

**MERMAID MARITIME PUBLIC COMPANY LIMITED**

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

**31 DECEMBER 2009**

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

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

I have reviewed the accompanying consolidated and company balance sheets of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited as at 31 December 2009, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 December 2009 and 2008. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

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

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

I have audited the consolidated and company financial statements for the year ended 30 September 2009 of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 25 November 2009. The consolidated and company balance sheets as at 30 September 2009, presented for comparative purposes, are part of the financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.



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

Bangkok  
11 February 2010

**Mermaid Maritime Public Company Limited**  
**Balance Sheets**  
**As at 31 December 2009 and 30 September 2009**

	Notes	Consolidated		Company	
		Unaudited 31 December 2009 Baht'000	Audited 30 September 2009 Baht'000	Unaudited 31 December 2009 Baht'000	Audited 30 September 2009 Baht'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		3,926,821	1,450,525	3,074,552	224,140
Short-term investments		332,207	334,217	332,207	334,217
Trade accounts receivable - others, net		976,923	1,036,688	-	-
Trade accounts receivable - related parties	13.2	270	113	-	-
Amounts due from related parties	13.2	1,999	1,953	481,343	474,045
Short-term loans to related parties	13.3	-	-	1,500,438	737,102
Supplies and spare parts		115,475	112,940	-	-
Other current assets		212,247	137,014	10,397	16,054
<b>Total current assets</b>		<b>5,565,942</b>	<b>3,073,450</b>	<b>5,398,937</b>	<b>1,785,558</b>
<b>Non-current assets</b>					
Investments in subsidiaries - cost method	5.1	-	-	5,237,264	5,237,264
Investments in associates - equity method	5.2	393,007	387,967	-	-
Other long-term investments	6	-	77,697	-	-
Property, plant and equipment, net	7	12,123,052	10,300,959	185,973	189,264
Goodwill		266,310	266,310	-	-
Intangible assets, net		15,071	16,101	808	959
Deferred expenses, net		81,855	84,203	-	-
Deferred tax assets, net		229,825	228,424	-	-
Other non-current assets		120,579	120,397	572	569
<b>Total non-current assets</b>		<b>13,229,699</b>	<b>11,482,058</b>	<b>5,424,617</b>	<b>5,428,056</b>
<b>Total assets</b>		<b>18,795,641</b>	<b>14,555,508</b>	<b>10,823,554</b>	<b>7,213,614</b>

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

**Mermaid Maritime Public Company Limited**  
**Balance Sheets (Cont'd)**  
**As at 31 December 2009 and 30 September 2009**

	Notes	Consolidated		Company	
		Unaudited 31 December 2009 Baht'000	Audited 30 September 2009 Baht'000	Unaudited 31 December 2009 Baht'000	Audited 30 September 2009 Baht'000
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade accounts payable - others		241,237	173,569	-	-
Trade accounts payable - related parties	13.2	11,361	9,958	-	-
Other accounts payable		330,522	826,858	1,854	2,567
Amounts due to related parties	13.2	14	29	14	33
Current portion of long-term loans from financial institutions	8	541,855	466,834	24,800	24,800
Current portion of finance lease liabilities		1,823	2,420	294	774
Income taxes payable		41,219	55,484	-	-
Accrued expenses		92,483	107,368	12,040	800
Current portion of employee benefit obligations		129,163	115,560	-	-
Other current liabilities		57,295	29,998	10,059	8,796
<b>Total current liabilities</b>		<b>1,446,972</b>	<b>1,788,078</b>	<b>49,061</b>	<b>37,770</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	8	2,958,251	2,073,459	29,800	36,000
Finance lease liabilities		3,647	4,021	-	-
Employee benefit obligations		22,692	33,285	3,184	2,960
<b>Total non-current liabilities</b>		<b>2,984,590</b>	<b>2,110,765</b>	<b>32,984</b>	<b>38,960</b>
<b>Total liabilities</b>		<b>4,431,562</b>	<b>3,898,843</b>	<b>82,045</b>	<b>76,730</b>
<b>Shareholders' equity</b>					
Share capital	9				
Registered share capital		788,798	544,903	788,798	544,903
Issued and fully paid-up		784,748	541,205	784,748	541,205
Premium on share capital	9	9,819,899	6,470,791	9,819,899	6,470,791
Translation adjustments for investments in foreign subsidiaries		(39,566)	(30,384)	-	-
Retained earnings					
Appropriated - legal reserves		39,717	39,717	39,717	39,717
Unappropriated		3,092,444	2,975,996	97,145	85,171
<b>Total parent's shareholders' equity</b>		<b>13,697,242</b>	<b>9,997,325</b>	<b>10,741,509</b>	<b>7,136,884</b>
Minority interests		666,837	659,340	-	-
<b>Total shareholders' equity</b>		<b>14,364,079</b>	<b>10,656,665</b>	<b>10,741,509</b>	<b>7,136,884</b>
<b>Total liabilities and shareholders' equity</b>		<b>18,795,641</b>	<b>14,555,508</b>	<b>10,823,554</b>	<b>7,213,614</b>

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

**Mermaid Maritime Public Company Limited**  
**Statements of Income (Unaudited)**  
**For the three-month periods that ended on 31 December 2009 and 2008**

	Notes	Consolidated		Company	
		2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Service income		1,076,462	1,582,609	-	-
Cost of services		(830,667)	(1,121,536)	-	-
<b>Gross profits</b>		245,795	461,073	-	-
Management fee income	13.1	-	-	23,340	17,580
Interest income		830	13,265	5,981	14,463
Gains on exchange rates		13,669	2,407	11,096	26,302
Net gains on disposals and write-off of property and equipment		262	16,720	-	235
Other income		7,024	2,138	2,579	2,622
Administrative expenses		(113,314)	(108,199)	(30,558)	(22,023)
<b>Operating profits</b>		154,266	387,404	12,438	39,179
Share of profits (losses) of investments in associates	5.2	5,040	(3,958)	-	-
<b>Profits before interest expenses and income taxes</b>		159,306	383,446	12,438	39,179
Finance costs		(16,370)	(34,620)	(464)	(1,218)
<b>Profits before income taxes</b>		142,936	348,826	11,974	37,961
Income taxes		(15,878)	(35,261)	-	-
<b>Net profits for the period</b>		127,058	313,565	11,974	37,961
<b>Attributable to:</b>					
Shareholders of the parent		116,448	307,380	11,974	37,961
Minority interests		10,610	6,185	-	-
		127,058	313,565	11,974	37,961
<b>Earnings per share for profits attributable to the shareholders of the parent</b>					
Basic and diluted earnings per share (Baht)	10	0.18	0.57	0.02	0.07

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

**Mermaid Maritime Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited)**  
**For the three-month periods that ended on 31 December 2009 and 2008**

		<b>Consolidated</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 2009</b>		541,205	6,470,791	(30,384)	39,717	2,975,996	659,340	10,656,665
Issuance of shares	9	243,543	3,349,108	-	-	-	-	3,592,651
Net profits for the period		-	-	-	-	116,448	10,610	127,058
Translation adjustments for investments in foreign subsidiaries		-	-	(9,182)	-	-	(3,113)	(12,295)
<b>Ending balance as at 31 December 2009</b>		<u>784,748</u>	<u>9,819,899</u>	<u>(39,566)</u>	<u>39,717</u>	<u>3,092,444</u>	<u>666,837</u>	<u>14,364,079</u>

		<b>Company</b>				<b>Baht' 000</b>	
	<b>Notes</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 2009</b>		541,205	6,470,791	39,717	85,171	7,136,884	
Issuance of shares	9	243,543	3,349,108	-	-	3,592,651	
Net profits for the period		-	-	-	11,974	11,974	
<b>Ending balance as at 31 December 2009</b>		<u>784,748</u>	<u>9,819,899</u>	<u>39,717</u>	<u>97,145</u>	<u>10,741,509</u>	

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

**Mermaid Maritime Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)**  
**For the three-month periods that ended on 31 December 2009 and 2008**

	Consolidated						Baht' 000
	Issued and paid-up share capital	Premium on share capital	Translation adjustments for investments in foreign subsidiaries	Legal reserves	Unappropriated retained earnings	Minority interests	Total
<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
Issuance of shares in subsidiary	-	-	-	-	-	230,313	230,313
Net profits for the period	-	-	-	-	307,380	6,185	313,565
Translation adjustments for investments in foreign subsidiaries	-	-	65,936	-	-	23,267	89,203
<b>Ending balance as at 31 December 2008</b>	<u>541,205</u>	<u>6,470,791</u>	<u>41,400</u>	<u>39,717</u>	<u>2,568,891</u>	<u>645,019</u>	<u>10,307,023</u>

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

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

**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows (Unaudited)**  
**For the three-month periods that ended on 31 December 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 before income taxes		142,936	348,826	11,974	37,961
Adjustments for:					
Depreciation	7.2	144,526	135,425	5,093	5,180
Amortisation of intangible assets		1,447	3,376	150	1,659
Finance costs		16,370	34,620	464	1,218
Net (gains) losses on disposals and write-off of property and equipment		(262)	(16,189)	-	(235)
Realised (gains) losses on exchange rates		6,619	(15,902)	(1,680)	(10,272)
Unrealised (gains) losses on exchange rates		(20,288)	27,973	(9,416)	(15,856)
Employee benefit obligations		21,625	2,858	224	224
Share of (profits) losses of investments in associates	5.2	(5,040)	3,958	-	-
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
- Trade accounts receivable - others		47,797	244,921	-	-
- Trade accounts receivable - related parties		(157)	3	-	-
- Amounts due from related parties		(46)	12,848	(8,847)	11,282
- Supplies and spare parts		(2,535)	22,458	-	-
- Other current assets		(68,934)	290,573	6,387	689
- Deferred expenses		2,348	-	-	-
- Other non-current assets		(182)	(95,276)	(3)	-
- Trade accounts payable - others		72,744	(42,475)	-	-
- Trade accounts payable - related parties		1,403	8,514	-	-
- Other accounts payable		145,694	37,420	(686)	33
- Amounts due to related parties		(15)	(37)	(19)	-
- Accrued expenses		(15,375)	50,991	11,241	(38)
- Other current liabilities		34,661	(76,119)	1,263	(127)
Cash generated from operations		525,336	978,766	16,145	31,718
- Finance costs paid		(15,938)	(34,632)	(464)	(1,214)
- Income taxes paid		(36,058)	(25,043)	(730)	(971)
- Employee benefits paid		(18,615)	-	-	-
<b>Net cash inflows from operating activities</b>		<b>454,725</b>	<b>919,091</b>	<b>14,951</b>	<b>29,533</b>

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



**Mermaid Maritime Public Company Limited**  
**Statements of Cash Flows (Unaudited) (Cont'd)**  
**For the three-month periods that ended on 31 December 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>					
Repayments of short-term loans to related parties		-	1,140,394	-	1,226,008
Short-term loans provided to related parties		-	-	(762,083)	-
Payments for short-term investments		-	-	-	-
Payments for investments in subsidiaries	5.1	(365,637)	-	-	(690,527)
Payments for other long-term investments		-	(75,758)	-	-
Proceeds from disposals of property and equipment		776	18,852	-	1,027
Purchases of property and equipment		(1,995,081)	(1,293,692)	(1,802)	(511)
Purchases of intangible assets		(429)	(1,400)	-	-
<b>Net cash inflows (outflows) from investing activities</b>		<b>(2,360,371)</b>	<b>(211,604)</b>	<b>(763,885)</b>	<b>535,997</b>
<b>Cash flows from financing activities</b>					
Repayments of finance lease liabilities		(971)	(1,951)	(480)	(434)
Proceeds from long-term loans from financial institutions	8	888,778	328,688	-	-
Repayments of long-term loans from financial institutions	8	(110,761)	(436,494)	(6,200)	(6,200)
Proceeds from issuance of share capital	9	243,543	-	243,543	-
Net proceeds from share premium	9	3,349,108	-	3,349,108	-
Proceeds from issuance of share capital received from minorities		-	230,313	-	-
<b>Net cash inflows (outflows) from financing activities</b>		<b>4,369,697</b>	<b>120,556</b>	<b>3,585,971</b>	<b>(6,634)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,464,051</b>	<b>828,043</b>	<b>2,837,037</b>	<b>558,896</b>
Cash and cash equivalents at the beginning of the period		1,450,525	1,726,430	224,140	1,141,842
Effects of exchange rates		12,245	9,839	13,375	(1,613)
<b>Cash and cash equivalents at the end of the period</b>		<b>3,926,821</b>	<b>2,564,312</b>	<b>3,074,552</b>	<b>1,699,125</b>

**Non-cash transactions**

During the three-month periods that ended on 31 December 2009 and 2008, the following significant non-cash transactions occurred:

Unpaid liabilities for purchases of equipment	53,551	207,234	-	-
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The accompanying notes are an integral part of these interim consolidated and company financial statements.

## **1 General information**

Mermaid Maritime Public Company Limited (“the Company”) is a public 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 (“ROV”) systems, non-destructive testing, and ownership and operation of a fleet of offshore service vessels and tender drilling rigs.

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

These interim consolidated and company financial statements have been approved for issue by the Board of Directors on 11 February 2010.

These interim consolidated and company financial statements have been reviewed, and are not audited.

## **2 Basis of preparation**

These interim consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity, and cash flows) are prepared in the full format. The notes to the financial statements are prepared in condensed format according to Thai Accounting Standard 34, “Interim Financial Reporting” (formerly No. 41).

These interim financial statements should be read in conjunction with the 2009 annual financial statements.

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

## **3 Summary of significant accounting policies**

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2009.

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

**Mermaid Maritime Public Company Limited**  
**Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements**  
**For the three-month periods that ended on 31 December 2009 and 2008**

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**4 Business segment information**

The segment results for the three-month periods that ended on 31 December 2009 and 2008 are as follows:

	<b>Consolidated</b>					<b>Baht'000</b>
	<b>For the three-month period that ended on 31 December 2009</b>					
	<b>Subsea services</b>	<b>Drilling services</b>	<b>Training services</b>	<b>Seascope survey services</b>	<b>Holding</b>	<b>Group</b>
Total service income	673,701	263,005	12,570	225,930	-	1,175,206
Inter-segment service income	-	-	(55)	(98,689)	-	(98,744)
Service income	673,701	263,005	12,515	127,241	-	1,076,462
Operating profits (losses)	80,135	36,421	3,339	47,968	(13,597)	154,266
Finance costs						(16,370)
Income taxes						(15,878)
Share of profits from associates						5,040
Net profits for the period						127,058

**Mermaid Maritime Public Company Limited**  
**Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements**  
**For the three-month periods that ended on 31 December 2009 and 2008**

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

The segment results for the three-month periods that ended on 31 December 2009 and 2008 are as follows: (Cont'd)

	<b>Consolidated</b>					<b>Baht'000</b>
	<b>For the three-month period that ended on 31 December 2008</b>					
	<b>Subsea services</b>	<b>Drilling services</b>	<b>Training services</b>	<b>Seascope survey services</b>	<b>Holding</b>	<b>Group</b>
Total service income	1,037,114	500,298	8,475	111,462	-	1,657,349
Inter-segment service income	-	-	(87)	(74,653)	-	(74,740)
Service income	1,037,114	500,298	8,388	36,809	-	1,582,609
Operating profits	243,236	123,937	2,214	7,385	10,632	387,404
Finance costs						(34,620)
Income taxes						(35,261)
Share of losses from associates						(3,958)
Net profits for the period						<u>313,565</u>

**Mermaid Maritime Public Company Limited**  
**Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements**  
**For the three-month periods that ended on 31 December 2009 and 2008**

**5 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 31 December 2009	As at 30 September 2009
Mermaid Offshore Services Ltd. which has one associate and six subsidiaries as follows:	Subsidiary	Thailand	100.0	100.0
Worldclass Inspiration Sdn. Bhd. which has five subsidiaries as follows:	Associate	Malaysia	25.0	25.0
Allied Marine & Equipment Sdn. Bhd.	Associate	Malaysia	100.0	100.0
AME Marine Services Sdn. Bhd.	Associate	Malaysia	100.0	100.0
Maju Hydro Sdn. Bhd.	Associate	Malaysia	100.0	100.0
Allied Support Corporation	Associate	Malaysia	100.0	100.0
Nemo Subsea AS	Subsidiary	Norway	100.0	-
Nemo Subsea IS	Subsidiary	Norway	97.0 <sup>(1)</sup>	20.5
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 one associate and five subsidiaries as follows:	Subsidiary	Singapore	100.0	100.0
Kencana Mermaid Drilling Sdn. Bhd.	Associate	Malaysia	40.0	40.0
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
Mermaid Kencana Rigs (Labuan) Pte. Ltd.	Subsidiary	Malaysia	75.0	75.0

<sup>(1)</sup> Investment portion 97.0% represents direct holding in Nemo Subsea IS. Another 3.0% indirect holding is invested through Nemo Subsea AS.

**Mermaid Maritime Public Company Limited**  
**Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements**  
**For the three-month periods that ended on 31 December 2009 and 2008**

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

**5.1 Investments in subsidiaries**

The movement of investments in subsidiaries during the three-month periods that ended on 31 December 2009 and 2008 is as follows:

	Consolidated		Company	
	31 December 2009 Baht'000	31 December 2008 Baht'000	31 December 2009 Baht'000	31 December 2008 Baht'000
Opening balance	-	-	5,237,264	3,543,392
Additional investments in subsidiaries	451,076	690,527	-	690,527
Elimination of investments in subsidiaries	(451,076)	(690,527)	-	-
Ending balance	-	-	5,237,264	4,233,919

During the three-month period that ended on 31 December 2009, Mermaid Offshore Services Ltd. ("MOS"), a subsidiary, had additional investments in subsidiaries as follows:

**Nemo Subsea AS and Nemo Subsea IS**

On 26 October 2009, MOS 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 1,000 shares representing 100% 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 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 second quarter of fiscal year 2010. 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 12 (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.

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

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

Details of the acquisition are as follows:

	<b>Consolidated</b>
	<b>As at</b>
	<b>26 October 2009</b>
	<b>Baht'000</b>
Purchase consideration	451,076
Fair value of net assets acquired	451,076
Goodwill	-
Cash paid for the acquisition of investment	451,076
<u>Less:</u> Reclassification from other long-term investments (Note 6)	(77,697)
Cash and cash equivalents of the investment company	(7,742)
Cash outflow on the acquisition of investment during the period, net of cash and cash equivalents acquired	<u>365,637</u>

The fair value at 100% interest of assets and liabilities acquired in Nemo Subsea AS and Nemo Subsea IS is as follows:

	<b>Baht'000</b>
Cash and cash equivalents	7,742
Vessel under construction	632,347
Other current assets	1,786
Long-term loan from financial institution	(190,438)
Other liabilities	(361)
Fair value of net assets	<u>451,076</u>
Interest acquired	100%
Fair value of net assets acquired	451,076

**5.2 Investments in associates**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance	387,967	405,296
Share of profits (losses) of investments in associates	5,040	(3,958)
Ending balance	<u>393,007</u>	<u>401,338</u>

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**6 Other long-term investments**

Other long-term investments are investments in other companies.

<b>For the three-month period that ended 31 December 2009</b>	<b>Consolidated Baht'000</b>
Opening net book amount	77,697
Reclassification to investment in a subsidiary (Note 5.1)	<u>(77,697)</u>
Closing net book amount	<u><u>-</u></u>

Prior to 26 October 2009, MOS had invested in ordinary shares representing 20.5% of the total shares in Nemo Subsea IS for the consideration of Baht 77.7 million. On 26 October 2009, MOS had additional investments in Nemo Subsea IS as mentioned in Note 5.1; therefore, other long-term investments is reclassified to be an investment in a subsidiary from that date.

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

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

	<b>For the three-month periods that ended on 31 December</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>
Opening net book amount	10,300,959	7,492,276	189,264	208,054
Additions	1,334,883	689,990	1,802	511
Additions from additional investments in subsidiaries	632,250	-	-	-
Disposals	(514)	(2,133)	-	(791)
Write-off	-	(531)	-	-
Depreciation charge	<u>(144,526)</u>	<u>(135,425)</u>	<u>(5,093)</u>	<u>(5,180)</u>
Closing net book amount	<u><u>12,123,052</u></u>	<u><u>8,044,177</u></u>	<u><u>185,973</u></u>	<u><u>202,594</u></u>

**Consolidated**

The significant additions during the three-month period that ended on 31 December 2009 were:

- a) installment payments under a tender rig construction contract totalling Baht 40.5 million;
- b) installment payments under a saturation diving system contract of Baht 73.2 million;
- c) installment payments under an ROV support vessel construction contract totalling Baht 277.1 million;
- d) installment payments under a DP2 dive support vessel construction contract totalling Baht 721.7 million;
- e) deposit for purchase of vessel totalling Baht 197.3 million.

The significant disposals during the three-month period that ended on 31 December 2009 were disposals of equipment and motor vehicle at a net book value of Baht 0.5 million.



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

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

	<b>For the three-month periods that ended on 31 December</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>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	136,476	125,043	-	-
- Administrative expenses	8,050	10,382	5,093	5,180
	<u>144,526</u>	<u>135,425</u>	<u>5,093</u>	<u>5,180</u>

7.3) Property, plant, and equipment as at 31 December 2009 used as collateral for loan facilities can be summarised as follows:

There are land and buildings, one saturation diving system, one remotely operated vehicle (ROV), and two tender rigs that are mortgaged with various banks as collateral for their overdrafts and loan facilities as described in Note 8. These assets are mortgaged at a total value of Baht 2,606 million (30 September 2009: Baht 2,606 million).

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

Long-term loans from financial institutions comprise:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current portion of long-term loans	541,855	466,834	24,800	24,800
Long-term portion of loans	2,958,251	2,073,459	29,800	36,000
Loans from financial institutions	<u>3,500,106</u>	<u>2,540,293</u>	<u>54,600</u>	<u>60,800</u>

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

The movement of long-term loans from financial institutions for the three-month periods that ended on 31 December 2009 and 2008 is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Beginning balance	2,540,293	1,938,427	60,800	85,600
Additions during period	888,778	328,688	-	-
Additions from additional investments in subsidiaries	190,202	-	-	-
Repayments during period	(110,761)	(436,494)	(6,200)	(6,200)
Realised (gains) losses on exchange rates	(605)	10,537	-	-
Unrealised (gains) losses on exchange rates	(7,801)	33,253	-	-
Ending balance	<u>3,500,106</u>	<u>1,874,411</u>	<u>54,600</u>	<u>79,400</u>

As at 31 December 2009, the total outstanding amounts of long-term loans granted by local and overseas commercial banks are Baht 1,162.7 million and USD 69.8 million (30 September 2009: Baht 934.3 million and USD 47.7 million). These loans are secured by mortgages of the Group's assets as mentioned in Note 7.3 and are guaranteed by the Company and certain subsidiaries.

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>31 December 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	-	143	-	-
	<u>-</u>	<u>143</u>	<u>-</u>	<u>-</u>
	<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	-	-
	<u>274</u>	<u>122</u>	<u>-</u>	<u>-</u>

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**9 Share capital and premium on share capital**

For the three-month period that ended on 31 December 2009:

	<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>Premium on share capital Baht'000</b>	<b>Total Baht'000</b>
As at 30 September 2009	1	544,903	541,205	6,470,791	7,011,996
Decrease in number of shares registered	1	(3,000)	-	-	-
Issue of shares	1	246,895	243,543	3,349,108	3,592,651
As at 31 December 2009	1	788,798	784,748	9,819,899	10,604,647

As at 31 December 2009 and 30 September 2009, all issued shares are fully paid.

9.1 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.

9.2 On 19 November 2009, the Company received the rights issue proceeds of Baht 3,696.1 million from the shareholders. The proceeds are split into 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 9.1. The additional paid-up share capital was registered with the Ministry of Commerce on 23 November 2009.

**10 Earnings per share**

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

For the purpose of calculating diluted earnings 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.

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**10 Earnings per share (Cont'd)**

A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the period) 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 per share, the weighted average number of shares assuming conversion of all dilutive potential ordinary shares for the three-month period that ended on 31 December 2009 are 518,906 shares (as at 31 December 2008: nil).

	<b>For the three-month periods that ended on 31 December</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net profits for the period attributable to ordinary shareholders of the parent (Baht'000)	116,448	307,380	11,974	37,961
Weighted average number of ordinary shares (Shares'000)	644,446	541,205	644,446	541,205
Basic and diluted earnings per share (Baht)	0.18	0.57	0.02	0.07

There is no significant impact from dilutive potential ordinary shares in issue for the three-month periods that ended on 31 December 2009 and 2008.

**11 Guarantees**

As at 31 December 2009 and 30 September 2009, the Group and the Company have outstanding guarantees as follows:

	<b>Consolidated</b>					
	<b>31 December 2009</b>				<b>30 September 2009</b>	
	<b>Baht'000</b>	<b>USD'000</b>	<b>NOK'000</b>	<b>QAR'000</b>	<b>Baht'000</b>	<b>USD'000</b>
Letters of guarantee issued by banks in the normal course of business	15,897	181	47	8,500	15,897	522
A guarantee for long-term loans of associates to a financial institution	-	28,262	-	-	-	28,935

  

	<b>Company</b>					
	<b>31 December 2009</b>				<b>30 September 2009</b>	
	<b>Baht'000</b>	<b>USD'000</b>	<b>NOK'000</b>	<b>QAR'000</b>	<b>Baht'000</b>	<b>USD'000</b>
Letters of guarantee issued by banks in the normal course of business	400	-	-	-	400	-
A guarantee for long-term loans of subsidiaries to a financial institution	1,108,138	69,833	-	-	873,477	47,660

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**12 Commitments**

(a) *Capital commitments*

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2009 Baht'000</b>	<b>30 September 2009 Baht'000</b>	<b>31 December 2009 Baht'000</b>	<b>30 September 2009 Baht'000</b>
Vessel and rig building contracts				
US Dollar	3,997,704	2,020,654	-	-
Norwegian Krone	1,259,638	1,815,114	-	-
Euro	322,350	385,824	-	-
Vessel equipment contracts				
US Dollar	30,166	30,328	-	-
Singapore Dollar	702	21,888	-	-

On 20 January 2010, a vessel named “Mermaid Siam (formerly “Team Siam”)” was purchased by a subsidiary. Therefore, the above US Dollar capital commitment of Baht 791.0 million was paid on that date.

On 29 January 2010, a vessel under construction named “Mermaid Asiana” was completed and delivered to a subsidiary. Therefore, the above US Dollar capital commitment of Baht 1,419.1 million was paid on that date.

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

*Operating lease commitments*

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2009 Baht'000</b>	<b>30 September 2009 Baht'000</b>	<b>31 December 2009 Baht'000</b>	<b>30 September 2009 Baht'000</b>
No later than 1 year	-	349,779	-	-

*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. As mentioned in Note 5.1, this vessel charter contract with a service provider was terminated as part of the acquisition of Nemo Subsea AS by MOS during this quarter.

(c) *Services agreement*

As at 31 December 2009, the Group has one outstanding drilling services agreement. The remaining agreement period is 4 months.

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**13 Related party transactions**

Significant related party transactions are as follows:

**13.1 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:

	<b>For the three-month periods that ended on 31 December</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>
<b>Revenues</b>				
<u>Service income</u>				
Other related parties	125	139	-	-
<u>Interest income</u>				
Subsidiaries	-	-	5,538	13,318
An associate	-	8,285	-	-
	<u>-</u>	<u>8,285</u>	<u>5,538</u>	<u>13,318</u>
<u>Management fee income</u>				
Subsidiaries	-	-	23,340	17,580
<u>Rental income</u>				
Subsidiaries	-	-	2,144	2,134
Other related party	418	418	418	418
	<u>418</u>	<u>418</u>	<u>2,562</u>	<u>2,552</u>
<b>Expenses</b>				
<u>Cost of services</u>				
Other related party	5,219	10,195	-	-
<u>Expense relating to the rights issue</u>				
Other related party	67,322	-	67,322	-

The expense relating to the right issue is offset with premium on share capital when presented in the balance sheet.

There has been no significant change to the Group's policies in respect of related party transactions during the three-month period that ended on 31 December 2009.

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

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

	Consolidated		Company	
	31 December 2009 Baht'000	30 September 2009 Baht'000	31 December 2009 Baht'000	30 September 2009 Baht'000
<u>Trade accounts receivable</u>				
Other related parties	270	113	-	-
<u>Amounts due from related parties</u>				
Subsidiaries	-	-	481,305	474,020
Associates	1,961	1,928	-	-
Other related parties	38	25	38	25
	<u>1,999</u>	<u>1,953</u>	<u>481,343</u>	<u>474,045</u>
<u>Trade accounts payable</u>				
An associate	6,213	6,248	-	-
Other related party	5,148	3,710	-	-
	<u>11,361</u>	<u>9,958</u>	<u>-</u>	<u>-</u>
<u>Amounts due to related parties</u>				
A subsidiary	-	-	-	4
Other related parties	14	29	14	29
	<u>14</u>	<u>29</u>	<u>14</u>	<u>33</u>

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

	Interest rate (%)	Consolidated		Company	
		31 December 2009 Baht'000	30 September 2009 Baht'000	31 December 2009 Baht'000	30 September 2009 Baht'000
Subsidiaries					
- Baht	2.75%	-	-	200,000	200,000
- US Dollar	2.75%	-	-	1,300,438	537,102
		<u>-</u>	<u>-</u>	<u>1,500,438</u>	<u>737,102</u>

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

**14 Subsequent events**

- 14.1 At the Annual General Meeting of Shareholders No.1/2010 held on 28 January 2010, there were significant matters approved by the shareholders as follows:
- (a) A reduction in the registered share capital of the Company from Baht 788,797,743 to Baht 786,607,343 by means of the cancellation of 2,190,400 ordinary shares with a par value of Baht 1 each that have remained unissued or unallocated under the Employee Stock Option Plans (“ESOP”) for 2008 and 2009.
  - (b) The issue and offer up to 4,000,000 free warrants to directors and employees of the Company or subsidiaries under ESOP 2010 pursuant to its terms.
  - (c) An increase in the registered share capital of the Company from Baht 786,607,343 to Baht 790,607,343 by means of issuance of 4,000,000 new ordinary shares with a par value of Baht 1 each.
  - (d) The allocation of 4,000,000 new ordinary shares from the increase in registered share capital for distribution under ESOP 2010.
- 14.2 The ESOP 2010 as described in Note 14.1 (b) is subsequently approved by the Annual General Meeting of Shareholders No. 1/2010 held on 29 January 2010 of Thoresen Thai Agencies Public Company Limited, the parent company, as required by the notification No. Tor Jor 32/2551 of the Securities and Exchange Commission of Thailand.