

**MERMAID MARITIME PUBLIC COMPANY LIMITED**

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

**30 JUNE 2008**

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

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

I have reviewed the accompanying consolidated and company balance sheets of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited as at 30 June 2008, and the related consolidated and company statements of income for the three-month and nine-month periods ended 30 June 2008 and the related consolidated and the Company statements of changes in shareholders' equity, and cash flows for the nine-month period ended 30 June 2008. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

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

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

The consolidated and company balance sheets of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited as at 30 September 2007, presented herewith for comparative purposes, are components of the financial statements for the year ended 30 September 2007 which were audited by another auditor in the same firm as myself, whose report dated 11 December 2007, expressed an unqualified opinion on those statements. I have not performed any other auditing procedures subsequent to the date of that report.

The consolidated and company statements of income for the three-month and nine-month periods ended 30 June 2007, the statements of changes in shareholders' equity, and cash flows for the nine-month period ended 30 June 2007 of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited, presented herewith for comparative purposes, are components of the interim consolidated and company financial statements for the nine-month period ended 30 June 2007, which were reviewed by the same auditor as mentioned above, whose report dated 14 August 2007, stated that nothing had come to her attention that caused her to believe that those interim consolidated and company financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.



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

Bangkok  
13 August 2008

**Mermaid Maritime Public Company Limited**

**Balance Sheets**

**As at 30 June 2008 and 30 September 2007**

		Consolidated		Company	
		Unaudited 30 June 2008	Audited 30 September 2007	Unaudited 30 June 2008	Audited 30 September 2007
	Notes	Baht'000	Baht'000	Baht'000	Baht'000 Restated
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		3,237,882	511,700	3,044,222	21,139
Trade accounts receivable - others, net	5	1,315,956	966,140	-	-
- related parties	19	184	260	-	56
Amounts due from related parties	19	5,422	89	105,457	107,470
Short-term loans to related parties	19	32,149	-	945,505	108,000
Supplies and spare parts		176,278	113,581	-	-
Other current assets		198,307	226,892	17,828	89,952
<b>Total current assets</b>		<b>4,966,178</b>	<b>1,818,662</b>	<b>4,113,012</b>	<b>326,617</b>
<b>Non-current assets</b>					
Investments in subsidiaries - cost method	6	-	-	3,000,297	1,228,824
Investments in associates - equity method	6	394,050	-	-	-
Property, plant, and equipment, net	7	5,658,144	4,011,342	210,119	237,363
Goodwill		180,898	-	-	-
Intangible assets, net		10,621	10,317	5,736	9,131
Deferred tax assets	8	241,332	59,606	12,487	-
Other non-current assets		167,518	45,803	569	569
<b>Total non-current assets</b>		<b>6,652,563</b>	<b>4,127,068</b>	<b>3,229,208</b>	<b>1,475,887</b>
<b>Total assets</b>		<b>11,618,741</b>	<b>5,945,730</b>	<b>7,342,220</b>	<b>1,802,504</b>

The notes on pages 10 to 29 are an integral part of these interim consolidated and company financial statements.

**Mermaid Maritime Public Company Limited**

**Balance Sheets (Cont'd)**

**As at 30 June 2008 and 30 September 2007**

	Notes	Consolidated		Company	
		Unaudited 30 June 2008 Baht'000	Audited 30 September 2007 Baht'000	Unaudited 30 June 2008 Baht'000	Audited 30 September 2007 Baht'000 Restated
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	9	-	20,274	-	-
Short-term loans from financial institutions	10	-	201,578	-	-
Trade accounts payable - others		367,636	353,796	-	-
- related parties	19	-	46,778	-	16
Other accounts payable		54,390	20,898	3,957	8,682
Amounts due to related parties	19	-	1,269	21	-
Current portion of long-term loans					
from financial institutions	11	399,401	406,245	24,800	24,800
Current portion of finance lease liabilities	12	5,827	6,010	2,477	2,584
Income taxes payable		14,360	14,154	-	-
Accrued expenses		51,897	104,446	1,257	41,826
Other current liabilities		65,951	93,330	9,225	9,109
<b>Total current liabilities</b>		<b>959,462</b>	<b>1,268,778</b>	<b>41,737</b>	<b>87,017</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	11	1,438,994	1,773,410	67,000	85,600
Finance lease liabilities	12	4,195	5,149	888	2,200
Retirement benefit obligations		8,171	3,359	2,643	1,545
<b>Total non-current liabilities</b>		<b>1,451,360</b>	<b>1,781,918</b>	<b>70,531</b>	<b>89,345</b>
<b>Total liabilities</b>		<b>2,410,822</b>	<b>3,050,696</b>	<b>112,268</b>	<b>176,362</b>
<b>Shareholders' equity</b>					
Share capital	13				
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	13	6,473,428	1,226,352	6,473,428	1,226,352
Translation adjustments for investments in foreign subsidiaries		1,780	496	-	-
Retained earnings					
Appropriated - legal reserve	14	32,774	5,720	32,774	5,720
Unappropriated		1,923,576	1,139,217	182,545	10,865
Total parent's shareholders' equity		8,972,763	2,754,990	7,229,952	1,626,142
Minority interests		235,156	140,044	-	-
<b>Total shareholders' equity</b>		<b>9,207,919</b>	<b>2,895,034</b>	<b>7,229,952</b>	<b>1,626,142</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,618,741</b>	<b>5,945,730</b>	<b>7,342,220</b>	<b>1,802,504</b>

The notes on pages 10 to 29 are an integral part of these interim consolidated and company financial statements.

Mermaid Maritime Public Company Limited  
 Statements of Income (Unaudited)  
 For the three-month periods that ended on 30 June 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
Service income		1,435,298	1,186,143	-	-
Cost of services		(1,021,338)	(874,554)	-	-
<b>Gross profit from services</b>		413,960	311,589	-	-
Service and administrative expenses		(183,430)	(73,653)	(20,256)	(21,378)
Management income	19	-	-	17,580	29,865
Interest income		4,663	7,539	8,652	1,866
Gains on exchange rates		225,816	14,317	283,817	5
Net gains (losses) on disposal and write off of property, plant, and equipment		(4,597)	(24,442)	(10)	249
Other income		1,772	16,784	3,258	3,206
<b>Operating profit</b>		458,184	252,134	293,041	13,813
Share of profits of investments in associates - equity		10,124	-	-	-
<b>Profit before interest expenses and income taxes</b>		468,308	252,134	293,041	13,813
Interest expenses		(26,794)	(41,629)	(1,223)	(2,082)
<b>Profit before income taxes</b>		441,514	210,505	291,818	11,731
Income taxes	15	14,580	945	(31,310)	-
<b>Net profit for the period</b>		456,094	211,450	260,508	11,731
<b>Attributable to:</b>					
Shareholders of the parent		457,961	209,873	260,508	11,731
Minority interest		(1,867)	1,577	-	-
		456,094	211,450	260,508	11,731
<b>Earnings per share for profit attributable to the shareholders of the parent</b>		<b>Baht</b>	<b>Restated Baht</b>	<b>Baht</b>	<b>Restated Baht</b>
Basic	16	0.85	0.55	0.48	0.03

The notes on pages 10 to 29 are an integral part of these interim consolidated and company financial statements.

Mermaid Maritime Public Company Limited

Statements of Income (Unaudited)

For the nine-month periods that ended on 30 June 2008 and 2007

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
Service income		3,608,254	3,124,258	-	-
Sales		-	964	-	-
<b>Total service income and sales</b>		<b>3,608,254</b>	<b>3,125,222</b>	<b>-</b>	<b>-</b>
Cost of services		(2,467,603)	(2,303,319)	-	-
Cost of sales		-	(932)	-	-
<b>Total cost of services and sales</b>		<b>(2,467,603)</b>	<b>(2,304,251)</b>	<b>-</b>	<b>-</b>
<b>Gross profit from services and sales</b>		<b>1,140,651</b>	<b>820,971</b>	<b>-</b>	<b>-</b>
Service and administrative expenses	20	(717,406)	(251,390)	(70,592)	(82,897)
Management fee income	19	-	-	52,740	89,772
Dividend income		-	-	-	30,331
Interest income		23,105	10,308	25,478	7,435
Gains on exchange rates		227,976	95,697	172,614	66
Net gains (losses) on disposal and write off of property, plant, and equipment		(3,317)	(11,630)	1,270	704
Gains on disposal of investments		-	2,729	-	8,026
Other income		73,323	71,000	9,819	10,096
<b>Operating profit</b>		<b>744,332</b>	<b>737,685</b>	<b>191,329</b>	<b>63,533</b>
Share of profits of investments in associates - equity	6	20,893	-	-	-
<b>Profit before interest expenses and income taxes</b>		<b>765,225</b>	<b>737,685</b>	<b>191,329</b>	<b>63,533</b>
Interest expenses		(95,520)	(136,041)	(5,082)	(7,294)
<b>Profit before income taxes</b>		<b>669,705</b>	<b>601,644</b>	<b>186,247</b>	<b>56,239</b>
Income taxes	15	141,567	(4,999)	12,487	-
<b>Net profit for the period</b>		<b>811,272</b>	<b>596,645</b>	<b>198,734</b>	<b>56,239</b>
<b>Attributable to:</b>					
Shareholders of the parent		811,413	592,588	198,734	56,239
Minority interest		(141)	4,057	-	-
<b>Net profit for period</b>		<b>811,272</b>	<b>596,645</b>	<b>198,734</b>	<b>56,239</b>
<b>Earnings per share for profit attributable to the shareholders of the parent</b>		<b>Baht</b>	<b>Restated Baht</b>	<b>Baht</b>	<b>Restated Baht</b>
Basic	16	1.53	1.55	0.37	0.15

The notes on pages 10 to 29 are an integral part of these interim consolidated and company financial statements.

Mermaid Maritime Public Company Limited  
 Statements of Changes in Shareholders' Equity (Unaudited)  
 For the nine-month periods that ended on 30 June 2008 and 2007

	Consolidated 2008					Unit : Baht' 000	
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserve	Unappropriated retained earnings	Minority interests	Total
<b>Beginning balance as at 1 October 2007</b>	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)
Effect of additional investments in subsidiaries	-	-	-	-	-	11,830	11,830
Net profit for the period	-	-	-	-	811,413	(141)	811,272
Legal reserve	-	-	-	27,054	(27,054)	-	-
Translation adjustments for investments in foreign subsidiaries	-	-	1,284	-	-	1,402	2,686
<b>Ending balance as at 30 June 2008</b>	<b>541,205</b>	<b>6,473,428</b>	<b>1,780</b>	<b>32,774</b>	<b>1,923,576</b>	<b>235,156</b>	<b>9,207,919</b>

	Notes	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	
<b>Beginning balance as at 1 October 2007</b>		383,205	1,226,352	496	5,720	1,139,217	2,754,990	
Retrospective adjustments due to adoption of new accounting policy	3	-	-	(496)	-	(1,128,352)	(1,128,848)	
<b>Beginning balance after retrospective adjustment</b>		383,205	1,226,352	-	5,720	10,865	1,626,142	
Issued share capital	13	158,000	5,247,076	-	-	-	5,405,076	
Net profit for the period		-	-	-	-	198,734	198,734	
Legal reserve		-	-	-	27,054	(27,054)	-	
<b>Ending balance as at 30 June 2008</b>		<b>541,205</b>	<b>6,473,428</b>	<b>-</b>	<b>32,774</b>	<b>182,545</b>	<b>7,229,952</b>	

The notes on pages 10 to 29 are an integral part of these interim consolidated and company financial statements.

Mermaid Maritime Public Company Limited  
 Statements of Changes in Shareholders' Equity (Unaudited)  
 For the nine-month periods that ended on 30 June 2008 and 2007

	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
<b>Beginning balance as at 1 October 2006</b>	383,205	1,226,352	(4,138)	5,720	598,135	176,094	2,385,368
Net profit for the period	-	-	-	-	592,588	4,057	596,645
Dividends paid by a subsidiary	-	-	-	-	-	(29,141)	(29,141)
Translation adjustments for investments in foreign subsidiaries	-	-	11,929	-	-	887	12,816
<b>Ending balance as at 30 June 2007</b>	<b>383,205</b>	<b>1,226,352</b>	<b>7,791</b>	<b>5,720</b>	<b>1,190,723</b>	<b>151,897</b>	<b>2,965,688</b>

	Note	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
<b>Beginning balance as at 1 October 2006</b>		383,205	1,226,352	(4,138)	5,720	598,135	2,209,274
Retrospective adjustments due to adoption of new accounting policy	3	-	-	4,138	-	(623,192)	(619,054)
<b>Beginning balance after retrospective adjustment</b>		383,205	1,226,352	-	5,720	(25,057)	1,590,220
Net profit for the period		-	-	-	-	56,239	56,239
<b>Ending balance as at 30 June 2007</b>		<b>383,205</b>	<b>1,226,352</b>	<b>-</b>	<b>5,720</b>	<b>31,182</b>	<b>1,646,459</b>

The notes on pages 10 to 29 are an integral part of these interim consolidated and company financial statements.



**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows (Unaudited)**  
**For the nine-month periods that ended on 30 June 2008 and 2007**

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		Baht'000	Restated Baht'000	Baht'000	Restated Baht'000
<b>Cash flows from operating activities</b>					
Profit before income taxes		669,705	601,644	186,247	56,239
Adjustments for:					
Depreciation	7	429,648	373,401	15,450	16,791
Amortisation of intangible assets		5,677	5,920	5,021	5,665
Interest expenses		95,520	136,041	5,082	7,294
Net gains (losses) on disposal and write off of property, plant, and equipment		3,317	11,630	(1,270)	(704)
Gains on disposals of investments in subsidiaries		-	(2,729)	-	(8,026)
Realised gains on exchange rates		(32,487)	(6,560)	-	-
Unrealised gains on exchange rates		(160,204)	(160,386)	(172,488)	-
Reversal of bad and doubtful accounts receivable		-	3,112	-	(50)
Retirement benefit obligations		4,812	(1,994)	1,098	(2,634)
Dividends received from a subsidiary		-	-	-	(30,331)
Share of profit of investment in associates	6	(20,893)	-	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
- Trade accounts receivable - others		(297,574)	108,330	-	112
- Trade accounts receivable - related parties		76	15,047	56	160
- Amounts due from related parties		(5,333)	(615)	2,013	(33,500)
- Inventories		-	865	-	-
- Supplies and spare parts		(62,697)	(6,080)	-	-
- Other current assets		41,519	(127,291)	72,124	(23,607)
- Other non-current assets		(120,791)	(6,852)	-	20
- Trade accounts payable - others		(5,868)	(14,913)	-	-
- Trade accounts payable - related parties		(46,778)	(6,971)	(16)	(607)
- Other accounts payable		29,928	11,255	(4,725)	25,813
- Amounts due to related parties		(1,269)	(801)	21	-
- Accrued expenses		(65,690)	91,890	(40,519)	734
- Other current liabilities		(31,849)	29,973	116	5,587
Cash generated from operations		428,769	1,053,916	68,210	18,956
- Interest paid		(95,771)	(135,838)	(5,131)	(7,301)
- Income taxes paid		(41,130)	(25,119)	-	-
<b>Net cash inflows from operating activities</b>		<b>291,868</b>	<b>892,959</b>	<b>63,079</b>	<b>11,655</b>

The notes on pages 10 to 29 are an integral part of these interim financial statements.

**Mermaid Maritime Public Company Limited**  
**(Formerly Mermaid Maritime Limited)**  
**Statements of Cash Flows (Unaudited)**  
**For the nine-month periods that ended on 30 June 2008 and 2007**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		<b>Restated</b>		<b>Restated</b>
<b>Notes</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Cash flows from investing activities</b>				
Repayments of short-term loans by related parties	-	-	595,300	363,000
Short-term loans provided to related parties	(32,149)	-	(1,403,306)	(318,000)
Proceeds from disposal of investments in subsidiaries	-	30,899	-	38,094
Payments for investments in subsidiaries	6 (202,784)	-	(1,865,478)	-
Payments for investments in associates	6 (373,157)	-	-	-
Proceeds from return of capital investment from a subsidiary being liquidated	6 -	-	94,005	-
Proceeds from disposals of property, plant, and equipment	15,937	254,144	13,655	4,096
Dividends received from subsidiaries	-	-	-	30,331
Purchases of property, plant and equipment	(2,080,122)	(464,388)	(591)	(1,979)
Purchases of intangible assets	(5,983)	(1,751)	(1,626)	(223)
<b>Net cash inflows (outflows) from investing activities</b>	<b>(2,678,258)</b>	<b>(181,096)</b>	<b>(2,568,041)</b>	<b>115,319</b>
<b>Cash flows from financing activities</b>				
Net payments from bank overdrafts	(20,274)	(40,058)	-	-
Proceeds from short-term loans from financial institutions	10 41,514	72,704	-	-
Repayments on short-term loans from financial institutions	10 (243,092)	(160,000)	-	(20,000)
Repayments on finance lease liabilities	(4,105)	(7,076)	(1,420)	(3,778)
Proceeds from long-term loans from financial institutions	11 -	115,340	-	-
Repayments on long-term loans from financial institutions	11 (298,018)	(181,110)	(18,600)	(18,600)
Dividends paid to minorities	-	(29,141)	-	-
Payments on capital investment to minorities	(90,547)	-	-	-
Proceeds from issuance of share capital	158,000	-	158,000	-
Proceeds from share premium	5,247,076	-	5,247,076	-
Proceeds from issuance of share capital received from minorities	172,568	-	-	-
<b>Net cash inflows (outflows) from financing activities</b>	<b>4,963,122</b>	<b>(229,341)</b>	<b>5,385,056</b>	<b>(42,378)</b>
Net increase in cash and cash equivalents	2,576,732	482,522	2,880,094	84,596
Cash and cash equivalents at beginning of period	511,700	185,314	21,139	15,148
Effects of exchange rate changes	149,450	-	142,989	-
<b>Cash and cash equivalents at the end of period</b>	<b>3,237,882</b>	<b>667,836</b>	<b>3,044,222</b>	<b>99,744</b>

**Non-cash transactions**

During the nine-month periods that ended on 30 June 2008 and 2007, the following significant non-cash transactions occurred:

Unpaid liabilities under finance lease agreements for purchase of fixed assets	10,022	11,142	3,365	5,230
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The notes on pages 10 to 29 are an integral part of these interim consolidated and company financial statements.

## **1 General information**

Mermaid Maritime Public Company Limited (the “Company”) is a public limited company that is incorporated in Thailand. The address of its registered office is as follows:

26/49 Orakarn Building, 9<sup>th</sup> floor  
Soi Chidlom, Ploenchit Road  
Kwaeng Lumpinee, Khet Pathumwan  
Bangkok 10330

The Company and its subsidiaries (the “Group”) provide a wide range of services to the offshore oil & gas industries and merchant shipping lines. 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.

As at 30 June 2008, the Group employed 395 persons (30 September 2007 : 288 persons).

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

These consolidated and Company interim financial statements have been approved for issue by the Board of Directors on 13 August 2008.

## **2 Accounting policies**

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

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

The preparation of the interim financial statements in conformity with Thai generally accepted accounting principles required 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 interim 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.

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

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2007 except for the accounting policy for investments as described in Note 3.

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

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

These interim financial statements should be read in conjunction with the 2007 annual financial statements.

## **2 Accounting policies (Cont'd)**

### **Significant accounting policies**

New accounting policies applied during the nine-month period are set out below:

#### **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 associated enterprises is adopted in the consolidated financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective date on which the enterprise became an associate and up to the effective date of disposal.

Goodwill arising on the acquisition of associates is included in the carrying amount of the associate and is treated in accordance with the Group's accounting policy for goodwill. The share of associated 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.

A list of the Group's principal associates is set out in Note 6. The effects of acquisitions and disposals of associates are shown in Note 6.

#### **Intangible assets**

##### **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 at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. 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.

Goodwill is allocated to forecast future cash-generating units and is no longer amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

## **3 Changes/ adoption of new accounting policies**

### **Change in accounting policy**

#### **(1) TAS 44: Consolidated and separate financial statements**

The notification of Federation of Accounting Professions dated 2 May 2007 relating to the amendment of TAS 44 "Consolidated and separate financial statements" 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 and does not have any impact on the consolidated financial statements. The Company has complied with this change beginning on 1 October 2007.

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**3 Changes/ adoption of new accounting policies (Cont'd)**

**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, where necessary these standards have been applied retrospectively to the financial statements for the period that ended on 30 June 2007.

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

	Ref.	Company		
		30 June 2008 Baht'000	30 September 2007 Baht'000	30 June 2007 Baht'000
<b>Balance sheets</b>				
Decrease in investments in subsidiaries	(1)	(1,742,811)	(1,128,848)	(1,167,334)
Decrease in translation adjustments for investments in foreign subsidiaries	(1)	(1,284)	(496)	(12,523)
Decrease in property, plant and equipment	(2.2)	-	-	(1,645)
Decrease in retirement benefit obligations	(2.3)	-	-	(2,634)
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)	(612,679)	(505,160)	(535,361)
		<b>Company</b>		
		<b>Nine-month period ended 30 June 2008 Baht'000</b>	<b>Twelve-month period ended 30 September 007 Baht'000</b>	<b>Nine-month period ended 30 June 2007 Baht'000</b>
<b>Statements of income</b>				
Decrease in share of profit of investments in subsidiaries and associates	(1)	(612,679)	(536,803)	(571,978)
Increase dividend income	(1)	-	30,331	30,331
Increase in gains on disposal of investments	(1)	-	1,312	5,297
Increase in service and administrative expenses	(2.2), (2.3)	-	-	989
		(612,679)	(505,160)	(535,361)
Decrease in earnings per share (Baht)		(1.15)	(1.32)	(1.40)

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**3 Changes/ adoption of new accounting policies (Cont'd)**

	<b>Ref.</b>	<b>Consolidated 30 June 2007 Baht'000</b>
<b>Balance sheet</b>		
Decrease in other current assets	(2.4)	(368)
Decrease in property, plant and equipment	(2.2)	(59,532)
Increase in deferred tax assets	(2.1)	22,992
Decrease in other current liabilities	(2.4)	(7,589)
Decrease in retirement benefit obligations	(2.3)	(1,994)
Decrease in ending balance of retained earnings	(2.1), (2.2), (2.3), (2.4)	(27,325)
<b>Statement of income for the nine-month period that ended on 30 June 2007</b>		
Increase in service income	(2.4)	7,589
Increase in cost of services	(2.2), (2.4)	(58,255)
Decrease in service and administrative expenses	(2.2), (2.3)	349
Decrease in income taxes	(2.1)	22,992
		<u>(27,325)</u>
Decrease in earnings per share (Baht)		(0.07)

**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, the intangible asset of indefinite life will not be amortised and instead, an impairment review will be conducted if there is any indication of impairment. 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.

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**4 Business segment information**

The segment results for the period that ended on 30 June 2008 are as follows:

	<b>Consolidated</b>				<b>Unit : Baht'000</b>	
	<b>For the three-month period that ended on 30 June 2008</b>					
	<b>Turn-key diving, ROV and NDT services to offshore industries</b>	<b>Drilling services</b>	<b>Training services</b>	<b>Hydrographic survey</b>	<b>Unallocated</b>	<b>Group</b>
Total service income	999,975	377,118	8,174	71,355	-	1,456,622
Inter-segment service income	-	-	(397)	(20,927)	-	(21,324)
Service income	999,975	377,118	7,777	50,428	-	1,435,298
Operating profit (loss)	257,509	(91,126)	742	1,150	289,909	458,184
Interest expenses						(26,794)
Income taxes						14,580
Share of profits from associates						10,124
Net profit for the period						<u>456,097</u>
Property, plant, equipment and intangible assets	<u>2,747,703</u>	<u>2,680,538</u>	<u>9,614</u>	<u>20,125</u>	<u>210,785</u>	<u>5,668,765</u>
Total assets						<u>11,618,741</u>

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**4 Business segment information (Cont'd)**

	<b>Consolidated (Restated)</b>					<b>Unit : Baht'000</b>	
	<b>For the three-month period that ended on 30 June 2007</b>						
	<b>Turn-key diving, ROV and NDT services to offshore industries</b>	<b>Drilling services</b>	<b>Ownership and operation of multi-purpose offshore service vessels</b>	<b>Training services</b>	<b>Ship chandlery</b>	<b>Unallocated</b>	<b>Group</b>
Total service income	796,026	385,086	-	5,176	(8)	-	1,186,280
Inter-segment service income	-	-	-	(137)	-	-	(137)
Service income	796,026	385,086	-	5,039	(8)	-	1,186,143
Operating profit (loss)	174,682	67,323	(1,268)	651	129	10,617	252,134
Interest expenses							(41,629)
Income taxes							945
Net profit for the period							211,450
Property, plant, equipment and intangible assets	1,943,359	1,692,537	-	11,031	-	247,185	3,894,112
Total assets							5,774,708



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**4 Business segment information**

The segment results for the period that ended on 30 June 2008 are as follows:

	<b>Consolidated</b>					<b>Unit : Baht'000</b>	
	<b>For the nine-month period that ended on 30 June 2008</b>						
	<b>Turn-key diving, ROV and NDT services to offshore industries</b>	<b>Drilling services</b>	<b>Ownership and operation of multi-purpose offshore service vessels</b>	<b>Training services</b>	<b>Hydrographic survey</b>	<b>Unallocated</b>	<b>Group</b>
Total service income	2,735,889	802,108	-	20,350	71,355	-	3,629,702
Inter-segment service income	-	-	-	(521)	(20,927)	-	(21,448)
Service income	2,735,889	802,108	-	19,829	50,428	-	3,608,254
Operating profit (loss)	677,555	(118,529)	2,025	1,428	1,150	180,703	744,332
Interest expenses							(95,520)
Income taxes							141,567
Share of profits from associates							20,893
Net profit for the period							<u>811,272</u>
Property, plant, equipment and intangible assets	2,747,703	2,680,538	-	9,614	20,125	210,785	5,668,765
Total assets							<u>11,618,741</u>

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**4 Business segment information (Cont'd)**

	<b>Consolidated (Restated)</b>					<b>Unit : Baht'000</b>	
	<b>For the nine-month period that ended on 30 June 2007</b>						
	<b>Turn-key diving, ROV and NDT services to offshore industries</b>	<b>Drilling services</b>	<b>Ownership and operation of multi-purpose offshore service vessels</b>	<b>Training services</b>	<b>Ship chandlery</b>	<b>Unallocated</b>	<b>Group</b>
Total service income	2,033,197	1,071,878	8,651	14,015	-	-	3,127,741
Inter-segment service income	-	(2,844)	-	(639)	-	-	(3,483)
Service income	2,033,197	1,069,034	8,651	13,376	-	-	3,124,258
Total sales	-	-	-	-	964	-	964
Inter-segment sales	-	-	-	-	-	-	-
Total sales	-	-	-	-	964	-	964
Total service income and sales	2,033,197	1,069,034	8,651	13,376	964	-	3,125,222
Operating profit (loss)	427,830	312,907	(15,070)	1,217	(3,779)	14,580	737,685
Interest expenses							(136,041)
Income taxes							(4,999)
Net profit for the period							596,645
Property, plant, equipment and intangible assets	1,943,359	1,692,537	-	11,031	-	247,185	3,894,112
Total assets							5,774,708

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

Trade accounts receivable - others, comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>
Trade accounts receivable - others	1,235,464	921,178	-	-
Accrued income	80,492	58,609	-	-
	1,315,956	979,787	-	-
<u>Less</u> Allowance for doubtful accounts	-	(13,647)	-	-
Trade accounts receivable - others, net	<u>1,315,956</u>	<u>966,140</u>	-	-

**6 Investments in subsidiaries and associates**

The movement of investments in subsidiaries and associates during the nine-month period that ended on 30 June 2008 is as follows:

	<b>Subsidiaries</b>
	<b>30 June</b>
	<b>2008</b>
	<b>Baht'000</b>
Opening balance	2,357,672
Adjustment (Note 3)	(1,128,848)
Opening balance after retrospective adjustments	1,228,824
Additional investments in subsidiaries	1,865,478
Return of capital investment from a subsidiary being liquidated	(94,005)
Ending balance	<u>3,000,297</u>
	<b>Associates</b>
	<b>30 June</b>
	<b>2008</b>
	<b>Baht'000</b>
Investments in associates	373,157
Share of profits of investments in associates	20,893
Ending balance	<u><u>394,050</u></u>

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

As at 30 June 2008, investments in subsidiaries and associates comprise investments in the following companies:

Name of subsidiaries	Country of incorporation	Percentage of holding	
		As at 30 June 2008	As at 30 September 2007
Darium Thai Offshore Ltd.	Thailand	51.0	51.0
Mermaid Offshore Services Ltd. which has one associate and two subsidiaries as follows:	Thailand	100.0	100.0
Worldclass Inspiration Sdn. Bhd.	Malaysia	25.0	-
Seascope Surveys Pte. Ltd.	Singapore	80.0	-
Seascope Surveys (Thailand)	Thailand	80.0	-
Mermaid Drilling Ltd. which has three subsidiaries as follows:	Thailand	95.0	95.0
MTR-1 Ltd.	Thailand	100.0	100.0
MTR-2 Ltd.	Thailand	100.0	100.0
Mermaid Drilling (Malaysia) Sdn. Bhd.	Malaysia	100.0	100.0
Mermaid Training and Technical Services Ltd.	Thailand	100.0	100.0
Mermaid Drilling (Singapore) Pte. Ltd. which has three subsidiaries and one associate as follows:	Singapore	100.0	100.0
MTR-1 (Singapore) Ltd.	Singapore	100.0	100.0
MTR-2 (Singapore) Ltd.	Singapore	100.0	100.0
Mermaid Kencana Rig 1 Pte. Ltd.	Singapore	75.0	-
Kencana Mermaid Drilling Sdn. Bhd.	Malaysia	40.0	-

**Additional investments in subsidiaries**

On 22 October 2007, Mermaid Drilling (Singapore) Pte. Ltd. entered into a contract with Kencana Petroleum Ventures Sdn. Bhd., incorporated in Malaysia, to establish a new company named Mermaid Kencana Rig 1 Pte. Ltd. in Singapore with share capital of USD 100, with 25% held by Kencana Petroleum Ventures Sdn. Bhd. and 75% held by Mermaid Drilling (Singapore) Pte. Ltd. The company was incorporated in Singapore on 19 October 2007.

On 6 December 2007, the Company subscribed for shares of Mermaid Drilling (Singapore) Pte. Ltd., totalling Baht 513.7 million (or USD 15.3 million) for Mermaid Drilling (Singapore) Pte. Ltd., to invest further in Mermaid Kencana Rig 1 Pte. Ltd. as mentioned above. On the same date, Mermaid Kencana Rig 1 Pte. Ltd. increased its paid-up capital by USD 20.4 million. USD 15.3 million and USD 5.1 million were received from Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., respectively, reflecting their proportion of shareholding.

On 1 December 2007, Mermaid Offshore Services Ltd. increased its share capital from Baht 550 million to Baht 2,003 million by issuing 145.3 million new ordinary shares at par value of Baht 10 per share. The Company invested Baht 653.9 million to subscribe for the issued shares, which is equivalent to Baht 4.50 per share. The remaining Baht 5.50 per share will be paid, pending regulatory approval. As at 30 June 2008, the subsidiary received share subscription, which is a part of the share capital increase as mentioned above, totalling Baht 697.8 million.

On 4 March 2008, Mermaid Offshore Services Ltd. acquired 80 ordinary shares in Seascope Surveys Pte. Ltd., with par value of SGD 1.00 per share, at a subscription price of SGD 124,928 per share, totalling SGD 9.99 million, or equivalent to Baht 224.1 million. The total subscribed shares represent 80% of the total share capital of Seascope Surveys Pte. Ltd.

On 26 March 2008, Mermaid Offshore Services Ltd. beneficially subscribed to 2,119,995 ordinary shares in Seascope Surveys (Thailand) Ltd. with a par value of Baht 10 per share, at a subscription price of Baht 10 per share. The total subscribed shares represent 80% of the total share capital of Seascope Surveys (Thailand) Ltd.

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

**Additional investments in associates**

On 26 September 2007, Mermaid Drilling (Singapore) Pte. Ltd., a subsidiary, beneficially subscribed to 1 ordinary share in Kencana Mermaid Drilling Sdn. Bhd. with a par value of RM 1.00 per share, at a subscription price of RM 1.00 per share. On 24 October 2007, Mermaid Drilling (Singapore) Pte. Ltd. acquired another 39,999 ordinary shares in Kencana Mermaid Drilling Sdn. Bhd. with a par value of RM 1.00 per share, at a subscription price of RM 1.00 per share, totalling RM 39,999 equivalent to Baht 377,906. The total subscribed shares represent 40% of the total share capital of Kencana Mermaid Drilling Sdn. Bhd.

On 6 December 2007, Mermaid Offshore Services Ltd., a subsidiary, acquired 8,162,963 ordinary shares in Worldclass Inspiration Sdn. Bhd. with a par value of RM 1 per share, at a subscription price of RM 4.1 per share, totalling RM 33.5 million, or equivalent to Baht 337.4 million. The subscribed shares represent 25% of the total paid-up share capital of Worldclass Inspiration Sdn. Bhd. On 11 February 2008, Mermaid Offshore Services Ltd. acquired another 884,444 new ordinary shares with a par value of RM 1.00 per share, at the subscription price of RM 4.105 per share, totalling RM 3.5 million equivalent to Baht 35.4 million.

**Return of capital investment from a subsidiary**

Darium Thai Offshore Ltd., a subsidiary, registered its dissolution with the Ministry of Commerce on 24 August 2007. In October 2007, the Company partially received a return of its capital investment from this subsidiary amounting to Baht 94 million. As at 30 June 2008, the subsidiary is in the process of liquidation.

**7 Property, plant, and equipment, net**

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

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>For the nine-month period that ended on 30 June 2008</b>		
Opening net book amount	4,011,342	237,363
Additions	2,085,166	591
Additions of investment in subsidiaries	10,538	-
Disposals	(19,254)	(12,385)
Depreciation charge	(429,648)	(15,450)
Closing net book amount	<u>5,658,144</u>	<u>210,119</u>

**Consolidated**

The major additions during the nine-month period were a) a 15% installment payment under a tender rig construction contract totalling Baht 685 million, b) an installment payment under a ROV support vessel construction contract totalling Baht 176.5 million, c) an installment payment under a saturation diving system contract totalling Baht 119.9 million, d) dry-docking of rig and vessels totalling Baht 341 million, e) a last installment payment and additional equipment costs for the Mermaid Sovereign vessel of Baht 96.8 million, f) equipment for the Mermaid Commander totalling Baht 35.8 million, and g) an acquisition of a ROV Quasar amounting to Baht 127 million.

The significant disposals during the nine-month period comprised disposals of land and five buildings at net book value of Baht 12 million.

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**7 Property, plant, and equipment, net (Cont'd)**

7.2) The depreciation charges during the three-month and nine-month periods that ended on 30 June are as follows:

	<b>For the three-month periods that ended on 30 June</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Restated Baht'000</b>	<b>Baht'000</b>	<b>Restated Baht'000</b>
Depreciation charged to				
- Cost of service	139,907	116,460	-	-
- Service and administrative expenses	23,899	6,720	5,019	5,511
	<u>163,806</u>	<u>123,180</u>	<u>5,019</u>	<u>5,511</u>
	<b>For the nine-month periods that ended on 30 June</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Restated Baht'000</b>	<b>Baht'000</b>	<b>Restated Baht'000</b>
Depreciation charged to				
- Cost of service	298,368	353,224	-	-
- Service and administrative expenses	131,280	20,177	15,450	16,791
	<u>429,648</u>	<u>373,401</u>	<u>15,450</u>	<u>16,791</u>

7.3) Property, plant and equipment as at 30 June 2008 used as collateral for loan facilities can be summarised as follows:

The Group owns land, three buildings, five support vessels, one motor launch, six remotely operated vehicles, one saturation diving system, and two tender rigs (30 September 2007 : Land, eight buildings, four support vessels, two motor launches, six remotely operated vehicles, one saturation diving system, and two tender rigs). All the above assets, except four support vessels, one motor launch, and all remotely operated vehicles have been mortgaged with various banks as collateral for the loan facilities as described in Notes 9 and 11. These assets are mortgaged at a total value of Baht 2,522.2 million and USD 15 million (30 September 2007 : Baht 2,849.8 million and USD 15 million).

**8 Deferred tax assets**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June</b>	<b>30 September</b>	<b>30 June</b>	<b>30 September</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Deferred tax assets:				
Deferred tax assets to be recovered after 12 months	241,332	59,062	12,487	-
Deferred tax assets to be recovered within 12 months	-	544	-	-
Total	<u>241,332</u>	<u>59,606</u>	<u>12,487</u>	<u>-</u>

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**8 Deferred tax assets (Cont'd)**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>
Opening net book amount	59,606	31,241	-	-
Statement of income charged	181,726	28,365	12,487	-
Closing net book amount	<u>241,332</u>	<u>59,606</u>	<u>12,487</u>	<u>-</u>

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

	<b>Retirement benefit obligations Baht</b>	<b>Decelerated tax depreciation Baht</b>	<b>Losses carried forwards Baht</b>	<b>Total Baht</b>
Deferred tax assets				
At 30 September 2007	544	59,062	-	59,606
Charged to the consolidated statement of income	<u>1,129</u>	<u>20,673</u>	<u>159,924</u>	<u>181,726</u>
At 30 June 2008	<u>1,673</u>	<u>79,735</u>	<u>159,924</u>	<u>241,332</u>

Where appropriate, deferred tax assets relating to losses carried forward have been recognised as the Company believes that there will be future taxable profits after the expiration of Board of Investment privileges. Future taxable profits can be offset with these tax losses carried forward.

The Group has unused tax losses amounting to Baht 60.7 million, for which no deferred tax asset is recognised as at 30 June 2008. Tax losses amounting to Baht 2.4 million, 3.0 million, and 5.1 million will expire in 2011, 2012, and 2013, respectively. The remaining unused tax loss amounting to Baht 50.2 million belongs to a subsidiary, which is in the process of liquidation.

**9 Bank overdrafts**

The Group has bank overdraft facilities of Baht 75 million (30 September 2007 : Baht 75 million) which are guaranteed by the Company and a mortgage of the Company's land and buildings as mentioned in Note 7.3.

As 30 June 2008, the Group has unused bank overdraft facilities of Baht 75 million (30 September 2007 : Baht 54.7 million).

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

As at 30 June 2008, there are no short-term loans from financial institutions (30 September 2007 : Baht 201.6 million bearing interest at MLR minus a certain margin).

The movement of short-term loans from financial institutions for the nine-month periods that ended on 30 June 2008 and 2007 is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 June 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 June 2007 Baht'000</b>
Beginning balance	201,578	160,000	-	20,000
Additions during period	41,514	72,704	-	-
Repayments during period	(243,092)	(160,000)	-	(20,000)
Realised gains on exchange rate	-	(1,126)	-	-
Ending Balance	-	71,578	-	-

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

Long-term loans from financial institutions comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>
Current portion of long-term loans	399,401	406,245	24,800	24,800
Long-term portion of loans	1,438,994	1,773,410	67,000	85,600
Long-term loans from financial Institutions	1,838,395	2,179,655	91,800	110,400

The movement of long-term loans from financial institutions for the nine-month periods that ended on 30 June 2008 and 2007 is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 June 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 June 2007 Baht'000</b>
Beginning balance	2,179,655	2,480,314	110,400	135,200
Additions during period	-	115,340	-	-
Repayments during period	(298,018)	(181,110)	(18,600)	(18,600)
Realised gains on exchange rates	(32,487)	(5,434)	-	-
Unrealised gains on exchange rates	(10,755)	(160,386)	-	-
Ending balance	1,838,395	2,248,724	91,800	116,600

As at 30 June 2008, the total outstanding amounts of long-term loans granted by local commercial banks are Baht 259.2 million and USD 46.9 million (30 September 2007 : Baht 323.4 million and USD 53.9 million). During the nine-month period that ended on 30 June 2008, there has been no significant change to the loans' conditions. These loans are secured by mortgages on the Group's assets as mentioned in Note 7.3 and are guaranteed by the Company and some subsidiaries.



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**12 Finance lease liabilities**

Finance lease liabilities comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>
Finance lease liabilities	10,886	12,160	3,548	5,215
<u>Less</u> Deferred interest expense	(864)	(1,001)	(183)	(431)
Total finance lease liabilities	10,022	11,159	3,365	4,784
Current portion of finance lease liabilities	(5,827)	(6,010)	(2,477)	(2,584)
Long-term portion of finance lease liabilities	4,195	5,149	888	2,200

As at 30 June 2008 and 30 September 2007, finance lease liabilities to purchase motor vehicles carry fixed interest rates and the leases have repayment terms within 3 to 5 years without guarantee.

**13 Share capital and premium on share capital**

For the nine-month periods that ended on 30 June 2008:

	<b>Number of registered shares Shares'000</b>	<b>Issued and paid-up shares Shares'000</b>	<b>Ordinary shares Baht'000</b>	<b>Premium on share capital Baht'000</b>	<b>Total Baht'000</b>
Opening balance	674,537	383,205	383,205	1,226,352	1,609,557
Issue of shares	-	158,000	158,000	5,247,076	5,405,076
Closing balance	674,537	541,205	541,205	6,473,428	7,014,633

On 11 October 2007, the Company successfully placed and priced its Initial Public Offering ("IPO") amounting to 158 million new ordinary shares with an offering price of SGD 1.56 per share totalling SGD 246.5 million, on the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 16 October 2007, the new ordinary shares of the Company were traded on the main board of the SGX-ST.

The Company registered the increased paid-up share capital with the Ministry of Commerce on 15 October 2007 for 140 million shares and on 26 October 2007 for 18 million shares at the par value of Baht 1 each.

**14 Legal reserve**

The Company registered as a public limited company on 15 January 2007. Under the Public Limited Company Act B.E. 2535, the Company is required to set aside legal reserves of at least 5% of its net profit after accumulated deficits brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

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**15 Income taxes**

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

The reconciliation of income taxes is provided as follows:

	<b>For the three-month periods that ended on 30 June</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Restated Baht'000</b>	<b>Baht'000</b>	<b>Restated Baht'000</b>
Current taxes	13,261	9,297	-	-
Deferred taxes	(27,841)	(10,242)	31,310	-
	<u>(14,580)</u>	<u>(945)</u>	<u>31,310</u>	<u>-</u>
	<b>For the nine-month periods that ended on 30 June</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Restated Baht'000</b>	<b>Baht'000</b>	<b>Restated Baht'000</b>
Current taxes	40,159	27,991	-	-
Deferred taxes (Note 8)	(181,726)	(22,992)	(12,487)	-
	<u>(141,567)</u>	<u>4,999</u>	<u>(12,487)</u>	<u>-</u>

**16 Basic earnings per share**

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

	<b>For the three-month periods that ended on 30 June</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		<b>Restated</b>		<b>Restated</b>
Net profit for the period attributable to ordinary shareholders (Baht'000)	457,961	209,873	260,508	11,731
Weighted average number of ordinary shares (Shares'000)	541,205	383,025	541,205	383,205
Basic earnings per share (Baht)	0.85	0.55	0.48	0.03
	<b>For the nine-month periods that ended on 30 June</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		<b>Restated</b>		<b>Restated</b>
Net profit for the period attributable to ordinary shareholders (Baht'000)	811,413	592,588	198,734	56,239
Weighted average number of ordinary shares (Shares'000)	531,669	383,205	531,669	383,205
Basic earnings per share (Baht)	1.53	1.55	0.37	0.15

There are no potential dilutive ordinary shares in issue during the periods that ended on 30 June 2008 and 2007.

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**17 Guarantees**

As at 30 June 2008 and 30 September 2007, the Group and the Company have outstanding guarantees as follows:

	<b>Consolidated/Company</b>			
	<b>30 June 2008</b>		<b>30 September 2007</b>	
	<b>Baht'000</b>	<b>USD'000</b>	<b>Baht'000</b>	<b>USD'000</b>
Letters of guarantee issued by banks in the normal course of business	21,331	995	71,264	990
A guarantee for short-term loans of subsidiaries to a financial institution	305,000	2,000	321,320	2,000
A guarantee for long-term loans of subsidiaries to a financial institution	167,400	46,918	212,950	53,986
A guarantee for forward contract facility of a subsidiary to a financial institution	55,000	-	55,000	-

**18 Commitments**

(a) *Capital commitments*

Capital expenditure contracted for but not yet incurred is as follows:

	<b>30 June 2008 Baht'000</b>
Vessel and rig building contracts USD	4,601,242
Vessel equipment contracts USD	274,585
SGD	34,075
GBP	130,329

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

*Operating lease commitments*

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>
	No later than 1 year	307,806	443,842	-
Later than 1 year but not later than 5 years	203,409	432,069	-	-

*Vessel Charter Contract*

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

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**18 Commitments (Cont'd)**

(c) *Service Agreements*

As at 30 June 2008, the Group has two outstanding drilling service agreements. The remaining agreement periods are between twelve months and twenty one months.

**19 Related party transactions**

Significant related party transactions are as follows:

19.1 Accounts receivable and payable - related parties

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>	<b>30 June 2008 Baht'000</b>	<b>30 September 2007 Baht'000</b>
<u>Accounts receivable - trade</u>				
Other related parties	184	260	-	56
	<u>184</u>	<u>260</u>	<u>-</u>	<u>56</u>
<u>Amounts due from related parties</u>				
Subsidiaries	-	-	-	107,415
Other related parties	5,422	89	105,457	55
	<u>5,422</u>	<u>89</u>	<u>105,457</u>	<u>107,470</u>
<u>Accounts payable - trade</u>				
Other related parties	-	46,778	-	16
	<u>-</u>	<u>46,778</u>	<u>-</u>	<u>16</u>
<u>Amounts due to related parties</u>				
Other related parties	-	1,269	21	-
	<u>-</u>	<u>1,269</u>	<u>21</u>	<u>-</u>

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

19.2 Short-term loans to related parties

	Consolidated		Company	
	30 June 2008 Baht'000	30 September 2007 Baht'000	30 June 2008 Baht'000	30 September 2007 Baht'000
Subsidiaries	-	-	945,505	108,000
Other related party	32,149	-	-	-
	<u>32,149</u>	<u>-</u>	<u>945,505</u>	<u>108,000</u>

As at 30 June 2008, short-term loans totalling Baht 945.5 million are provided to Mermaid Offshore Services Ltd. of Baht 100 million and MTR-2 Ltd. of Baht 845.5 million (30 September 2007 : loans to Mermaid Offshore Services Ltd. of Baht 108 million). The loans bear interest at 2.75% per annum (30 September 2007 : MLR plus 1% per annum). The short-term loan to other related party of Baht 32.1 million is from Mermaid Offshore Services Ltd. to Worldclass Inspiration Sdn. Bhd., an associate, bearing interest at LIBOR plus 3.5% per annum (30 September 2007 : nil). Loans are unsecured and repayable at call.

19.3 Transactions with related parties

Significant related party transactions between the Company and its subsidiaries, associates, and companies under Thoresen Thai Agencies Public Company Limited, the parent company, and other related parties are as follows:

	For the three-month periods that ended on 30 June			
	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
<b>Revenues</b>				
Service income	-	151	-	-
Interest income	347	-	5,523	1,483
Management fee	-	-	17,580	29,865
Rental income	-	373	2,548	2,348
Others	5	264	-	-
<b>Expenses</b>				
Crew expenses	-	744	-	-
Vessel expenses and repair and maintenance expenses	-	588	-	-
Vessel and equipment rental	-	85,636	-	-

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

19.3 Transactions with related parties (Cont'd)

	<b>For the nine-month periods that ended on 30 June</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Revenues</b>				
Service income	190	1,425	-	-
Interest income	685	-	8,760	6,972
Management fee	-	-	52,740	89,772
Rental income	850	421	7,655	6,989
Dividend income	-	-	-	30,331
Others	5	346	-	101
<b>Expenses</b>				
Crew expenses	-	5,103	-	-
Vessel expenses and repair and maintenance expenses	-	4,447	-	-
Vessel and equipment rental	-	183,334	-	-
Management fee	-	177	-	-

There has been no significant change to the Group's policies in respect of related party transactions during the nine-month period that ended on 30 June 2008.

**20 Service and administrative expenses**

Service and administrative expenses of Baht 717.4 million for the nine-month period that ended on 30 June 2008 included operating expenses comprising of crew expenses, overhead, and depreciation totalling Baht 403.1 million which relate to assets that were off-hire. One rig, MTR-2, and two vessels, Mermaid Commander and Mermaid Performer, went off-hire for their dry dockings or planned upgrades. MTR-2 incurred operating expenses during its off-hire period of Baht 310.4 million, while the vessels incurred operating expenses of Baht 92.7 million. These operating expenses are normally included in cost of services but are reclassified to service and administration expenses during off-hire periods. Once the assets are operational again, these expenses will be reflected in cost of services.