

**MERMAID MARITIME PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 2009**

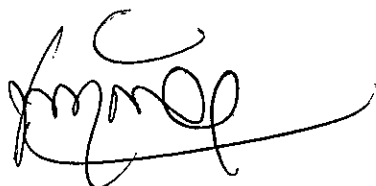
**AUDITOR'S REPORT**

To the Shareholders of Mermaid Maritime Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 30 September 2009 and 2008, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended of Mermaid Maritime Public Company Limited and its subsidiaries, and of Mermaid Maritime Public Company Limited, respectively. The company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial positions as at 30 September 2009 and 2008, and the consolidated and company results of operations and cash flows for the years then ended of Mermaid Maritime Public Company Limited and its subsidiaries, and of Mermaid Maritime Public Company Limited, respectively, in accordance with generally accepted accounting principles.



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

Bangkok  
25 November 2009

**Mermaid Maritime Public Company Limited**  
**Balance Sheets**  
**As at 30 September 2009 and 2008**

	Notes	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	1,450,525	1,726,430	224,140	1,141,842
Short-term investments	6	334,217	-	334,217	-
Trade accounts receivable - others, net	7	1,036,688	1,461,783	-	-
Trade accounts receivable - related parties	26.2	113	152	-	-
Amounts due from related parties	26.2	1,953	14,252	474,045	275,692
Short-term loans to related parties	26.3	-	1,147,989	737,102	2,080,811
Supplies and spare parts		112,940	147,515	-	-
Current portion of deferred tax assets	13	34,668	-	-	-
Other current assets	10	137,014	358,112	16,054	16,955
<b>Total current assets</b>		<b>3,108,118</b>	<b>4,856,233</b>	<b>1,785,558</b>	<b>3,515,300</b>
<b>Non-current assets</b>					
Investments in subsidiaries - cost method	8.1	-	-	5,237,264	3,543,392
Investments in associates - equity method	8.2	387,967	405,296	-	-
Other long-term investments	9	77,697	-	-	-
Property, plant and equipment, net	11	10,300,959	7,492,276	189,264	208,054
Goodwill	8.1	266,310	180,898	-	-
Intangible assets, net	12	16,101	16,942	959	4,097
Deferred expenses, net		84,203	-	-	-
Deferred tax assets, net	13	193,756	213,605	-	-
Other non-current assets	14	120,397	14,352	569	569
<b>Total non-current assets</b>		<b>11,447,390</b>	<b>8,323,369</b>	<b>5,428,056</b>	<b>3,756,112</b>
<b>Total assets</b>		<b>14,555,508</b>	<b>13,179,602</b>	<b>7,213,614</b>	<b>7,271,412</b>

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.

**Mermaid Maritime Public Company Limited**  
**Balance Sheets (Cont'd)**  
**As at 30 September 2009 and 2008**

	Notes	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade accounts payable - others		173,569	327,150	-	-
Trade accounts payable - related parties	26.2	9,958	-	-	-
Other accounts payable		826,858	952,140	2,567	2,312
Amounts due to related parties	26.2	29	51	33	17
Current portion of long-term loans from financial institutions	15	466,834	416,570	24,800	24,800
Current portion of finance lease liabilities		2,420	4,587	774	1,845
Income taxes payable		55,484	20,210	-	-
Accrued expenses		107,368	74,813	800	606
Current portion of employee benefit obligations	16	115,560	-	-	-
Other current liabilities		29,998	176,926	8,796	10,865
<b>Total current liabilities</b>		<b>1,788,078</b>	<b>1,972,447</b>	<b>37,770</b>	<b>40,445</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	15	2,073,459	1,521,857	36,000	60,800
Finance lease liabilities		4,021	5,983	-	659
Employee benefit obligations	16	33,285	5,373	2,960	2,065
<b>Total non-current liabilities</b>		<b>2,110,765</b>	<b>1,533,213</b>	<b>38,960</b>	<b>63,524</b>
<b>Total liabilities</b>		<b>3,898,843</b>	<b>3,505,660</b>	<b>76,730</b>	<b>103,969</b>
<b>Shareholders' equity</b>					
Share capital	17				
Registered share capital		544,903	674,537	544,903	674,537
Issued and fully paid-up		541,205	541,205	541,205	541,205
Premium on share capital	17	6,470,791	6,470,791	6,470,791	6,470,791
Translation adjustments for investments in foreign subsidiaries		(30,384)	(24,536)	-	-
Retained earnings					
Appropriated - legal reserves	18	39,717	39,717	39,717	39,717
Unappropriated		2,975,996	2,261,511	85,171	115,730
<b>Total parent's shareholders' equity</b>		<b>9,997,325</b>	<b>9,288,688</b>	<b>7,136,884</b>	<b>7,167,443</b>
Minority interests		659,340	385,254	-	-
<b>Total shareholders' equity</b>		<b>10,656,665</b>	<b>9,673,942</b>	<b>7,136,884</b>	<b>7,167,443</b>
<b>Total liabilities and shareholders' equity</b>		<b>14,555,508</b>	<b>13,179,602</b>	<b>7,213,614</b>	<b>7,271,412</b>

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.

**Mermaid Maritime Public Company Limited**  
**Statements of Income**  
**For the years that ended on 30 September 2009 and 2008**

	Notes	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Service income	4	5,209,869	5,285,443	-	-
Cost of services		(3,770,855)	(3,686,546)	-	-
<b>Gross profits</b>		1,439,014	1,598,897	-	-
Service and administrative expenses		(485,611)	(731,561)	(95,879)	(90,031)
Management fee income	26.1	-	-	70,320	70,320
Interest income		16,618	37,975	33,687	44,216
Gains (losses) on exchange rates		(55,513)	159,750	(51,442)	106,678
Net gains (losses) on disposals and write-off of property, plant and equipment and intangible assets		21,252	(5,855)	1,052	1,298
Gains on disposal of investments	8	-	-	4,538	-
Other income		28,566	102,751	10,334	12,743
<b>Operating profits (losses)</b>	19	964,326	1,161,957	(27,390)	145,224
Share of profits (losses) of investments in associates	8.2	(17,329)	32,132	-	-
<b>Profits (losses) before interest expenses and income taxes</b>		946,997	1,194,089	(27,390)	145,224
Interest expenses		(83,908)	(123,994)	(3,169)	(6,362)
<b>Profits (losses) before income taxes</b>		863,089	1,070,095	(30,559)	138,862
Income taxes	20	(115,711)	91,962	-	-
<b>Net profits (losses) for the year</b>		<u>747,378</u>	<u>1,162,057</u>	<u>(30,559)</u>	<u>138,862</u>
<b>Attributable to:</b>					
Shareholders of the parent		714,485	1,156,291	(30,559)	138,862
Minority interests		32,893	5,766	-	-
		<u>747,378</u>	<u>1,162,057</u>	<u>(30,559)</u>	<u>138,862</u>
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Earnings (losses) per share for profits attributable to the shareholders of the parent</b>					
Basic and diluted earnings (losses) per share	21	1.32	2.17	(0.06)	0.26

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.

**Mermaid Maritime Public Company Limited**  
**Statements of Changes in Shareholders' Equity**  
**For the years that ended on 30 September 2009 and 2008**

	<b>Consolidated 2009</b>						<b>Baht'000</b>
	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Translation adjustments for investments in foreign subsidiaries</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	<b>Minority interests</b>	<b>Total</b>
<b>Beginning balance as at 1 October 2008</b>	541,205	6,470,791	(24,536)	39,717	2,261,511	385,254	9,673,942
Issued share capital	-	-	-	-	-	260,534	260,534
Return of capital investment from a subsidiary	-	-	-	-	-	(18,667)	(18,667)
Net profits for the year	-	-	-	-	714,485	32,893	747,378
Translation adjustments for investments in foreign subsidiaries	-	-	(5,848)	-	-	(674)	(6,522)
<b>Ending balance as at 30 September 2009</b>	<b>541,205</b>	<b>6,470,791</b>	<b>(30,384)</b>	<b>39,717</b>	<b>2,975,996</b>	<b>659,340</b>	<b>10,656,665</b>

	<b>Company 2009</b>				<b>Baht'000</b>
	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	<b>Total</b>
<b>Beginning balance as at 1 October 2008</b>	541,205	6,470,791	39,717	115,730	7,167,443
Net losses for the year	-	-	-	(30,559)	(30,559)
<b>Ending balance as at 30 September 2009</b>	<b>541,205</b>	<b>6,470,791</b>	<b>39,717</b>	<b>85,171</b>	<b>7,136,884</b>

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.

**Mermaid Maritime Public Company Limited**  
**Statements of Changes in Shareholders' Equity**  
**For the years that ended on 30 September 2009 and 2008**

<b>Consolidated 2008</b>							<b>Baht'000</b>
<b>Notes</b>	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Translation adjustments for investments in foreign subsidiaries</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	<b>Minority interests</b>	<b>Total</b>
<b>Beginning balance as at 1 October 2007</b>	383,205	1,226,352	496	5,720	1,139,217	140,044	2,895,034
Issued share capital	17	158,000	-	-	-	325,188	5,727,627
Return of capital investment from a subsidiary	-	-	-	-	-	(90,547)	(90,547)
Effect of additional investments in subsidiaries	-	-	-	-	-	11,830	11,830
Net profits for the year	-	-	-	-	1,156,291	5,766	1,162,057
Legal reserves	18	-	-	33,997	(33,997)	-	-
Translation adjustments for investments in foreign subsidiaries	-	-	(25,032)	-	-	(7,027)	(32,059)
<b>Ending balance as at 30 September 2008</b>	<b>541,205</b>	<b>6,470,791</b>	<b>(24,536)</b>	<b>39,717</b>	<b>2,261,511</b>	<b>385,254</b>	<b>9,673,942</b>

<b>Company 2008</b>							<b>Baht'000</b>
<b>Notes</b>	<b>Issued and paid-up share capital</b>	<b>Premium on share capital</b>	<b>Translation adjustments for investments in foreign subsidiaries</b>	<b>Legal reserves</b>	<b>Unappropriated retained earnings</b>	<b>Total</b>	
<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 change in accounting policy	2.5	-	-	(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	5,244,439	-	-	-	5,402,439	
Net profits for the year	-	-	-	-	138,862	138,862	
Legal reserves	18	-	-	33,997	(33,997)	-	
<b>Ending balance as at 30 September 2008</b>	<b>541,205</b>	<b>6,470,791</b>	<b>-</b>	<b>39,717</b>	<b>115,730</b>	<b>7,167,443</b>	

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.

**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows**  
**For the years that ended on 30 September 2009 and 2008**

	Notes	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
<b>Cash flows from operating activities</b>					
Profits (losses) before income taxes		863,089	1,070,095	(30,559)	138,862
Adjustments for:					
Depreciation	11	554,433	561,255	20,478	20,499
Amortisation of intangible assets	12	7,451	8,580	3,138	6,680
Interest expenses		83,908	123,994	3,169	6,362
Net (gains) losses on disposals and write-off of property, plant and equipment and intangible assets		(21,252)	5,988	(1,052)	(1,298)
Gains on disposals of investments in a subsidiary	8	-	-	(4,538)	-
Write-off of goodwill	8	1,884	-	-	-
Realised (gains) losses on exchange rates		(29,834)	(10,363)	(14,320)	-
Unrealised (gains) losses on exchange rates		85,347	(86,709)	65,762	(106,496)
Doubtful accounts expense		-	9,468	-	-
Employee benefit obligations	16	143,472	2,014	895	520
Share of (profits) losses of investments in associates	8	17,329	(32,132)	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
- Trade accounts receivable - others		429,604	(452,870)	-	-
- Trade accounts receivable - related parties		39	109	-	56
- Amounts due from related parties		12,299	(14,163)	(205,003)	(168,221)
- Supplies and spare parts		34,575	(33,934)	-	-
- Other current assets		234,748	(111,690)	5,021	76,043
- Deferred expenses		(84,203)	-	-	-
- Other non-current assets		(106,045)	32,376	-	-
- Trade accounts payable - others		(140,096)	(46,354)	-	(6,369)
- Trade accounts payable - related parties		9,958	(46,778)	-	(16)
- Other accounts payable		45,498	3,215	673	-
- Amounts due to related parties		(22)	(1,218)	16	17
- Accrued expenses		32,178	(43,517)	205	(41,172)
- Other current liabilities		(122,934)	44,410	(2,068)	1,754
Cash generated from operations		2,051,426	981,776	(158,183)	(72,779)
- Interest paid		(83,532)	(123,502)	(3,181)	(6,412)
- Income taxes paid		(108,906)	(63,773)	(4,098)	(3,045)
<b>Net cash inflows (outflows) from operating activities</b>		<b>1,858,988</b>	<b>794,501</b>	<b>(165,462)</b>	<b>(82,236)</b>

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.



**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows (Cont'd)**  
**For the years that ended on 30 September 2009 and 2008**

	Notes	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
<b>Cash flows from investing activities</b>					
Repayment of short-term loans to related parties		1,140,394	-	1,546,150	659,208
Short-term loans provided to related parties		-	(1,147,989)	(197,700)	(2,597,593)
Payments for short-term investments	6	(334,217)	-	(334,217)	-
Payments for investments in subsidiaries	8	(87,296)	(202,784)	(1,708,191)	(2,408,572)
Payments for investments in associates	8	-	(373,164)	-	-
Payments for other long-term investments	9	(77,697)	-	-	-
Proceeds from return of capital investment from a liquidated subsidiary	8	-	-	18,857	94,004
Proceeds from disposals of property, plant and equipment and intangible assets		32,303	17,494	2,142	13,683
Purchases of property, plant and equipment		(3,583,651)	(3,124,869)	(2,778)	(3,574)
Purchases of intangible assets		(8,347)	(12,941)	-	(1,646)
<b>Net cash (outflows) from investing activities</b>		<b>(2,918,511)</b>	<b>(4,844,253)</b>	<b>(675,737)</b>	<b>(4,244,490)</b>
<b>Cash flows from financing activities</b>					
Net payments for bank overdrafts		-	(20,274)	-	-
Proceeds from short-term loans from financial institutions		-	41,514	-	-
Repayments of short-term loans from financial institutions		-	(243,092)	-	-
Repayments of finance lease liabilities		(4,076)	(6,590)	(1,730)	(2,280)
Proceeds from long-term loans from financial institutions	15	1,361,976	170,565	-	-
Repayments of long-term loans from financial institutions	15	(756,167)	(395,882)	(24,800)	(24,800)
Payments for capital investments to minorities		(18,667)	(90,547)	-	-
Proceeds from issuance of share capital	17	-	158,000	-	158,000
Proceeds from share premium	17	-	5,244,439	-	5,244,439
Proceeds from issuance of share capital received from minorities		260,534	325,188	-	-
<b>Net cash inflows (outflows) from financing activities</b>		<b>843,600</b>	<b>5,183,321</b>	<b>(26,530)</b>	<b>5,375,359</b>

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.

**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows (Cont'd)**  
**For the years that ended on 30 September 2009 and 2008**

	Note	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
<b>Net increase (decrease) in cash and cash equivalents</b>		(215,923)	1,133,569	(867,729)	1,048,633
Cash and cash equivalents at the beginning of the year	5	1,726,430	511,700	1,141,842	21,139
Effects of exchange rates		(59,982)	81,161	(49,973)	72,070
<b>Cash and cash equivalents at the end of the year</b>	5	<u>1,450,525</u>	<u>1,726,430</u>	<u>224,140</u>	<u>1,141,842</u>

**Non-cash transactions**

During the years that ended on 30 September 2009 and 2008, the following significant non-cash transactions occurred:

Unpaid liabilities under finance lease agreements for purchase of motor vehicles	6,442	10,570	774	2,504
Unpaid liabilities for purchases of property, plant and equipment	695,583	924,463	-	-

The notes to the consolidated and company financial statements on pages 10 to 46 form an integral part of these consolidated and company financial statements.

## **1 General information**

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

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

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

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

The Board of Directors approved the issue of the audited consolidated and company financial statements on 25 November 2009.

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

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

### **2.1 Basis of preparation**

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

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

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

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

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

## **2 Summary of significant accounting policies (Cont'd)**

### **2.2 New accounting standard, new financial reporting standards and amendments to accounting standards**

Revised standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework.

TAS 36 (revised 2007) Impairment of Assets

Thai Financial Reporting Standard No. 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Accounting Framework (revised 2007) (effective 26 June 2009)

The above two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which were not early adopted by the Group are as follows:

#### Effective for the period beginning on or after 1 January 2011

TAS 24 (revised 2007) Related Party Disclosure (formerly TAS 47)

TAS 40 Investment Property

#### Effective for the period beginning on or after 1 January 2012

TAS 20 Accounting for Government Grants and Disclosure for Government Assistance

The Group's management has determined that the revised standards and new standards will not significantly impact the financial statements being presented.

On 26 June 2009, the Federation of Accounting Professions announced the revision of the numbers used in the Thai Accounting Standards to correspond with the numbers used in the International Accounting Standards.

### **2.3 Critical accounting estimates, assumptions, and judgments**

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

#### **2.3.1 Property, plant, and equipment and intangible assets**

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

#### **2.3.2 Deferred income taxes**

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

#### **2.3.3 Impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.4.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates by management.

## **2 Summary of significant accounting policies (Cont'd)**

### **2.4 Accounting policies**

#### **2.4.1 Investments in subsidiaries and associates**

##### **(a) Subsidiaries**

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

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

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

A list of the Group's principal subsidiaries and the effect of acquisitions and disposals of subsidiaries are shown in Note 8.

##### **(b) 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 investment in associates 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 and the effects of acquisitions and disposals of associates are shown in Note 8.

**2 Summary of significant accounting policies (Cont'd)**

**2.4 Accounting policies (Cont'd)**

**2.4.2 Foreign currencies translation**

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

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

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

**2.4.3 Cash and cash equivalents**

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

**2.4.4 Trade accounts receivable**

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

**2.4.5 Supplies and spare parts**

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

**2 Summary of significant accounting policies (Cont'd)**

**2.4 Accounting policies (Cont'd)**

**2.4.6 Other investments**

Other investments which are classified as general investments are carried at cost, less impairment.

Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

A test for impairment by the Group is carried out when there is a factor indicating that such investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, an impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When disposing of part of the Group's holding of a particular investment in equity securities, the carrying amount of the disposed part is determined from the weighted average carrying amount of the total holding of the investment.

If an investment with fair value adjustments in equity is sold or impaired, accumulated fair value adjustments are included in the statement of income.

## **2 Summary of significant accounting policies (Cont'd)**

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

#### **2.4.7 Property, plant, and equipment**

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

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

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

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

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

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

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

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

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

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



**2 Summary of significant accounting policies (Cont'd)**

**2.4 Accounting policies (Cont'd)**

**2.4.8 Goodwill**

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

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

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

**2.4.9 Intangible assets**

*Computer software*

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

## **2 Summary of significant accounting policies (Cont'd)**

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

#### **2.4.10 Accounting for long-term leases**

##### **Where the Group is the lessee**

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

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

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

##### **Where the Group is the lessor**

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

#### **2.4.11 Provisions**

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

#### **2.4.12 Share capital**

Ordinary shares are classified as equity.

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

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

**2 Summary of significant accounting policies (Cont'd)**

**2.4 Accounting policies (Cont'd)**

**2.4.13 Revenue recognition**

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

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

*(a) Rendering of services*

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

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

*(b) Interest income*

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

*(c) Dividend income*

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

*(d) Rental income*

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

**2.4.14 Dividend distribution**

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

## **2 Summary of significant accounting policies (Cont'd)**

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

#### **2.4.15 Financial instruments**

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

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes. The fee incurred in establishing each agreement is amortised over the contract period, if any.

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

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 22.

#### **2.4.16 Current and deferred income taxes**

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

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

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

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

**2 Summary of significant accounting policies (Cont'd)**

**2.4 Accounting policies (Cont'd)**

**2.4.17 Employee benefits**

*(a) Provident fund*

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

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

*(b) Retirement benefits*

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

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

*(c) Retention incentives*

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

## **2 Summary of significant accounting policies (Cont'd)**

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

#### **2.4.18 Segment reporting**

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

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

#### **2.4.19 Related parties**

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

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

### **2.5 Change in accounting policy**

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

## **3 Capital risk management**

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

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

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**4 Business segment information**

The segment results are as follows:

	<b>Consolidated</b>			<b>Baht'000</b>
	<b>For the year that ended 30 September 2009</b>			
	<b>Subsea services</b>	<b>Drilling services</b>	<b> Holding</b>	<b> Group</b>
Total service income	3,352,966	2,213,027	-	5,565,993
Inter-segment service income	(356,124)	-	-	(356,124)
Service income	2,996,842	2,213,027	-	5,209,869
Operating profits (losses)	247,741	812,726	(96,141)	964,326
Interest expenses				(83,908)
Income taxes				(115,711)
Share of losses from associates				(17,329)
Net profits for the year				747,378

	<b>Consolidated</b>			<b>Baht'000</b>
	<b>As at 30 September 2009</b>			
	<b>Subsea services</b>	<b>Drilling services</b>	<b> Holding</b>	<b> Group</b>
Property, plant, equipment, and intangible assets	5,007,059	5,119,778	190,223	10,317,060
Total assets				14,555,508

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

	<b>Consolidated</b>			<b>Baht'000</b>
	<b>For the year that ended 30 September 2008</b>			
	<b>Subsea services</b>	<b>Drilling services</b>	<b>Holding</b>	<b>Group</b>
Total service income	4,088,281	1,249,044	-	5,337,325
Inter-segment service income	(51,882)	-	-	(51,882)
Service income	4,036,399	1,249,044	-	5,285,443
Operating profits	993,037	25,421	143,499	1,161,957
Interest expenses				(123,994)
Income taxes				91,962
Share of profits from associates				32,132
Net profits for the year				1,162,057
	<b>Consolidated</b>			<b>Baht'000</b>
	<b>As at 30 September 2008</b>			
	<b>Subsea services</b>	<b>Drilling services</b>	<b>Holding</b>	<b>Group</b>
Property, plant, equipment, and intangible assets	3,049,120	4,247,947	212,151	7,509,218
Total assets				13,179,602



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**5 Cash and cash equivalents**

Cash and cash equivalents comprise:

	Consolidated		Company	
	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Cash on hand	7,677	2,827	46	34
Cash at banks	1,442,848	1,723,603	224,094	1,141,808
Total cash and cash equivalents	<u>1,450,525</u>	<u>1,726,430</u>	<u>224,140</u>	<u>1,141,842</u>

**6 Short-term investments**

	Consolidated		Company	
	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Fixed deposit	<u>334,217</u>	<u>-</u>	<u>334,217</u>	<u>-</u>

Short-term investments represent the fixed deposit for a four-month period with a financial institution which carries interest at a fixed rate per annum.

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

Trade accounts receivable - others, comprise:

	Consolidated		Company	
	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Trade accounts receivable - others	989,442	1,439,054	-	-
Accrued income	<u>51,425</u>	<u>26,908</u>	<u>-</u>	<u>-</u>
	1,040,867	1,465,962	-	-
<u>Less</u> Allowance for doubtful accounts	<u>(4,179)</u>	<u>(4,179)</u>	<u>-</u>	<u>-</u>
Trade accounts receivable - others, net	<u>1,036,688</u>	<u>1,461,783</u>	<u>-</u>	<u>-</u>

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

	Consolidated		Company	
	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Trade accounts receivable under credit terms	414,462	1,079,138	-	-
Aging of trade accounts receivable past due:				
Less than 3 months	525,063	341,468	-	-
Overdue 3 to 6 months	97,021	7,737	-	-
Overdue 6 to 12 months	142	3,268	-	-
Overdue 12 months	<u>4,179</u>	<u>34,351</u>	<u>-</u>	<u>-</u>
	1,040,867	1,465,962	-	-
<u>Less</u> Allowance for doubtful accounts	<u>(4,179)</u>	<u>(4,179)</u>	<u>-</u>	<u>-</u>
Trade accounts receivable - other, net	<u>1,036,688</u>	<u>1,461,783</u>	<u>-</u>	<u>-</u>

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**8 Investments in subsidiaries and associates**

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

Name	Classification	Country of incorporation	Percentage of holding	
			As at 30 September 2009	As at 30 September 2008
Darium Thai Offshore Ltd.	-	Thailand	- <sup>(1)</sup>	51.0
Mermaid Offshore Services Ltd. which has one associate and two subsidiaries as follows:	Subsidiary	Thailand	100.0	100.0
Worldclass Inspiration Sdn. Bhd.	Associate	Malaysia	25.0	25.0
Seascope Surveys (Thailand) Ltd.	Subsidiary	Thailand	80.0	80.0
Seascope Surveys Pte. Ltd. which has two subsidiaries as follows:	Subsidiary	Singapore	80.0	80.0
PT Seascope Surveys Indonesia	Subsidiary	Indonesia	97.0	97.0
Seascope Inspection Services Pte. Ltd.	Subsidiary	Singapore	100.0	100.0
Mermaid Drilling Ltd. which has three subsidiaries as follows:	Subsidiary	Thailand	95.0	95.0
MTR-1 Ltd.	Subsidiary	Thailand	100.0	100.0
MTR-2 Ltd.	Subsidiary	Thailand	100.0	100.0
Mermaid Drilling (Malaysia) Sdn. Bhd.	Subsidiary	Malaysia	100.0	100.0
Mermaid Training and Technical Services Ltd.	Subsidiary	Thailand	100.0	100.0
Mermaid Drilling (Singapore) Pte. Ltd. which has five subsidiaries and one associate as follows:	Subsidiary	Singapore	100.0	100.0
MTR-1 (Singapore) Ltd.	Subsidiary	Singapore	100.0	100.0
MTR-2 (Singapore) Ltd.	Subsidiary	Singapore	100.0	100.0
Mermaid Kencana Rig 1 Pte. Ltd.	Subsidiary	Singapore	75.0	75.0
Mermaid Kencana Rig 2 Pte. Ltd.	Subsidiary	Singapore	100.0	100.0
Kencana Mermaid Drilling Sdn. Bhd.	Associate	Malaysia	40.0	40.0
Mermaid Kencana Rigs (Labuan) Pte. Ltd.	Subsidiary	Malaysia	75.0	-

<sup>(1)</sup>The liquidation was completed on 24 August 2009.

**8.1 Investments in subsidiaries**

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

	Company	
	2009 Baht'000	2008 Baht'000
Opening balance	3,543,392	1,228,824
Additional investments in subsidiaries	1,708,191	2,408,572
Gain on disposal of investment in a subsidiary	4,538	-
Return of capital investment from a liquidated subsidiary	(18,857)	(94,004)
Ending balance	5,237,264	3,543,392

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

**8.1 Investments in subsidiaries (Cont'd)**

During the year that ended on 30 September 2009, the Company and its subsidiaries, had additional investments as follows:

**Mermaid Drilling (Singapore) Pte. Ltd.**

On 29 December 2008, the Company subscribed for shares of Mermaid Drilling (Singapore) Pte. Ltd., totalling Baht 797.7 million (or USD 24 million) for Mermaid Drilling (Singapore) Pte. Ltd. to invest further in Mermaid Kencana Rig 1 Pte. Ltd. On 30 December 2008, Mermaid Kencana Rig 1 Pte. Ltd. increased its paid-up capital by Baht 1,063.6 million (or USD 32 million). USD 24 million and USD 8 million of capital were subscribed by Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., respectively, reflecting their proportion of shareholding.

The share subscription in Mermaid Drilling (Singapore) Pte. Ltd. on 29 December 2008 consists of the following:

	<u>Baht Million</u>
Share subscription paid in advance on 1 October 2008	115.8
Additional investment	681.9
	<hr/>
Total share subscription on 29 December 2008	797.7
	<hr/>

Subsequently on 31 March 2009, the Company subscribed for additional shares of Mermaid Drilling (Singapore) Pte. Ltd., totalling Baht 99.3 million (or USD 3 million) for Mermaid Drilling (Singapore) Pte. Ltd. to invest further in Mermaid Kencana Rig 1 Pte. Ltd. On the same date, Mermaid Kencana Rig 1 Pte. Ltd. increased its paid-up capital by Baht 132.4 million (or USD 4 million). USD 3 million and USD 1 million were received from Mermaid Drilling (Singapore) Pte. Ltd. and Kencana Petroleum Ventures Sdn. Bhd., respectively, reflecting their proportion of shareholding.

**Mermaid Drilling (Malaysia) Sdn. Bhd.**

On 16 February 2009, Mermaid Drilling Ltd., a subsidiary, made a payment to invest in Mermaid Drilling (Malaysia) Sdn. Bhd. amounting to Baht 2.3 million (or RM 250,000).

**Mermaid Kencana Rigs (Labuan) Pte. Ltd.**

On 11 May 2009, Mermaid Drilling (Singapore) Pte. Ltd. subscribed for shares of Mermaid Kencana Rigs (Labuan) Pte. Ltd., totalling USD 3. On the same date, Mermaid Kencana Rigs (Labuan) Pte. Ltd. increased its paid-up capital by USD 4 which were received from Mermaid Drilling (Singapore) Pte. Ltd. of USD 3 and Kencana Petroleum Ventures Sdn. Bhd. of USD 1, reflecting their proportion of shareholding.

**PT Seascope Surveys Indonesia**

On 3 February 2009, Seascope Surveys Pte. Ltd., an indirect subsidiary, made a payment to invest in PT Seascope Surveys Indonesia amounting to Baht 1.8 million (or USD 50,000).

**Seascope Surveys Pte. Ltd.**

On 19 March 2009, Mermaid Offshore Services Ltd., a subsidiary, made the second installment payment of Baht 83.5 million (or USD 2.3 million) in respect of the acquisition of its 80% shareholding in Seascope Surveys Pte. Ltd. which was transacted in March 2008.

On 24 April 2009, Mermaid Offshore Services Ltd., a subsidiary, made the final installment payment of Baht 3.8 million (or USD 0.1 million) in respect of the acquisition of its 80% shareholding of Seascope Surveys Pte. Ltd. which was transacted in March 2008.

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

**8.1 Investments in subsidiaries (Cont'd)**

**Seascope Surveys Pte. Ltd. (Cont'd)**

Details of the goodwill arisen from acquisition is as follows:-

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Beginning balance	180,898	-
Total cash paid for purchase consideration	87,296	224,073
Fair value of net assets acquired	-	(43,175)
Write-off	(1,884)	-
Ending balance	<u>266,310</u>	<u>180,898</u>

**Mermaid Offshore Services Ltd.**

On 30 September 2009, Mermaid Offshore Services Ltd., a subsidiary, increased its share capital from Baht 2,003 million to Baht 2,930 million by issuing 92.7 million new ordinary shares at a par value of Baht 10 per share. The Company invested Baht 927 million to subscribe for the issued shares, which is equivalent to Baht 10 per share.

**Seascope Inspection Services Pte. Ltd.**

As at 30 September 2009, Seascope Inspection Services Pte. Ltd., an indirect subsidiary, is in the process of dissolution.

**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 and August 2009, the Company received a return of its capital investment from this subsidiary amounting to Baht 94.0 million and Baht 18.9 million, respectively. The liquidation was completed on 24 August 2009.

**8.2 Investments in associates**

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

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance	405,296	-
Additional investments in associates	-	373,164
Share of profits (losses) of investments in associates	(17,329)	32,132
Ending balance	<u>387,967</u>	<u>405,296</u>

Details of associates are as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Assets Baht'000</b>	<b>Liabilities Baht'000</b>	<b>Revenues Baht'000</b>	<b>Profit/loss Baht'000</b>	<b>% Interest held</b>	<b>Profit sharing Baht'000</b>
Worldclass Inspiration Sdn. Bhd.	Malaysia	603,595	2,323	8,145	(658)	25	(165)
Allied Marine & Equipment Sdn. Bhd.	Malaysia	2,104,217	1,487,532	576,733	5,033	22.5 (indirect)	1,133
Kencana Mermaid Drilling Sdn. Bhd. <sup>(1)</sup>	Malaysia	6,763	6,961	-	(906)	40	-
							968
<u>Less Amortisation and write-off of intangible assets</u>							<u>(18,297)</u>
							<u>(17,329)</u>

<sup>(1)</sup> The Group has not recognised a loss from Kencana Mermaid Drilling Sdn. Bhd. of Baht 0.4 million (2008: Baht 0.3 million). The accumulated loss which has not been recognised was Baht 0.7 million (2008: Baht 0.3 million).

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**9 Other long-term investments**

- On 26 December 2008, Mermaid Offshore Services Ltd., a subsidiary, entered into a Sale and Purchase Agreement with the shareholders of Nemo Subsea IS for the purchase of 20 shares representing 20% of the total shares in Nemo Subsea IS. The total purchase value was Baht 75.8 million (or USD 2.2 million) representing a price of Baht 3.8 million (or USD 108,000) per share.
- On 7 May 2009, Mermaid Offshore Services Ltd., a subsidiary, entered into a Sale and Purchase Agreement with the shareholders of Nemo Subsea IS for the purchase of another 0.5% of the total shares in Nemo Subsea IS. The total purchase value was Baht 1.9 million (or USD 0.06 million).

**10 Other current assets**

Other current assets comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Value added taxes refundable	27,391	42,806	5,398	10,821
Prepaid expenses	23,675	40,947	1,331	1,013
Advances to employees	5,872	6,251	569	796
Advances for business expenses	49,938	153,093	-	119
Other receivables	-	95,124	-	-
Prepaid withholding tax	18,103	13,540	7,142	3,044
Deferred mobilisation cost	10,639	-	-	-
Other current assets	1,396	6,351	1,614	1,162
	<b>137,014</b>	<b>358,112</b>	<b>16,054</b>	<b>16,955</b>

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**11 Property, plant and equipment, net**

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

	Consolidated									Baht'000	
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in process	Total
<b>At 30 September 2008</b>											
Cost	35,355	192,787	14,946	1,320,707	52,104	27,959	4,047,389	440,700	298	2,922,268	9,054,513
Less Accumulated depreciation	-	(36,662)	(8,523)	(190,889)	(29,957)	(11,730)	(1,185,594)	(98,632)	(250)	-	(1,562,237)
Net book amount	<u>35,355</u>	<u>156,125</u>	<u>6,423</u>	<u>1,129,818</u>	<u>22,147</u>	<u>16,229</u>	<u>2,861,795</u>	<u>342,068</u>	<u>48</u>	<u>2,922,268</u>	<u>7,492,276</u>
<b>For the year that ended on 30 September 2009</b>											
Opening net book amount	35,355	156,125	6,423	1,129,818	22,147	16,229	2,861,795	342,068	48	2,922,268	7,492,276
Additions	-	-	2,164	155,728	5,358	475	-	9,489	-	3,199,427	3,372,641
Transferred in (out)	-	(2,946)	2,946	197,756	-	-	(2,696)	-	-	(195,060)	-
Disposals	(219)	(184)	-	(6,535)	-	(1,085)	(1,341)	-	-	-	(9,364)
Write-off	-	-	-	(59)	(95)	(7)	-	-	-	-	(161)
Depreciation charge	-	(11,656)	(4,309)	(154,090)	(10,599)	(5,054)	(283,410)	(85,268)	(47)	-	(554,433)
Closing net book amount	<u>35,136</u>	<u>141,339</u>	<u>7,224</u>	<u>1,322,618</u>	<u>16,811</u>	<u>10,558</u>	<u>2,574,348</u>	<u>266,289</u>	<u>1</u>	<u>5,926,635</u>	<u>10,300,959</u>
<b>At 30 September 2009</b>											
Cost	35,136	189,481	20,056	1,663,439	56,704	22,819	4,041,341	450,189	298	5,926,635	12,406,098
Less Accumulated depreciation	-	(48,142)	(12,832)	(340,821)	(39,893)	(12,261)	(1,466,993)	(183,900)	(297)	-	(2,105,139)
Net book amount	<u>35,136</u>	<u>141,339</u>	<u>7,224</u>	<u>1,322,618</u>	<u>16,811</u>	<u>10,558</u>	<u>2,574,348</u>	<u>266,289</u>	<u>1</u>	<u>5,926,635</u>	<u>10,300,959</u>

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

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

	Company						Baht'000	
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Construction in process	Total
<b>At 30 September 2008</b>								
Cost	35,355	189,431	14,329	278	31,944	8,745	37	280,119
<u>Less</u> Accumulated depreciation	-	(36,156)	(8,367)	(152)	(21,974)	(5,416)	-	(72,065)
Net book amount	<u>35,355</u>	<u>153,275</u>	<u>5,962</u>	<u>126</u>	<u>9,970</u>	<u>3,329</u>	<u>37</u>	<u>208,054</u>
<b>For the year that ended on 30 September 2009</b>								
Opening net book amount	35,355	153,275	5,962	126	9,970	3,329	37	208,054
Additions	-	-	1,928	17	833	-	-	2,778
Disposals	(219)	(141)	-	-	-	(730)	-	(1,090)
Depreciation charge	-	(11,656)	(2,921)	(58)	(4,357)	(1,486)	-	(20,478)
Closing net book amount	<u>35,136</u>	<u>141,478</u>	<u>4,969</u>	<u>85</u>	<u>6,446</u>	<u>1,113</u>	<u>37</u>	<u>189,264</u>
<b>At 30 September 2009</b>								
Cost	35,136	189,115	16,257	295	32,777	5,285	37	278,902
<u>Less</u> Accumulated depreciation	-	(47,637)	(11,288)	(210)	(26,331)	(4,172)	-	(89,638)
Net book amount	<u>35,136</u>	<u>141,478</u>	<u>4,969</u>	<u>85</u>	<u>6,446</u>	<u>1,113</u>	<u>37</u>	<u>189,264</u>

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

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

As at 30 September 2009, there are land and buildings, one saturation diving system, one remotely operated vehicle, and two tender rigs that are mortgaged with various banks as collateral for their overdrafts and loans facilities as described in Note 15. These assets are mortgaged at a total value of Baht 2,606 million (30 September 2008: Baht 2,522 million and USD 15 million in respect of one support vessel).

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Depreciation charged to				
- Cost of services	519,704	453,958	-	-
- Service and administrative expenses	34,729	107,297	20,478	20,499
	<u>554,433</u>	<u>561,255</u>	<u>20,478</u>	<u>20,499</u>

**12 Intangible assets, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Computer software</b>				
<b>Beginning balance</b>				
Cost	39,808	24,603	24,606	22,960
<u>Less</u> Accumulated amortisation	<u>(22,866)</u>	<u>(14,286)</u>	<u>(20,509)</u>	<u>(13,829)</u>
Net book amount	<u>16,942</u>	<u>10,317</u>	<u>4,097</u>	<u>9,131</u>
<b>For the year that ended on 30 September</b>				
Opening net book amount	16,942	10,317	4,097	9,131
Additions	8,305	15,205	-	1,646
Disposals	(1,679)	-	-	-
Write-off	(16)	-	-	-
Amortisation charge	<u>(7,451)</u>	<u>(8,580)</u>	<u>(3,138)</u>	<u>(6,680)</u>
Closing net book amount	<u>16,101</u>	<u>16,942</u>	<u>959</u>	<u>4,097</u>
<b>Ending balance</b>				
Cost	45,452	39,808	24,606	24,606
<u>Less</u> Accumulated amortisation	<u>(29,351)</u>	<u>(22,866)</u>	<u>(23,647)</u>	<u>(20,509)</u>
Net book amount	<u>16,101</u>	<u>16,942</u>	<u>959</u>	<u>4,097</u>



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**13 Deferred tax assets, net**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Deferred tax assets</b>				
- to be recovered within 12 months	34,668	-	-	-
- to be recovered after 12 months	223,668	213,605	-	-
<b>Total</b>	<b>258,336</b>	<b>213,605</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liabilities</b>				
- to be paid within 12 months	-	-	-	-
- to be paid after 12 months	(29,912)	-	-	-
<b>Total</b>	<b>(29,912)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets, net</b>				
- to be recovered within 12 months	34,668	-	-	-
- to be recovered after 12 months	193,756	213,605	-	-
<b>Total</b>	<b>228,424</b>	<b>213,605</b>	<b>-</b>	<b>-</b>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening net book amount	213,605	59,606	-	-
Statements of income (charged)/credited (Note 20)	14,819	153,999	-	-
Closing net book amount	<u>228,424</u>	<u>213,605</u>	<u>-</u>	<u>-</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	<b>Employee benefit obligations</b>	<b>Tax loss carry-forwards</b>	<b>Depreciation</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Deferred tax assets</b>				
At 30 September 2007	544	-	59,062	59,606
(Charged)/credited to 2008 consolidated statement of income	313	145,510	8,176	153,999
At 30 September 2008	857	145,510	67,238	213,605
(Charged)/credited to 2009 consolidated statement of income	41,692	3,039	-	44,731
At 30 September 2009	<u>42,549</u>	<u>148,549</u>	<u>67,238</u>	<u>258,336</u>

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**13 Deferred tax assets, net (Cont'd)**

<b>Deferred tax liabilities</b>	<b>Depreciation Baht'000</b>	<b>Total Baht'000</b>
At 30 September 2007	-	-
Charged/(credited) to 2008 consolidated statement of income	-	-
At 30 September 2008	-	-
Charged/(credited) to 2009 consolidated statement of income	(29,912)	(29,912)
At 30 September 2009	(29,912)	(29,912)

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

The Company and certain subsidiaries did not recognise deferred income tax assets of Baht 104.7 million (2008: Baht 79.2 million) in respect of tax loss carry-forwards amounting to nil (2008: Baht 264.1 million) as management's view is that insufficient taxable income will be available for offset in the foreseeable future. These tax losses will expire in 5 years.

**14 Other non-current assets**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009 Baht'000</b>	<b>2008 Baht'000</b>	<b>2009 Baht'000</b>	<b>2008 Baht'000</b>
Deposit and prepayment	116,026	11,023	-	-
Others	4,371	3,329	569	569
<b>Total</b>	<b>120,397</b>	<b>14,352</b>	<b>569</b>	<b>569</b>

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

Long-term loans from financial institutions comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current portion of long-term loans	466,834	416,570	24,800	24,800
Long-term portion of loans	2,073,459	1,521,857	36,000	60,800
Loans from financial institutions	<u>2,540,293</u>	<u>1,938,427</u>	<u>60,800</u>	<u>85,600</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Beginning balance	1,938,427	2,179,655	85,600	110,400
Additions during year	1,361,976	170,565	-	-
Repayments during year	(756,167)	(395,882)	(24,800)	(24,800)
Realised (gains) losses on exchange rates	13,381	(10,363)	-	-
Unrealised (gains) losses on exchange rates	(17,324)	(5,548)	-	-
Ending balance	<u>2,540,293</u>	<u>1,938,427</u>	<u>60,800</u>	<u>85,600</u>

As at 30 September 2009 and 2008, maturity of long-term loans from financial institutions is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Less than 1 year	466,834	416,570	24,800	24,800
1 - 5 years	2,006,227	1,340,933	36,000	60,800
Over 5 years	67,232	180,924	-	-
	<u>2,540,293</u>	<u>1,938,427</u>	<u>60,800</u>	<u>85,600</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Currencies:				
US Dollar	1,606,016	1,697,277	-	-
Thai Baht	934,277	241,150	60,800	85,600
	<u>2,540,293</u>	<u>1,938,427</u>	<u>60,800</u>	<u>85,600</u>

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

Long-term loans from financial institutions comprise:

Loans for the purchase of support vessels and equipment are granted by local commercial banks, and are denominated in Thai Baht and US Dollars, having a total outstanding balance of Baht 873.5 million and USD 24.6 million as at 30 September 2009 (30 September 2008: Baht 155.5 million and USD 21.9 million) with repayment terms within 5 - 10 years. As at 30 September 2009, interest rates on the Thai Baht loans and US Dollar loans are as follows:

- The loan balance of Baht 10 million (30 September 2008: Baht 20 million): MLR;
- The loan balance of Baht 88.2 million (30 September 2008: Baht 135.5 million): three-month fixed deposit rates plus a certain margin;
- The loan balance of Baht 775.3 million (30 September 2008: Nil): three-month fixed deposit rates plus a certain margin;
- The loan balance of USD 24.6 million (30 September 2008: USD 21.9 million): USD-LIBOR plus a certain margin.

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

Loans for the purchase of tender rigs are granted by a local commercial bank and are denominated in US Dollars with a total outstanding balance of USD 23.1 million as at 30 September 2009 (30 September 2008: USD 27.7 million) with repayment terms within 9 years. These loans bear interest at the rate of USD-LIBOR plus a certain margin, are secured by mortgages of the tender rigs as mentioned in Note 11.1, and guaranteed by the Company and two subsidiaries.

Loan for the purchase of land and construction of buildings is granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 60.8 million as at of 30 September 2009 (30 September 2008: Baht 85.6 million) with repayment term of 6.5 years. The loan is secured by mortgages of the Company's land and buildings as mentioned in Note 11.1. This loan bears interest at the three-month fixed deposit rates plus a certain margin.

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

**Borrowing facilities**

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

	<b>30 September 2009</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>Baht Million</b>	<b>USD Million</b>	<b>Baht Million</b>	<b>USD Million</b>
<b>Floating interest rate</b>				
- expiring within one year	274	122	-	-
	<b>30 September 2008</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>Baht Million</b>	<b>USD Million</b>	<b>Baht Million</b>	<b>USD Million</b>
<b>Floating interest rate</b>				
- expiring within one year	-	136	-	-

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**16 Employee benefit obligations**

Employee benefit obligations comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current portion of employee benefits	115,560	-	-	-
Long-term portion of employee benefits	33,285	5,373	2,960	2,065
Employee benefit obligations	<u>148,845</u>	<u>5,373</u>	<u>2,960</u>	<u>2,065</u>
	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Balance sheets obligations for:</b>				
Retirement benefits	11,151	5,373	2,960	2,065
Retention incentives	137,694	-	-	-
	<u>148,845</u>	<u>5,373</u>	<u>2,960</u>	<u>2,065</u>

(a) *Retirement benefits*

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Present value of obligations	11,784	6,012	2,974	2,079
Unrecognised actuarial gains	(633)	(639)	(14)	(14)
Liability in the balance sheet	<u>11,151</u>	<u>5,373</u>	<u>2,960</u>	<u>2,065</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Beginning of the year	6,012	3,687	2,079	1,537
Current service cost	5,411	2,884	780	1,244
Interest cost	361	243	100	100
Actuarial losses	-	-	15	-
Benefits paid	-	(802)	-	(802)
Ending of the year	<u>11,784</u>	<u>6,012</u>	<u>2,974</u>	<u>2,079</u>

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**16 Employee benefit obligations (Cont'd)**

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

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current service cost	5,411	2,113	780	780
Interest cost	361	243	100	100
Amortisation of actuarial (gains) losses	6	33	15	15
<b>Total, included in staff costs</b>	<b>5,778</b>	<b>2,389</b>	<b>895</b>	<b>895</b>

These amounts are included in service and administrative expenses.

The principal actuarial assumptions used are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Discount rate	6.00%	6.00%	6.00%	6.00%
Future salary increase	6.00%	6.00%	6.00%	6.00%
Mortality rate	0.11% - 1.48%	0.11% - 1.48%	0.11% - 1.48%	0.11% - 1.48%
Resignation rate	0% - 30%	0% - 30%	0% - 30%	0% - 30%

*(b) Retention incentives*

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Present value of obligations	137,694	-	-	-

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Beginning of the year	-	-	-	-
Current service cost	111,311	-	-	-
Capitalisation to equipment	26,383	-	-	-
<b>Ending of the year</b>	<b>137,694</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current service cost	111,311	-	-	-

These amounts are included in cost of services.

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**17 Share capital and premium on share capital**

Share capital, issued and paid-up, comprises:

	<b>Par value Baht</b>	<b>Number of registered ordinary shares Shares'000</b>	<b>Issued and paid-up ordinary shares Shares'000</b>	<b>Share premium Baht'000</b>	<b>Total Baht'000</b>
As at 30 September 2007	1	674,537	383,205	1,226,352	1,609,557
Issued shares	1	-	158,000	5,244,439	5,402,439
As at 30 September 2008	1	674,537	541,205	6,470,791	7,011,996
Issued shares	1	3,000	-	-	-
Decrease in number of shares registered	1	(132,634)	-	-	-
As at 30 September 2009	1	544,903	541,205	6,470,791	7,011,996

As at 30 September 2009 and 2008, all issued shares are fully paid.

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

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

As at 30 September 2009, the registered share capital of the Company was 544.9 million ordinary shares with a par value of Baht 1 per share and paid-up share capital of the Company was 541.2 million ordinary shares, with a par value of Baht 1 per share (30 September 2008: registered share capital of the Company was 674.5 million ordinary shares with a par value of Baht 1 per share and paid-up share capital of the Company was 541.2 million ordinary shares, with a par value of Baht 1 per share). There remains another 3.7 million unissued ordinary shares.

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**18 Legal reserves**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
As at 1 October	39,717	5,720	39,717	5,720
Allocation during the year	-	33,997	-	33,997
As at 30 September	<u>39,717</u>	<u>39,717</u>	<u>39,717</u>	<u>39,717</u>

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

**19 Expenses by nature**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Crew, staff and subcontractor costs	2,020,859	1,989,806	47,807	38,858
Vessel expenses and repair and maintenance expenses	750,419	719,684	-	-
Charter hire and equipment rental	490,969	492,124	-	-
Depreciation	554,433	561,255	20,478	20,499
Amortisation of intangible assets	7,451	8,580	3,138	6,680
Office and office equipment rental	7,206	6,763	2,207	2,428
Others	425,129	639,895	22,249	21,566
Total cost of services and service and administrative expenses	<u>4,256,466</u>	<u>4,418,107</u>	<u>95,879</u>	<u>90,031</u>

**20 Income tax expenses**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current taxes	130,804	62,037	-	-
Deferred taxes (Note 13)	(14,819)	(153,999)	-	-
Exchange rate difference	(274)	-	-	-
Total	<u>115,711</u>	<u>(91,962)</u>	<u>-</u>	<u>-</u>



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**20 Income tax expenses (Cont'd)**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Profit before income taxes - accounting	863,089	1,070,095	(30,559)	138,862
Tax at the domestic rate of 30%	258,927	321,028	(9,168)	41,659
Adjustments:				
Income not subject to tax and additional taxable expenses	(286,157)	(340,413)	(18)	(69,336)
Expenses not deductible for tax purposes	2,246	8,788	178	1,015
Utilisation of previously unrecognised tax losses	(79,422)	(65,801)	(58,635)	(32,755)
Tax losses for which no deferred income tax assets were recognised	104,668	79,234	67,643	59,417
Tax charges from domestic operations	262	2,836	-	-
Tax charges from overseas operations	130,542	59,201	-	-
Total tax charges	130,804	62,037	-	-
Tax charges	130,804	62,037	-	-
The effect from change of deferred tax assets	(15,093)	(153,999)	-	-
	115,711	(91,962)	-	-
The average effective tax rate	13.41%	(8.59%)	-	-

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

**21 Earnings (losses) per share**

Basic earnings (losses) per share are calculated by dividing the net profits (losses) attributable to the ordinary shareholders of the parent by the weighted average number of paid-up ordinary shares in issue during the year.

For the purpose of calculating diluted earnings (losses) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has an Employee Share Option Plan in issue.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the year) based on the outstanding Employee Share Option Plan to determine the number of potential ordinary shares would have been additionally issued. The potential shares are added to the ordinary shares outstanding but no adjustment is made to net profit.

For the calculation of the diluted earnings (losses) per share, the weighted average number of shares assuming conversion of all dilutive potential ordinary shares as at 30 September 2009 are 335,457 shares (as at 30 September 2008: Nil).

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**21 Earnings (losses) per share (Cont'd)**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Weighted average number of ordinary shares (Shares'000)	541,205	534,066	541,205	534,066
<b>Effect of dilutive potential ordinary shares</b>				
Employee Shares Option Plan (Shares'000)	335	-	335	-
Weighted average number of ordinary shares for diluted (losses) earnings (Shares'000)	<u>541,540</u>	<u>534,066</u>	<u>541,540</u>	<u>534,066</u>
Net profits (losses) for the period attributable to ordinary shareholders (Baht'000)	714,485	1,156,291	(30,559)	138,862
Basic and diluted earnings (losses) per share (Baht)	1.32	2.17	(0.06)	0.26

There is no significant impact from dilutive potential ordinary shares in issue for the years that ended 30 September 2009 and 2008.

**22 Financial instruments**

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

As at 30 September 2009 and 2008, financial assets carried on the consolidated balance sheet include cash and cash equivalents, short-term investments, trade accounts receivable, amounts due from related parties, and loans to related parties. Financial liabilities carried on the consolidated balance sheet include loans from financial institutions, trade accounts payable, amounts due to and loans from related parties, other current liabilities, and finance lease liabilities.

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

**Cross currency and interest rate swap contracts**

On 29 December 2008, Mermaid Offshore Services Ltd., a subsidiary, entered into a cross currency and interest rate swap contract with a local commercial bank for a long term loan in Thai Baht currency with a maturity date of 31 August 2012. As at 30 September 2009, the outstanding loan balance is Baht 262.7 million and the loan has a notional amount of USD 7.5 million.

On 6 February 2009, Mermaid Offshore Services Ltd., entered into another cross currency and interest rate swap contract with a commercial bank for a long-term loan facility in Thai Baht currency of Baht 786.2 million. The loan has a notional amount of USD 22.5 million and a maturity date of December 2016. As at 30 September 2009, the loan has not been fully drawn down.

**Net fair values**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 September 2009</b>	<b>30 September 2008</b>	<b>30 September 2009</b>	<b>30 September 2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Favourable cross currency and interest rate swap contract	21,847	-	-	-

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

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**23 Promotional privileges**

As at 30 September 2009, four offshore and drilling subsidiaries received promotional privileges from the Board of Investment (“BOI”) under a number of different categories, including services of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, and drilling services. The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

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

**24 Guarantees**

As at 30 September 2009 and 2008, the Group and the Company have outstanding guarantees as follows:

	<b>Consolidated</b>			
	<b>30 September 2009</b>		<b>30 September 2008</b>	
	<b>Baht’000</b>	<b>USD’000</b>	<b>Baht’000</b>	<b>USD’000</b>
A guarantee for long-term loans of subsidiaries to a financial institution	-	28,935	-	-
	<b>Company</b>			
	<b>30 September 2009</b>		<b>30 September 2008</b>	
	<b>Baht’000</b>	<b>USD’000</b>	<b>Baht’000</b>	<b>USD’000</b>
Letters of guarantee issued by banks in the normal course of business	15,897	552	15,650	2,062
A guarantee for long-term loans of subsidiaries to a financial institution	873,477	47,660	155,550	49,664

**25 Commitments**

*(a) Capital commitments*

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 September 2009</b>	<b>30 September 2008</b>	<b>30 September 2009</b>	<b>30 September 2008</b>
	<b>Baht’000</b>	<b>Baht’000</b>	<b>Baht’000</b>	<b>Baht’000</b>
Vessel and rig building contracts				
US Dollar	2,020,654	3,037,081	-	-
Norwegian Krone	1,815,114	9,739	-	-
Euro	385,824	-	-	-
Vessel equipment contracts				
US Dollar	30,328	201,243	-	-
Singapore Dollar	21,888	37,237	-	-
Pound Sterling	-	172,519	-	-

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**25 Commitments (Cont'd)**

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

*Operating lease commitments*

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

	Consolidated		Company	
	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
No later than 1 year	349,779	113,870	-	-
Later than 1 year and no later than 5 years	-	292,801	-	-

*Vessel Charter Contract*

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

(c) *Service Agreements*

As at 30 September 2009, the Group has one outstanding drilling service agreement. The remaining agreement period is 7 months.

**26 Related party transactions**

As at 30 September 2009, the Group is controlled by Thoresen Thai Agencies Public Company Limited which owns 57.14 % of the Company's shares (30 September 2008: 57.14%).

Significant related party transactions are as follows:

**26.1 Transactions with related parties**

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

	For the year that ended on 30 September			
	Consolidated		Company	
	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
<b>Revenues</b>				
<u>Service income</u>				
Other related parties	5,455	2,193	-	-
<u>Interest income</u>				
Subsidiaries	-	-	30,660	26,324
An associate	8,285	14,147	-	-
	8,285	14,147	30,660	26,324

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

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

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

	<b>For the year that ended on 30 September</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<u>Management fee income</u>				
Subsidiaries	-	-	70,320	70,320
<u>Rental income</u>				
Subsidiaries	-	-	8,285	8,289
Other related parties	1,674	1,686	1,674	1,686
	<u>1,674</u>	<u>1,686</u>	<u>9,959</u>	<u>9,975</u>
<b>Expenses</b>				
<u>Cost of services</u>				
Other related parties	43,311	24,111	-	-

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

- a) Service income is transacted at prices normally charged to a third party.
- b) The interest income rates charged are not less than fixed deposit rate.
- c) Management fee income is charged based on actual cost plus margin.
- d) Rental income is transacted at contract prices.
- e) Cost of services is transacted at prices normally charged to a third party.

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<u>Trade accounts receivable</u>				
Other related parties	113	152	-	-
<u>Amounts due from related parties</u>				
Subsidiaries	-	-	-	275,665
Associates	1,928	14,225	474,020	-
Other related parties	25	27	25	27
	<u>1,953</u>	<u>14,252</u>	<u>474,045</u>	<u>275,692</u>
<u>Trade accounts payable</u>				
Associates	6,248	-	-	-
Other related parties	3,710	-	-	-
	<u>9,958</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Amounts due to related parties</u>				
Subsidiaries	-	-	4	3
Other related parties	29	51	29	14
	<u>29</u>	<u>51</u>	<u>33</u>	<u>17</u>

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

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

	Interest rate (%)	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Subsidiaries					
- Baht	2.75%	-	-	200,000	65,000
- US Dollar	2.75%	-	-	537,102	898,651
- Singapore Dollar	7.00%	-	-	-	1,117,160
		-	-	737,102	2,080,811
Associate					
- Singapore Dollar	8.50%	-	1,117,160	-	-
- Malaysian Ringgit	3.50%	-	30,829	-	-
		-	1,147,989	-	-
		-	1,147,989	737,102	2,080,811

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

**27 Subsequent events**

27.1 At the Extraordinary General Meeting of Shareholders No.1/2009 held on 14 October 2009, there were significant matters approved by the shareholders as follows:

- A reduction in the registered share capital of the Company from Baht 544,903,340 to Baht 541,903,340 by means of the cancellation of 3,000,000 ordinary shares with a par value of Baht 1 each that have remained unissued or unallocated under ESOP 2009. The reduction in the registered share capital was registered with the Ministry of Commerce on 15 October 2009.
- An increase in the registered share capital of the Company from Baht 541,903,340 to Baht 788,797,743 by means of issuance of 246,894,403 new ordinary shares with a par value of Baht 1 each. The increase in the registered share capital was registered with the Ministry of Commerce on 16 October 2009.
- The allocation of 243,542,403 rights shares from the increase in registered share capital for offering to registered shareholders. The rights shares issue will be offered at an issue price of SGD 0.64 for each rights share on the basis of nine new ordinary shares for every twenty existing ordinary shares with a par value of Baht 1 each in the capital of the Company.
- The allocation of 352,000 new shares from the increase in registered share capital to provide for the adjustments of the options under ESOP 2008 and the allocation of 3,000,000 new shares from the increase in registered share capital for distribution under ESOP 2009.

27.2 On 14 October 2009, the Company entered into a forward contract for selling Singapore Dollars and buying US Dollars with a financial institution for expected net cash inflows from the rights issue of SGD 150 million.

**27 Subsequent events (Cont'd)**

27.3 On 26 October 2009, Mermaid Offshore Services Ltd. ("MOS"), a subsidiary, entered into Sale and Purchase Agreements with the shareholders of Nemo Subsea IS and Nemo Subsea AS for the purchase of the shares as follows:

- Purchase of 76.5 shares representing 76.50% of the total shares in Nemo Subsea IS. The total purchase value is Baht 362.4 million (or USD 10.8 million);
- Purchase of 10,000 shares representing 100.00% of the total shares in Nemo Subsea AS which owns 3 shares representing 3.00% of the total shares in Nemo Subsea IS. The total purchase value is Baht 14.2 million (or USD 0.4 million).

Nemo Subsea AS is a Norwegian private limited company whose sole purpose is to act as legal owner of the M.V. "Mermaid Asiana" for the benefit of Nemo Subsea IS, a Norwegian partnership. The vessel is nearing the completion of its construction at ASL Shipyard Pte. Ltd.'s shipyard in Singapore and is presently scheduled for delivery to Nemo Subsea AS in the fourth calendar quarter of 2009. Upon delivery, the vessel was originally planned to commence a time charter with MOS through, firstly, a bareboat charter from Nemo Subsea AS to the service provider who shall be responsible to operate the vessel, and secondly a time charter of the vessel from such service provider to MOS. In parallel with negotiations leading up to the execution of the transactions, MOS has concluded an agreement with the service provider and Nemo Subsea AS to terminate the time charter with such service provider as described in note 25 (b) "Vessel Charter Contract" and for MOS to directly bareboat charter the vessel from Nemo Subsea AS. This will, among other things, allow MOS to directly operate the vessel.

The Group is in the process of calculating the net asset fair value of Nemo Subsea IS and Nemo Subsea AS, and the difference between the net fair value and purchase consideration price will be considered as goodwill.

27.4 On 16 November 2009, the Remuneration Committee passed a resolution to approve the allocation of warrants under the approved Employee Stock Option Scheme for 2009 ("ESOP 2009") for employees totalling 891,000 warrants. One warrant can be exercised for one share. The warrant's exercise price shall be calculated based on the weighted average closing price of the Company's shares traded on the SGX-ST for the 15 consecutive trading days prior to the issue date of the warrants. The warrant holders can exercise the warrants every six months after the third anniversary of the issue date but not later than five years from the issue date.

27.5 On 16 November 2009, the Remuneration Committee passed a resolution to approve the additional allocation of warrants under the approved ESOP 2008 for employees totalling 300,600 warrants according to the rights issue as mentioned in Note 27.1.

27.6 On 19 November 2009, the Company received the rights issue fund of Baht 3,696.1 million from the shareholders. The fund is split to an increase in share capital of Baht 243.5 million and share premium of Baht 3,452.6 million before deducting expenses relating to the rights issue as mentioned in Note 27.1. The additional paid-up share capital was registered with the Ministry of Commerce on 23 November 2009.