased (Decreased)
	Million Baht	Million Baht	Million Baht
Total current assets	1,818.66	1,810.60	(8.06)
Total non-current assets	4,127.07	3,608.32	(518.75)
Total current liabilities	1,268.78	1,263.66	(5.12)
Total non-current liabilities	1,781.92	1,781.86	(0.06)

14. Negative assurance on interim financial statements

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the second quarter ended 31 March 2008 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

M.L. Chandchutha Chandratat
Chairman of the Board of Directors
14 May 2008