



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

Financial Statements and Dividend Announcement for the Period Ended 31 December 2009

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

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

	Consolidated		
	For the three-month periods that ended on 31 December		
	2009	2008	Changes
	Baht'000	Baht'000	%
Service income	1,076,462	1,582,609	-32.0%
Cost of services	(830,667)	(1,121,536)	-25.9%
Gross profits	245,795	461,073	-46.7%
Interest income	830	13,265	-93.7%
Gains on exchange rates	13,669	2,407	467.9%
Net gains on disposals and write-off of property and equipment	262	16,720	-98.4%
Other income	7,024	2,138	228.5%
Administrative expenses	(113,314)	(108,199)	4.7%
Operating profits	154,266	387,404	-60.2%
Share of profits (losses) of investments in associates	5,040	(3,958)	227.3%
Profits before interest expenses and income taxes	159,306	383,446	-58.5%
Finance costs	(16,370)	(34,620)	-52.7%
Profits before income taxes	142,936	348,826	-59.0%
Income taxes	(15,878)	(35,261)	-55.0%
Net profits for the period	127,058	313,565	-59.5%
Attributable to:			
Shareholders of the parent	116,448	307,380	
Minority interests	10,610	6,185	
	127,058	313,565	
Notes to the income statements			
Depreciation and amortisation	145,973	138,801	



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

	Consolidated		Company	
	Unaudited 31 December 2009 Baht'000	Audited 30 September 2009 Baht'000	Unaudited 31 December 2009 Baht'000	Audited 30 September 2009 Baht'000
Assets				
Current assets				
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	270	113	-	-
Amounts due from related parties	1,999	1,953	481,343	474,045
Short-term loans to related parties	-	-	1,500,438	737,102
Supplies and spare parts	115,475	112,940	-	-
Other current assets	212,247	137,014	10,397	16,054
Total current assets	5,565,942	3,073,450	5,398,937	1,785,558
Non-current assets				
Investments in subsidiaries - cost method	-	-	5,237,264	5,237,264
Investments in associates - equity method	393,007	387,967	-	-
Other long-term investments	-	77,697	-	-
Property, plant and equipment, net	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
Total non-current assets	13,229,699	11,482,058	5,424,617	5,428,056
Total assets	18,795,641	14,555,508	10,823,554	7,213,614
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable - others	241,237	173,569	-	-
Trade accounts payable - related parties	11,361	9,958	-	-
Other accounts payable	330,522	826,858	1,854	2,567
Amounts due to related parties	14	29	14	33
Current portion of long-term loans from financial institutions	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
Total current liabilities	1,446,972	1,788,078	49,061	37,770
Non-current liabilities				
Long-term loans from financial institutions	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
Total non-current liabilities	2,984,590	2,110,765	32,984	38,960
Total liabilities	4,431,562	3,898,843	82,045	76,730
Shareholders' equity				
Share capital				
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	9,819,899	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
Total parent's shareholders' equity	13,697,242	9,997,325	10,741,509	7,136,884
Minority interests	666,837	659,340	-	-
Total shareholders' equity	14,364,079	10,656,665	10,741,509	7,136,884
Total liabilities and shareholders' equity	18,795,641	14,555,508	10,823,554	7,213,614



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1 (b)(ii) Aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

- (a) the amount repayable in one year or less, or on demand;**
- (b) the amount repayable after one year;**
- (c) whether the amounts are secured or unsecured; and**
- (d) details of any collaterals.**

As at 31 December 2009			
	Secured	Unsecured	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	286,886	256,792	543,678
Amount repayable after one year (*)	1,920,479	1,041,418	2,961,897

As at 30 September 2009			
	Secured	Unsecured	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	213,167	256,087	469,254
Amount repayable after one year (*)	731,254	1,346,226	2,077,480

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

As at 31 December 2009, 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 loans facilities. For more details, please read the unaudited condensed notes to the interim consolidated and company financial statements for the three-month period that ended on 31 December 2009, which are available in the SGX's website and the Company's website.



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

	Consolidated	
	For the three-month periods that ended on 31 December	
	2009	2008
	Baht'000	Baht'000
Cash flows from operating activities		
Profits before income taxes	142,936	348,826
Adjustments for:		
Depreciation	144,526	135,425
Amortisation of intangible assets	1,447	3,376
Finance costs	16,370	34,620
Net (gains) losses on disposals and write-off of property and equipment	(262)	(16,189)
Realised (gains) losses on exchange rates	6,619	(15,902)
Unrealised (gains) losses on exchange rates	(20,288)	27,973
Employee benefit obligations	21,625	2,858
Share of (profits) losses of investments in associates	(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
- Supplies and spare parts	(2,535)	22,458
- Other current assets	(68,934)	290,573
- Deferred expenses	2,348	-
- Other non-current assets	(182)	(95,276)
- Trade accounts payable - others	72,744	(42,475)
- Trade accounts payable - related parties	1,403	8,514
- Other accounts payable	145,694	37,420
- Amounts due to related parties	(15)	(37)
- Accrued expenses	(15,375)	50,991
- Other current liabilities	34,661	(76,119)
Cash generated from operations	525,336	978,766
- Finance costs paid	(15,938)	(34,632)
- Income taxes paid	(36,058)	(25,043)
- Employee benefits paid	(18,615)	-
Net cash inflows from operating activities	454,725	919,091



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	Consolidated	
	For the three-month periods that ended on 31 December	
	2009	2008
	Baht'000	Baht'000
Cash flows from investing activities		
Repayments of short-term loans to related parties	-	1,140,394
Payments for investments in subsidiaries	(365,637)	-
Payments for other long-term investments	-	(75,758)
Proceeds from disposals of property and equipment	776	18,852
Purchases of property and equipment	(1,995,081)	(1,293,692)
Purchases of intangible assets	(429)	(1,400)
Net cash inflows (outflows) from investing activities	(2,360,371)	(211,604)
Cash flows from financing activities		
Repayments of finance lease liabilities	(971)	(1,951)
Proceeds from long-term loans from financial institutions	888,778	328,688
Repayments of long-term loans from financial institutions	(110,761)	(436,494)
Proceeds from issuance of share capital	243,543	-
Net proceeds from share premium	3,349,108	-
Proceeds from issuance of share capital received from minorities	-	230,313
Net cash inflows (outflows) from financing activities	4,369,697	120,556
Net increase in cash and cash equivalents	2,464,051	828,043
Cash and cash equivalents at the beginning of the period	1,450,525	1,726,430
Effects of exchange rates	12,245	9,839
Cash and cash equivalents at the end of the period	3,926,821	2,564,312



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

	Consolidated : for the three-month period that ended on 31 December 2009						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
Beginning balance as at 1 October 2009	541,205	6,470,791	(30,384)	39,717	2,975,996	659,340	10,656,665
Issuance of shares	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)
Ending balance as at 31 December 2009	784,748	9,819,899	(39,566)	39,717	3,092,444	666,837	14,364,079

	Company : for the period three-month that ended on 31 December 2009				Baht' 000
	Issued and paid-up share capital	Premium on share capital	Legal reserves	Unappropriated retained earnings	Total
Beginning balance as at 1 October 2009	541,205	6,470,791	39,717	85,171	7,136,884
Issuance of shares	243,543	3,349,108	-	-	3,592,651
Net profits for the period	-	-	-	11,974	11,974
Ending balance as at 31 December 2009	784,748	9,819,899	39,717	97,145	10,741,509



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Consolidated : for the three-month period that ended on 31 December 2008

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
Beginning balance as at 1 October 2008	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
Ending balance as at 31 December 2008	541,205	6,470,791	41,400	39,717	2,568,891	645,019	10,307,023

Company : for the period that ended on 31 December 2008

Baht' 000

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



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

	Par value Baht	Number of registered ordinary shares Shares'000	Issued and paid-up ordinary shares Shares'000	Premium on share capital Baht'000	Total Baht'000
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

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.



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

Subsequent events

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 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.
- 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.
- 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.
- The allocation of 4,000,000 new ordinary shares from the increase in registered share capital for distribution under ESOP 2010.

The ESOP 2010 has been 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.

There was no transaction of treasury shares during the periods that ended on 31 December 2009 and 2008.

As at 31 December 2009 and 2008, the registered share capital of the Company was Baht 788,797,743 and Baht 674,537,393, respectively.

As at 31 December 2009 and 2008, the paid-up share capital of the Company was Baht 784,747,743 and Baht 541,205,340, respectively.



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

As at 31 December 2009 and 30 September 2009, the issued shares of the Company were 784,747,743 shares and 541,205,340 shares with a par value of Baht 1 per share, respectively.

As at 31 December 2009 and 30 September 2009, there were no outstanding treasury shares.

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

Not applicable, since the Company has not transacted treasury shares during the period that ended on 31 December 2009.

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

The figures have been reviewed by the Company's auditor, PricewaterhouseCoopers ABAS Limited, in accordance with generally accepted auditing standards applicable in Thailand ("Thai GAAP") except for item 13 in this announcement regarding "A Reconciliation of Difference between Thai GAAP to IFRS" which is provided by the Company.

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

The auditor is of opinion that based on their reviews, nothing has come to their attention that causes them to believe that the interim consolidated and company financial statements for the three-month period that ended on 31 December 2009 are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The signed auditor's report is on page 1 of the interim consolidated and company financial statements for the three-month period that ended on 31 December 2009, which is reported together with this announcement and is available in the SGX's website and the Company's website.

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

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



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

There has been no change in the accounting policies and methods of computation during the three-month period that ended on 31 December 2009.

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

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

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

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.



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

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

Consolidated		Company	
30-Sep -09	30-Sep -09	30-Sep -09	30-Sep -09
Baht	Baht	Baht	Baht

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

18.30	19.69	13.69	13.19
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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

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

Consolidated Income Statements

For the three-month period that ended on 31 December 2009 ("1QFY10"), total service income of the Group was Baht 1,076 million, a decrease of Baht 507 million, or 32.0%, from Baht 1,583 million for the three-month period that ended on 31 December 2008 ("1QFY09"). The lower revenues were a result of 1) lower asset utilisation in our subsea engineering group, which resulted in revenues of Baht 363 million, or a 35.0% decrease from 1QFY09; lower asset utilisation in our drilling group, which resulted in revenues of Baht 237 million, or a 47.4% decrease from 1QFY09, offset by 1) strong performance by the Seascope group, which resulted in revenues of Baht 90 million, or a 245.7% increase from 1QFY09. On the sub-sea engineering side, utilisation rates for 1QFY10 dropped to 45.8%, compared with 58.7% from 1QFY09 was still the effect from the global economic downturn in last year. The effects of this downturn did not impact the MOS subsea business until 2QFY09. However, this quarter indicates an upward trend when seasonal factors are considered as a result of apparent marginal recovery from the global economic downturn. On the drilling side, utilisation rates declined from 100.0% in 1QFY09 to 49.9% in 1QFY10 as only one rig, MTR-2 was working as compared with two rigs were working in 1QFY09. Another rig, MTR-1 was released by Hess Indonesia as it reached the end of its contract in 4QFY09. This rig is presently located at facilities in Thailand and is waiting for new contract awards.

For 1QFY10, gross profits were Baht 246 million, a decrease of Baht 215 million, or 46.7%, from Baht 461 million for 1QFY09. The subsea engineering group generated Baht 121 million of gross profits (17.9% margin), the drilling group generated Baht 45 million of gross profits (17.0% margin), while the Seascope group generated Baht 76 million of



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gross profits (60.0 % margin). The decrease of gross profits was mainly due to the lower revenue generated in the quarter while fixed costs such as minimum crews on board and depreciation were still incurred.

Administrative expenses were Baht 113 million, an increase of Baht 5 million, or 4.7%, from Baht 108 million for 1QFY09. The increase was primarily due to a change in accruing bonuses starting in 1QFY10.

Operating profits were Baht 154 million, a decrease of Baht 233 million, or 60.2%, from Baht 387 million for 1QFY09. The lower operating profits were mainly due to a result of a decrease in gross profits of Baht 215 million as mentioned above.

Finance costs were Baht 16 million, a decrease of Baht 19 million, or 52.7%, from Baht 35 million for 1QFY09. The lower costs were due to the lower LIBOR rate in 1QFY10 as compared with 1QFY09.

Income taxes were Baht 16 million, a decrease of Baht 19 million, or 55.0%, from Baht 35 million for 1QFY09. The lower income taxes were mainly due to the completion of the MTR-1 contract in 4QFY09 which resulted in a decrease in taxes paid in Indonesia and deferred tax assets.

Net profits were Baht 127 million, including an exchange gain of Baht 14 million, as compared to a net profit for 1QFY09 of Baht 314 million, including an exchange gain of Baht 2 million. Excluding exchange gains and income taxes, net profits decreased by Baht 217 million, or 62.7%. The decrease was primarily due to lower asset utilisation as mentioned above.

Business Segment Analysis

Drilling: The drilling segment generated 24.4% and 23.6% (*) of the Group's total revenues and operating profit, respectively.

During the quarter, MTR-1 completed its contract with Hess in 4QFY09 and is waiting for new contract awards. MTR-2 is under contract with Chevron (Indonesia) and working in Indonesia. Average utilisation of MTR-1 and MTR-2 for the quarter was 49.9%.

Subsea Engineering: The assets in our subsea engineering segment had a 45.8% utilisation rate during the quarter and generated 62.6% and 51.9% (*) of the Group's total revenues and operating profit, respectively.

(*) Operating profit calculations include foreign exchange gains and losses.

The utilisation rate is calculated by adding the number of days that our vessels worked including any pre-mobilisation time, divided by the number of available days, which is total calendar days minus planned maintenance.



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Consolidated Balance Sheets

Current assets increased by Baht 2,493 million, or 81.1%, from Baht 3,073 million in the fourth quarter of FY2009 (“4QFY09”) to Baht 5,566 million in the first quarter of FY2010 (“1QFY10”) due mainly to an increase in cash and cash equivalents of Baht 2,476 million which resulted from the rights issue of Baht 3,593 million, offset by partial of newbuild rig and vessel instalments.

Non-current assets increased by Baht 1,748 million, or 15.2%, from Baht 11,482 million in 4QFY09 to Baht 13,230 million in 1QFY10 due mainly to an increase in property, plant, and equipment of Baht 1,822 million resulted from newbuild rig and vessels instalments totally Baht 1,113 million, deposits for purchase of DP2 construction support vessel (Team Siam) of Baht 197 million and acquisition of Mermaid Asiana of Baht 632 million, which were partially offset by depreciation of Baht 145 million.

Current liabilities decreased by Baht 341 million, or 19.1%, from Baht 1,788 million in 4QFY09 to Baht 1,447 million in 1QFY10 due mainly to a decrease in other accounts payable of Baht 496 million which was settled, which were partially offset by an increase in current portion of long-term loans from financial institutions of Baht 75 million in relation to subsea engineering group.

Non-current liabilities increased by Baht 874 million, or 41.4%, from Baht 2,111 million in 4QFY09 to Baht 2,985 million in 1QFY10 resulting from additional loans in relation to vessel and rig instalments and asset acquisitions, which were partially offset by loan repayments of Baht 111 million.

Shareholders’ funds increased by Baht 3,707 million, or 34.8%, from Baht 10,657 million in 4QFY09 to Baht 14,364 million in 1QFY10 due mainly to an increase in share capital from the rights issue of Baht 3,593 million.

Working Capital

The Group’s working capital increased by Baht 2,834 million, or 220.5%, from Baht 1,285 million in 4QFY09 to Baht 4,119 million in 1QFY10. This was due mainly to an increase in current assets by Baht 2,493 million and a decrease in current liabilities by Baht 341 million as described above.

Consolidated Cash Flow Statements

The Group had net cash provided by operating activities of Baht 455 million. This was due mainly to cash generated from operations before changes in working capital of Baht 308 million and cash inflows from working capital changes of Baht 218 million, offset with cash outflows for finance costs of Baht 16 million, income taxes paid of Baht 36 million and employee benefits paid of Baht 19 million.



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The Group had net cash used in investing activities of Baht 2,360 million. This was due mainly to payments for property, plant, and equipment purchases of Baht 1,995 million, and payments for additional investments in subsidiaries, Nemo Subsea IS and Nemo Subsea AS, of Baht 365 million.

The Group had net cash provided by financing activities of Baht 4,370 million. This was due mainly to proceeds from issuance of share capital of Baht 244 million and proceeds from share premium of Baht 3,349 million in relation to the rights issue, and proceeds from long-term loans from financial institutions of Baht 889 million, offset by payments on long-term loans from financial institutions of Baht 111 million and finance lease liabilities of Baht 1 million.

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

Not applicable

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

Drilling

During this quarter, our tender rig 'MTR-1' continued to undergo inspection and maintenance in Thailand while awaiting the result of tenders submitted for future work opportunities. Operating costs associated with the rig had been reduced to minimum levels. Our other tender rig 'MTR-2' continued to operate under its existing drilling contract with Chevron Indonesia with the primary term due for completion in the third financial quarter of 2010. During that time, utilization of this rig was retained at near full levels. We expect that this drilling contract will be extended at the end of its primary term completion. Our new build tender rig 'KM-1' is currently being completed at the shipyard in Malaysia and is scheduled for delivery in the second financial quarter of 2010. The rig will proceed immediately on delivery to Petronas Malaysia where it is contracted on a five year term.

A reasonable utilization rate is still observed to be experienced across the global tender rig fleet. Some oil and gas companies who had previously cancelled or deferred their drilling programmes have recently issued call for tenders. Due to the north-east monsoon, it was observed that these operators preferred to commence new drilling programmes from the third financial quarter of 2010 onwards. Although our 'MTR-1' was offered, no contract award has been secured for the 'MTR-1' to date. As there had been little known contract awards made over the past several quarters, it is observed that other rigs have also become available during this time and are competing against the 'MTR-1' on the same tenders. Nevertheless, as oil prices continue to stabilise and the global economic recovery continues, we expect to see additional requirements for tender rigs. We also believe that day rates have stabilised and as additional rigs secure new contracts, there will be



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opportunity for day rates to increase. We continue to observe customers showing a preference for newer equipment and are in discussions with them for new build opportunities. We are also reviewing various opportunities, both in the second-hand market and newbuild market for future acquisition of drilling assets that will utilize funds from our recent rights issue. Although our preference is to acquire existing assets that allow more immediate means of revenue generation, we are also beginning to see shipyard availability give rise to potential opportunities in the construction of newbuild rigs as an alternative option.

Subsea Engineering

During this quarter, we experienced high utilization for both our dive support vessels (DSVs), the 'Mermaid Commander' and the 'Team Siam' which collectively contributes a significant portion of our sub-sea revenues. We also took delivery of the newbuild DP2 remotely operated vehicle (ROV) support vessel the 'Mermaid Sapphire' from Jaya Shipbuilding and Engineering Ltd. in November 2009. We also announced the purchase of the 'Team Siam' which had been on long term charter to us in December 2009 and took delivery of the 'Team Siam' and the DP2 dive support vessel 'Mermaid Asiana' in January 2010. The only remaining vessel to be delivered to us is the DP2 DSV 'Mermaid Endurer', which we expect to receive in the third financial quarter of 2010. The delay in delivery of this vessel had been due to project slippage in the testing and commissioning of its dive system, which is a highly technical and integral component of the vessel. With the acquisition of the 'Team Siam', we had also returned the chartered-in vessel 'Binh Minh' to its owners.

During this quarter, the overall impact on day rates had been minimal. The subsea sector in general has not been observed to be experiencing downward pressure on day rates, and in some cases, we have witnessed marginal day rate increases for the more technical vessels. We continue to successfully operate within the subsea market in the Middle East, where we are performing construction support, saturation diving, ROV and survey services, and have recently announced an alliance agreement with KD Marine based in Aberdeen to market the 'Mermaid Endurer' to the European market. We continue to observe a surge in requests for vessel availability as many oil and gas companies began to re-activate the work programmes and projects that had been delayed. As a result of these tenders, we expect to further secure work for our fleet and some long-term charters ranging from two to five years for our DSVs.

This quarter brings us into the monsoon period where utilization levels in the sub-sea business have been observed to be traditionally lower across the sub-sea services industry. Present market conditions have highlighted a potential continuation in demand for our DSV fleet and we are hopeful to maintain a strong utilisation performance on such key assets during this time. We are also expecting to double the existing DSV fleet revenue contribution with the 'Mermaid Asiana' and eventually the 'Mermaid Endurer' if and when they commence their maiden contracts and beyond.



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11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared.

(b) (i) Amount per share.....cents

Not applicable

(b) (ii) Previous corresponding period.....cents

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable

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

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



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The Effects of Changes in Foreign Exchange Rates

Thai GAAP

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

IFRS

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

Impact

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

The net effects on the consolidated income statements for the three-month period that ended on 31 December 2009 and 2008 and balance sheets as at 31 December 2009 and 30 September 2009 can be summarised as follows:

	Net effects on Consolidated Income Statement for the three-month period that ended on 31 December 2009		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	1,076.46	1,076.46	-
Total cost of services	830.67	831.93	1.26
Administrative expenses	113.31	114.41	1.10
Operating profits	154.27	142.33	(11.94)
Net profits for period	127.06	117.50	(9.56)

	Net effects on Consolidated Income Statement for the three-month period that ended on 31 December 2008		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	1,582.61	1,582.61	-
Total cost of services	1,121.54	1,019.39	(102.15)
Administrative expenses	108.20	111.75	3.55
Operating profits	387.40	394.91	7.51
Net profits for period	313.56	325.42	11.86

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	Net effects on Consolidated Balance Sheet as at 31 December 2009		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total current assets	5,565.94	5,597.32	31.38
Total non-current assets	13,229.70	13,283.99	54.29
Total current liabilities	1,446.97	1,461.32	14.35
Total non-current liabilities	2,984.59	2,980.51	(4.08)

	Net effects on Consolidated Balance Sheet as at 30 September 2009		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total current assets	3,073.45	3,069.20	(4.25)
Total non-current assets	11,482.06	11,520.71	38.65
Total current liabilities	1,788.08	1,873.04	84.96
Total non-current liabilities	2,110.77	2,081.61	(29.16)

14. Negative assurance on audited financial statements

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the first quarter that ended on 31 December 2009 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

M.L. Chandchutha Chandratat

Executive Chairman

11 February 2010