



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 March 2010

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 March		
	2010	2009	Changes
	Baht'000	Baht'000	%
Service income	719,122	951,096	-24.4%
Cost of services	(746,744)	(831,064)	-10.1%
Gross profits (losses)	(27,622)	120,032	-123.0%
Interest income	359	1,109	-67.6%
Gains (losses) on exchange rates	25,535	15,357	66.3%
Net gains (losses) on disposal and write-off of property, plant and equipment	1,260	3,477	-63.8%
Other income	-	9,981	-100.0%
Administrative expenses	(143,867)	(130,850)	9.9%
Operating profits (losses)	(144,335)	19,106	-855.4%
Share of profits (losses) of investments in associates	7,582	(11,903)	163.7%
Profits (losses) before finance costs and income taxes	(136,753)	7,203	-1998.6%
Finance costs	(15,138)	(22,673)	-33.2%
Profits (losses) before income taxes	(151,891)	(15,470)	881.8%
Income taxes	(40,047)	(39,133)	2.3%
Net profits (losses) for the period	(191,938)	(54,603)	251.5%
Attributable to:			
Shareholders of the parent	(188,626)	(58,990)	
Minority interests	(3,312)	4,387	
	(191,938)	(54,603)	
Notes to the income statements			
Depreciation and amortisation	162,835	136,660	



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	Consolidated		
	For the six-month periods that ended on 31 March		
	2010	2009	Changes
	Baht'000	Baht'000	%
Service income	1,795,584	2,533,705	-29.1%
Cost of services	(1,577,411)	(1,952,600)	-19.2%
Gross profits	218,173	581,105	-62.5%
Interest income	1,189	14,374	-91.7%
Gains (losses) on exchange rates	39,204	17,764	120.7%
Net gains (losses) on disposal and write-off of property, plant and equipment	1,522	20,197	-92.5%
Other income	6,119	12,119	-49.5%
Administrative expenses	(256,276)	(239,048)	7.2%
Operating profits (losses)	9,931	406,511	-97.6%
Share of profits (losses) of investments in associates	12,622	(15,861)	179.6%
Profits (losses) before finance costs and income taxes	22,553	390,650	-94.2%
Finance costs	(31,508)	(57,294)	-45.0%
Profits (losses) before income taxes	(8,955)	333,356	-102.7%
Income taxes	(55,925)	(74,394)	-24.8%
Net profits (losses) for the period	(64,880)	258,962	-125.1%
Attributable to:			
Shareholders of the parent	(72,178)	248,390	
Minority interests	7,298	10,572	
	(64,880)	258,962	
Notes to the income statements			
Depreciation and amortisation	308,808	275,461	



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

	Consolidated		Company	
	Unaudited 31 March 2010 Baht'000	Audited 30 September 2009 Baht'000	Unaudited 31 March 2010 Baht'000	Audited 30 September 2009 Baht'000
Assets				
Current assets				
Cash and cash equivalents	1,019,101	1,450,525	492,691	224,140
Short-term investments	644,964	334,217	644,964	334,217
Trade accounts receivable - others, net	802,217	1,036,688	-	-
Trade accounts receivable - related parties	4	113	-	-
Amounts due from related parties	3,457	1,953	496,635	474,045
Short-term loans to related parties	-	-	3,619,515	737,102
Supplies and spare parts	128,183	112,940	-	-
Other current assets	310,942	137,014	10,040	16,054
Total current assets	2,908,868	3,073,450	5,263,845	1,785,558
Non-current assets				
Investments in subsidiaries - cost method	-	-	5,237,264	5,237,264
Investments in associates - equity method	400,589	387,967	-	-
Other long-term investments	-	77,697	-	-
Property, plant, and equipment, net	14,199,241	10,300,959	181,144	189,264
Goodwill	332,443	266,310	-	-
Intangible assets, net	19,264	16,101	668	959
Deferred expenses, net	97,748	84,203	-	-
Deferred tax assets, net	209,906	228,424	-	-
Other non-current assets	117,585	120,397	569	569
Total non-current assets	15,376,776	11,482,058	5,419,645	5,428,056
Total assets	18,285,644	14,555,508	10,683,490	7,213,614
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable - others	137,080	173,569	-	-
Trade accounts payable - related parties	10,942	9,958	-	-
Other accounts payable	442,242	826,858	813	2,567
Amounts due to related parties	684	29	14	33
Current portion of long-term loans from financial institutions	581,759	466,834	24,800	24,800
Current portion of finance lease liabilities	1,562	2,420	200	774
Income taxes payable	45,415	55,484	-	-
Accrued expenses	180,450	107,368	11,849	800
Current portion of employee benefit obligations	95,082	115,560	-	-
Other current liabilities	50,396	29,998	10,271	8,796
Total current liabilities	1,545,612	1,788,078	47,947	37,770
Non-current liabilities				
Long-term loans from financial institutions	2,705,031	2,073,459	23,600	36,000
Finance lease liabilities	3,293	4,021	-	-
Employee benefit obligations	15,944	33,285	3,407	2,960
Total non-current liabilities	2,724,268	2,110,765	27,007	38,960
Total liabilities	4,269,880	3,898,843	74,954	76,730
Shareholders' equity				
Share capital				
Registered share capital	790,607	544,903	790,607	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	(171,942)	(30,384)	-	-
Retained earnings				
Appropriated - legal reserves	39,717	39,717	39,717	39,717
Unappropriated	2,903,818	2,975,996	(35,828)	85,171
Total parent's shareholders' equity	13,376,240	9,997,325	10,608,536	7,136,884
Minority interests	639,524	659,340	-	-
Total shareholders' equity	14,015,764	10,656,665	10,608,536	7,136,884
Total liabilities and shareholders' equity	18,285,644	14,555,508	10,683,490	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 March 2010		
	Secured	Unsecured	Total
	Baht'000	Baht'000	Baht'000
Amount repayable in one year or less, or on demand (*)	328,257	255,064	583,321
Amount repayable after one year (*)	1,758,390	949,934	2,708,324

	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 March 2010, 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. For more details, please read the unaudited condensed notes to the interim consolidated and company financial statements for the six-month period that ended on 31 March 2010, 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 six-month periods that ended on 31 March	
	2010	2009
	Baht'000	Baht'000
Cash flows from operating activities		
Profits (losses) before income taxes	(8,955)	333,356
Adjustments for:		
Depreciation	305,681	270,052
Amortisation of intangible assets	3,127	5,409
Finance costs	31,508	57,294
Net gains (losses) on disposals and write-off of property and equipment	(1,522)	(20,197)
Realised (gains) losses on exchange rates	1,689	(55,334)
Unrealised (gains) losses on exchange rates	(40,893)	37,570
Employee benefit obligations	47,929	3,382
Share of (profits) losses of investments in associates	(12,622)	15,861
Exchange difference from conversion of overseas companies	(88,590)	54,340
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)		
- Trade accounts receivable - others	556,041	629,707
- Trade accounts receivable - related parties	109	66
- Amounts due from related parties	(1,504)	12,708
- Supplies and spare parts	(15,243)	24,486
- Other current assets	(161,590)	226,375
- Deferred expenses	10,087	-
- Other non-current assets	2,812	(83,982)
- Trade accounts payable - others	(320,454)	(4,998)
- Trade accounts payable - related parties	984	6,496
- Other accounts payable	83,229	(107,999)
- Amounts due to related parties	655	(36)
- Accrued expenses	73,055	73,121
- Other current liabilities	(34,603)	(100,952)
Cash generated from operations	430,930	1,376,725
- Finance costs paid	(31,485)	(55,908)
- Income taxes paid	(54,217)	(45,056)
- Employee benefits paid	(85,748)	-
Net cash inflows from operating activities	259,480	1,275,761



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(Company Registration No. 0107550000017)

	Consolidated	
	For the six-month periods that ended on 31 March	
	2010	2009
	Baht'000	Baht'000
Cash flows from investing activities		
Repayments of short-term loans to related parties	-	1,140,394
Payments for short-term investments	(325,161)	-
Payments for investments in subsidiaries	(492,348)	(83,482)
Payments for other long-term investments	-	(75,758)
Proceeds from disposals of property and equipment	77,970	28,625
Proceeds from disposals of intangible assets	-	2,435
Purchases of property and equipment	(4,161,827)	(2,004,318)
Purchases of intangible assets	(5,268)	(7,512)
Net cash outflows from investing activities	(4,906,634)	(999,616)
Cash flows from financing activities		
Repayments of finance lease liabilities	(1,586)	(2,098)
Proceeds from long-term loans from financial institutions	888,778	713,167
Repayments of long-term loans from financial institutions	(255,439)	(540,469)
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	-	260,534
Net cash inflows from financing activities	4,224,404	431,134
Net increase (decrease) in cash and cash equivalents	(422,750)	707,279
Cash and cash equivalents at the beginning of period	1,450,525	1,726,430
Effects of exchange rates	(8,674)	8,007
Cash and cash equivalents at the end of the period	1,019,101	2,441,716



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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 six-month period that ended on 31 March 2010						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 (losses) for the period	-	-	-	-	(72,178)	7,298	(64,880)
Translation adjustments for investments in foreign subsidiaries	-	-	(141,558)	-	-	(27,114)	(168,672)
Ending balance as at 31 March 2010	784,748	9,819,899	(171,942)	39,717	2,903,818	639,524	14,015,764

	Company : for the six-month period that ended on 31 March 2010				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 losses for the period	-	-	-	(120,999)	(120,999)
Ending balance as at 31 March 2010	784,748	9,819,899	39,717	(35,828)	10,608,536



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(Company Registration No. 0107550000017)

Consolidated : for the six-month period that ended on 31 March 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 2008	541,205	6,470,791	(24,536)	39,717	2,261,511	385,254	9,673,942
Issuance of shares in subsidiary	-	-	-	-	-	260,534	260,534
Net profits for the period	-	-	-	-	248,390	10,572	258,962
Translation adjustments for investments in foreign subsidiaries	-	-	92,477	-	-	32,202	124,679
Ending balance as at 31 March 2009	541,205	6,470,791	67,941	39,717	2,509,901	688,562	10,318,117

Company : for the six-month period that ended on 31 March 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 2008	541,205	6,470,791	39,717	115,730	7,167,443
Net profits for the period	-	-	-	40,156	40,156
Ending balance as at 31 March 2009	541,205	6,470,791	39,717	155,886	7,207,599



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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	(5,190)	-	-	-
Issue of shares	1	250,894	243,543	3,349,108	3,592,651
As at 31 March 2010	1	790,607	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.

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 March 2010 and 2009.

As at 31 March 2010 and 2009, the registered share capital of the Company was Baht 790,607,343 and Baht 544,903,340, respectively.

As at 31 March 2010 and 2009, the paid-up share capital of the Company was Baht 784,747,743 and Baht 541,205,340, respectively.

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

As at 31 March 2010 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 March 2010 and 30 September 2009, there were no outstanding treasury shares.



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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 March 2010.

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).

Based on the auditor's reviews, nothing has come to their attention that causes them to believe that the interim consolidated and company financial statements for the second quarter that ended on 31 March 2010 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 second quarter that ended on 31 March 2010, 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.

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 second quarter that ended on 31 March 2010.



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(Company Registration No. 0107550000017)

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).

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 period.

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 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 profits.

For the calculation of the diluted earnings (losses) per share, the weighted average number of shares assuming conversion of all dilutive potential ordinary shares for the three-month and six-month periods that ended on 31 March 2010 are 535,135 shares and 578,426 shares, respectively (31 March 2009: Nil).

	For the three-month periods that ended on 31 March			
	Consolidated		Company	
	2010	2009	2010	2009
Net profits (losses) for the period attributable to ordinary shareholders of the parent (Baht'000)	(188,626)	(58,990)	(132,973)	2,196
Weighted average number of ordinary shares (Shares'000)	713,826	541,205	713,826	541,205
Basic and diluted earnings (losses) per share (Baht)	(0.26)	(0.11)	(0.19)	0.00
	For the six-month periods that ended on 31 March			
	Consolidated		Company	
	2010	2009	2010	2009
Net profits (losses) for the period attributable to ordinary shareholders of the parent (Baht'000)	(72,178)	248,390	(120,999)	40,156
Weighted average number of ordinary shares (Shares'000)	713,826	541,205	713,826	541,205
Basic and diluted earnings (losses) per share (Baht)	(0.10)	0.46	(0.17)	0.07

There is no significant impact from dilutive potential ordinary shares in issue during the three-month and six-month periods that ended on 31 March 2010 and 2009.



MERMAID MARITIME PUBLIC COMPANY LIMITED

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(Company Registration No. 0107550000017)

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

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

Consolidated		Company	
31-Mar-10	30-Sep-09	31-Mar-10	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

17.86	19.69	13.52	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

During this quarter, Mermaid Offshore Service Ltd. ("MOS") purchased the entire issued shares of Subtech Ltd. ("Subtech Ltd."), which has a 97% beneficial interest in Subtech Qatar Diving and Marine Services LLC ("Subtech Qatar"), collectively ("Subtech"). Subtech Qatar is an IMCA diving and sub-sea contractor incorporated and based in Qatar, servicing mainly the Middle East and Persian Gulf region. Based on the nature of business, Subtech is considered as part of the Subsea Engineering Group. Therefore, the revenues and gross profits of Baht 123 million and Baht 62 million of Subtech were included in the subsea engineering group results in Business Segment Information, which is presented in the Notes to the Interim Financial Statements for the second quarter that ended on 31 March 2010 ("2QFY10").

For 2QFY10, total service income of the Group was Baht 719 million, a decrease of Baht 232 million, or 24.4%, from Baht 951 million for the three-month period that ended on 31 March 2009 ("2QFY09").

The lower revenues were a result of 1) lower day rates in our subsea engineering group, which resulted in revenues of Baht 43 million (excluding revenues from Subtech of Baht 123 million in 2QFY10), or a 12.0% decrease from 2QFY09; lower asset utilisation in our drilling group, which resulted in revenues of Baht 314 million, or a 55.1% decrease from 2QFY09, offset by 2) contribution of Subtech as mentioned above. On the sub-sea engineering side, utilisation rates for 2QFY10 of 28.3% were similar to the 29.9% utilisation rate of 2QFY09 due to the period of monsoon conditions. However, we have seen day rates reduced by approximately 15% - 20% starting in this quarter. On the drilling side, utilisation rates declined from 99.4% in 2QFY09 to 50.0% in 2QFY10 as only one rig,



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

MTR-2, was working as compared with two rigs were working in 2QFY09. Another rig, MTR-1, is presently located at yard facilities in Thailand and is under negotiation for two barge accommodation contracts.

Gross losses were Baht 28 million, a decrease of Baht 148 million, or 123.3%, from gross profits of Baht 120 million for 2QFY09. The subsea engineering group generated gross losses of Baht 137 million (43.6% negative margin), excluding gross profits from Subtech of Baht 62 million, while the drilling group generated gross profits of Baht 50 million (19.5% margin). The decrease of gross profits was mainly due to the lower revenues generated in the quarter while fixed costs such as minimum crews on board and depreciation were still incurred.

Administrative expenses were Baht 144 million, an increase of Baht 13 million, or 9.9%, from Baht 131 million for 2QFY09. The increase was primarily due to administrative expenses of Subtech, which was acquired in this quarter, and Nemo Subsea, which has been acquired since last quarter, of Baht 6 million and a change in accruing bonuses starting from last quarter.

Operating losses were Baht 144 million, a decrease of Baht 163 million, or 857.9%, from operating profits of Baht 19 million for 2QFY09.

Finance costs were Baht 15 million, a decrease of Baht 8 million, or 34.8%, from Baht 23 million for 2QFY09. The lower costs were due to the lower LIBOR rate in 2QFY10 as compared with 2QFY09.

Income taxes were Baht 40 million, an increase of Baht 1 million, or 2.6%, from Baht 39 million for 2QFY09. The increase 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, offset with an increase from deferred tax assets written-off in relation to the payments of employee retentions.

Net losses were Baht 192 million, including an exchange gain of Baht 26 million, as compared to net losses for 2QFY09 of Baht 55 million, including an exchange gain of Baht 15 million. Excluding exchange gains and income taxes, net losses increased by Baht 148 million, or 211.4%. The decrease was primarily due to lower asset utilisation as mentioned above.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

Business Segment Analysis

Drilling: The drilling segment generated 35.6% and 17.4% (*) of the Group's total revenues and operating losses, respectively.

During the quarter, MTR-1 was idle and is under negotiation for two barge accommodation contracts. Under current market conditions for the drilling business, newer equipment with higher technical specifications are more competitive than older rigs. Since MTR-1 is an older rig and not competitive with the newer rigs on the market, it is challenging to secure a drilling service contract. However, we can use MTR-1 in other modes of operations, such as barge accommodation services.

MTR-2 is under contract with Chevron (Indonesia) and working in Indonesia. Average utilisation of MTR-1 and MTR-2 for the quarter was 50.0%.

Subsea Engineering: The assets in our subsea engineering segment had a 28.3% utilisation rate during the quarter and generated 60.8% and 89.6% (*) of the Group's total revenues and operating losses, respectively.

(*) Operating profits and losses 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.

Consolidated Balance Sheets

Current assets decreased by Baht 164 million, or 5.3%, from Baht 3,073 million in the last financial year ("FY09") to Baht 2,909 million in the second quarter of FY2010 ("2QFY10") due mainly to a decrease in accounts receivable of Baht 235 million, which resulted from the lower revenues during the first and second quarters of the 2010 financial year.

Non-current assets increased by Baht 3,895 million, or 33.9%, from Baht 11,482 million in FY09 to Baht 15,377 million in 2QFY10 due mainly to newbuild rig and vessels instalments and acquisitions totalling Baht 4,280 million, which were partially offset by depreciation of Baht 306 million and disposals of a vessel of Baht 76 million.

Current liabilities decreased by Baht 242 million, or 13.5%, from Baht 1,788 million in FY09 to Baht 1,546 million in 2QFY10 due mainly to payments of other accounts payable for rig and vessels milestone payments.

Non-current liabilities increased by Baht 613 million, or 29.0%, from Baht 2,111 million in FY09 to Baht 2,724 million in 2QFY10 due mainly to loan drawdowns offset with loan repayments.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

Shareholders' funds increased by Baht 3,359 million, or 31.5%, from Baht 10,657 million in FY09 to Baht 14,016 million in 2QFY10 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 78 million, or 6.1%, from Baht 1,285 million in FY09 to Baht 1,363 million in 2QFY10. This was due mainly to a decrease in current assets by Baht 164 million and current liabilities by Baht 242 million as described above.

Consolidated Cash Flow Statements for six-month period that ended on 31 March 2010

The Group had net cash provided by operating activities of Baht 259 million. This was due mainly to cash generated from operations before changes in working capital of Baht 237 million and cash inflows from working capital changes of Baht 193 million, offset with cash outflows for finance costs of Baht 31 million, income taxes paid of Baht 54 million, and employee benefits paid of Baht 86 million.

The Group had net cash used in investing activities of Baht 4,907 million. This was due mainly to payments for long-term assets of Baht 4,167 million, payments for short-term investments of Baht 325 million, and payments for additional investments in subsidiaries, Nemo Subsea, of Baht 365 million, and Subtech of Baht 127 million, offset with proceeds from disposal of property and equipment of Baht 77 million.

The Group had net cash provided by financing activities of Baht 4,224 million. This was due mainly to proceeds from the rights issue of Baht 3,593 million in relation to the rights issue and proceeds from long-term loans from financial institutions of Baht 888 million, offset by payments on long-term loans from financial institutions of Baht 255 million and finance lease liabilities of Baht 2 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



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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 period, we continue to search for work for our tender rig 'MTR-1'. As the 'MTR-1' is an older rig, it faces challenges when tendering for drilling services alongside younger tender rigs in the present market, all other things being equal. Thus in order to remain competitive during this period, we seek to provide drilling services by the 'MTR-1' on more competitive commercial terms, we have expanded our scope of services of the 'MTR-1' to also include accommodation barge services, and we have expanded our marketing efforts for both potential drilling and/or accommodation barge opportunities beyond South East Asia. At present, we continue to receive enquiries for potential work in both areas. We are also reviewing the ongoing competitiveness of the 'MTR-1' in light of the present economic conditions and future work opportunities available.

Our other tender rig 'MTR-2' continues to operate under its existing drilling contract with Chevron Indonesia, which has been extended in the interim while Chevron Indonesia waits for formal extension approval from the Indonesian regulatory authority. If the requested approval is secured, the 'MTR-2' is expected to have its contract formally extended until the second financial quarter of 2011 at higher day rates. In the meantime, utilization of this rig has remained at near full levels. Although the 'MTR-2's age is around the same as 'MTR-1', the 'MTR-2' had undergone refurbishment and upgrade in 2006-2007 thus allowing it to remain competitive and continue to be contracted during this time.

Our new build tender rig 'KM-1' is still undergoing construction completion at its yard in Malaysia and still expected to be delivered within this 2010 financial year. The rig is scheduled to proceed immediately on delivery to Petronas Malaysia where it is contracted on a five year term.

For tender rigs currently under contract, a reasonable utilization rate is still observed to be experienced across the global tender rig fleet. As oil prices continue to stabilize and the global economic recovery continues, we expect to see additional requirements for tender rigs. We also believe that day rates have stabilized and as additional rigs secure new contracts, there will be 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.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

There has been recent news highlighting the risk of offshore oil and gas drilling, particularly in the Gulf of Mexico. On this point, health, safety and environmental (HSE) issues remain a key focus in our operations and our HSE standards and performance continue to be in line with global industry best practice.

Subsea Engineering

This season continues to see us in the monsoon period where vessel utilization levels have been observed to be traditionally lower across the sub-sea services industry. In our second financial quarter of 2010, we experienced overall sub-sea vessel utilization that was generally similar to those levels we had experienced during the same financial period in 2009. Our average utilization levels for our specialized DP2 Dive Support Vessels (DSVs) were also generally similar to those levels experienced during the same financial period in 2009.

We continue to observe and answer a surge in requests for vessel availability as many oil and gas companies are understood to be re-activating their work programmes and other projects that had been delayed. However, few contract awards have been made to date and we are still waiting for the outcome from most of them due to their long tender submission validity periods. Due to present vessel availability, we have observed temporary downward pressure on day rates as contractors compete for the same limited but immediately available contracts. We anticipate that as more contracts begin to be awarded thus reducing vessel availability, day rates should normalize. During this time, we have also observed our peers to be encountering similar predicaments, both in the areas of slower than expected contract awards, lower vessel utilization, temporary pressure on day rates and hence bottom line financial results.

In the second financial quarter of 2010, we executed our plan to purchase our chartered-in vessel DP2 DSV 'Mermaid Siam' and also took delivery of the DP2 DSV 'Mermaid Asiana'. We also acquired Subtech Ltd., a Qatar-based sub-sea diving contractor, in order to expedite our entry into the Middle East and Persian Gulf region. The only vessel that remains on order to us is the DP2 DSV 'Mermaid Endurer', which is currently completing sea trials. We expect to take delivery of this vessel within the third financial quarter of 2010. With the delivery of the DP2 DSV 'Mermaid Asiana' and the DP2 DSV 'Mermaid Endurer', we would have doubled our fleet of DP2 DSVs, a move which is in line with our strategic plan to accommodate market opportunities that have highlighted a potential continuation in demand for our DP2 DSV fleet.

As submitted tenders begin to be turned into contract awards, we have secured a maiden contract for the DP2 DSV 'Mermaid Asiana' with a commencement scheduled during the third financial quarter of 2010, and have observed our order books for other sub-sea vessels to be filling up for the rest of the calendar year 2010. At present, our sub-sea services order book stands at about USD 50 million, which we expect to be performed and completed by this calendar year 2010. As results of outstanding tenders continue to fruition, we expect to further secure work for our fleet including potentially some long-term charters ranging from two to five years.



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

Throughout this time, our operational performance and safety standards continue to remain high and in line with global best industry practice. We were also recently a recipient of Chevron Thailand's 2009 Outstanding Contractor and Outstanding Crew award in relation to sub-sea pipeline and platform inspection services performed, including an 'A' performance rating for health, safety and environment (HSE) standards.

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



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

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: Revenues (in relation to revenues 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.

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 six-month period that ended on 31 March 2010 and 2009 and balance sheets as at 31 March 2010 and 30 September 2009 can be summarised as follows:

	Net effects on Consolidated Income Statement for the six-month period that ended on 31 March 2010		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	1,795.58	1,795.58	-
Total cost of services	1,577.41	1,577.41	-
Administrative expenses	256.28	256.27	(0.01)
Operating profits	9.93	(20.11)	(30.04)
Net profits (losses) for period	(64.88)	(94.92)	(30.04)



MERMAID MARITIME PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand)
(Company Registration No. 0107550000017)

	Net effects on Consolidated Income Statement for the six-month period that ended on 31 March 2009		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total service income	2,533.71	2,533.71	-
Total cost of services	1,952.60	1,952.60	-
Administrative expenses	239.05	239.03	(0.02)
Operating profits	406.51	437.39	30.88
Net profits (losses) for period	258.96	289.84	30.88

	Net effects on Consolidated Balance Sheet as at 31 March 2010		
	Thai GAAP	IFRS	Changes
	Million Baht	Million Baht	Million Baht
Total current assets	2,908.87	2,952.66	43.79
Total non-current assets	15,376.78	15,429.12	52.34
Total current liabilities	1,545.61	1,573.68	28.07
Total non-current liabilities	2,724.27	2,763.13	38.86

	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 that may render the unaudited financial results for the second quarter that ended on 31 March 2010 of the Group and the Company to be false or misleading.

BY ORDER OF THE BOARD

M.L. Chandchutha Chandratat
Executive Chairman
13 May 2010