

MERMAID MARITIME PUBLIC COMPANY LIMITED

Analyst Presentation

Financial Quarter 03/2010

1 September 2010





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Analysis of consolidated P&L statement





Consolidated P&L statements

Period: Q3/09 vs Q3/10 vs Q2/10 (3-month period)



	Q3/09	Q3/10	Q2/10	Increase (decrease) between Q3/10 vs Q2/10		Selected Explanation
	30/06/09	30/06/10	31/03/10	USD'000	%	
	USD'000	USD'000	USD'000			
Service income	44,990	27,166	22,165	5,001	23	Increased mainly due to subsea group's revenues of USD 3.9 million and survey group's revenues of USD 1.1 million which resulted from higher utilisation rate from 28% in Q2/10 to 57% in Q3/10.
Cost of services	(28,588)	(23,993)	(23,016)	977	4	Increased mainly due to an increase in subsea's cost of services which was related to an increase of business activities.
Gross profit (losses)	16,402	3,173	(851)	4,024	473	
Interest income	51	33	11	22	200	
Gains (losses) on exchange rates	(1,101)	(346)	787	(1,133)	(144)	Decreased due to losses on translation of cash at bank holding in USD because of strengthening of Thai Baht currency as at 30 June 2010 as compared to 31 March 2010.
Net gains (losses) on disposal and write-off of property, plant and equipment	12	390	39	351	900	Increased mainly due to gain from claim on equipment damaged from operations of USD 0.4 million
Losses on disposal of investments	-	(5,503)	-	5,503	100	Increased due to loss on sales of investments in subsidiaries and associates (MKR1 and MKL, subsidiaries, and KMD, associate). Another loss of USD 1.85 million was recognised in retained earnings from previous consolidation. Therefore, total loss is USD 7.35 million.
Other income	212	110	-	100	100	
Administrative expenses	(3,269)	(4,728)	(4,434)	294	7	Increased due mainly to an increase in staff costs of Subtech of USD 0.3 million which resulted from an acquisition in Q2/10 (one month in Q2/10).
Operating profit (losses)	12,307	(6,871)	(4,448)	(2,423)	(54)	



Consolidated P&L statements

Period: Q3/09 vs Q3/10 vs Q2/10 (3-month period)



	Q3/09	Q3/10	Q2/10	Increase (decrease) between Q3/10 vs Q2/10		Selected Explanation
	30/06/09	30/06/10	31/03/10			
	USD'000	USD'000	USD'000	USD'000	%	
Share of profits (losses) from associates	5	220	233	(13)	(6)	
Profits (losses) before finance costs and income taxes	12,312	(6,651)	(4,215)	(2,436)	(58)	
Finance costs	(788)	(918)	(467)	451	97	Increased relative to an increase in loans from financial institutions from USD 101 million in Q2/10 to USD 144 in Q3/10.
Profits (losses) before income taxes	11,524	(7,569)	(4,682)	(2,887)	(62)	
Income taxes	(1,374)	(931)	(1,234)	(303)	(25)	Decreased due mainly to a deferred tax asset derecognition of USD 0.6 million in Q2/10 compared to a deferred tax derecognition of USD 0.3 million in Q3/10 which resulted from a payment of employee benefits to the crews in Q2/10 of USD 2.1 million compared to USD 0.7 million in Q3/10.
Net profits (losses) for the period	10,150	(8,500)	(5,916)	(2,584)	(44)	
EBITDA (Including FX Impact)	16,691	4,464 *	752	3,712	494	* Excluding losses on disposal of investments
EBITDA (Excluding FX Impact)	17,792	4,810 *	(35)	4,845	13,843	

Segmental analysis

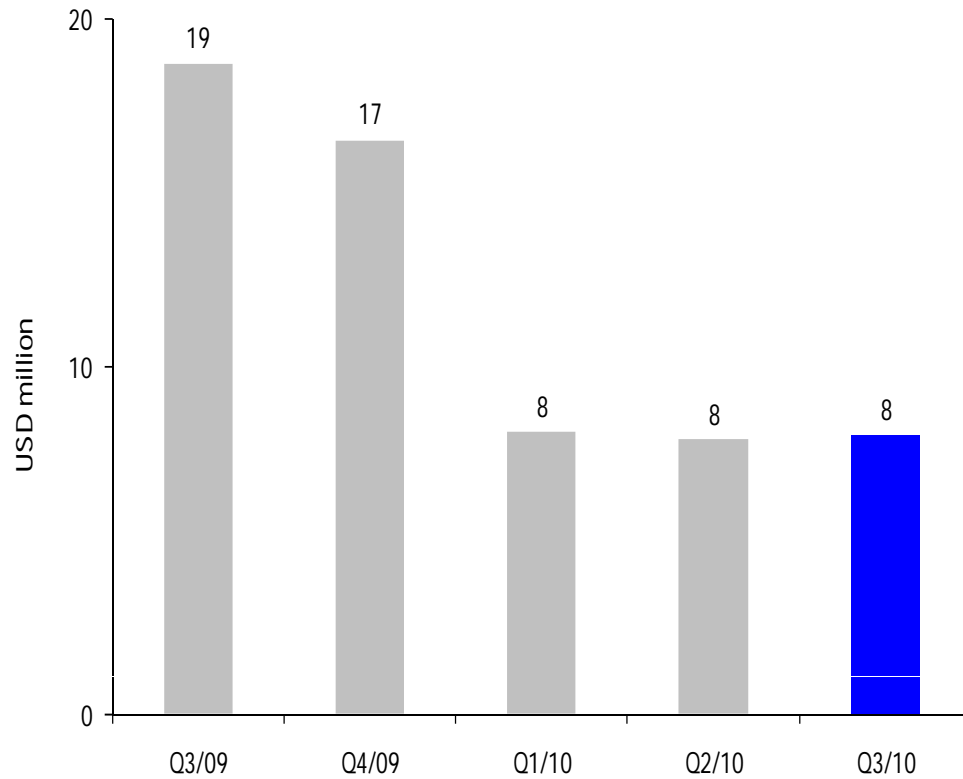




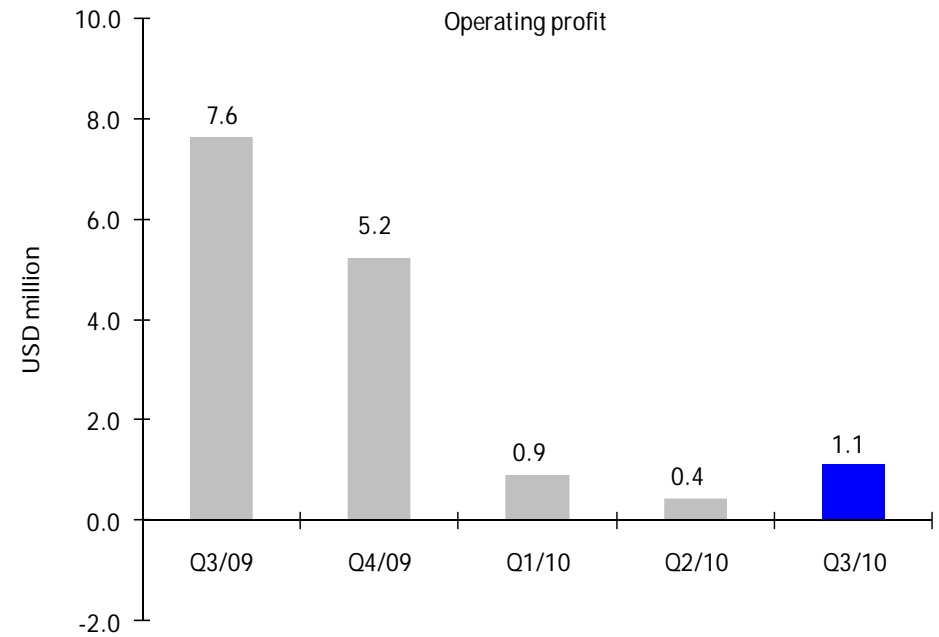
Mermaid Drilling



Service Income



Operating profit and margin (Excl. Forex and Loss on sales of investments in MKR1)



Operating margin				
Q3/09	Q4/09	Q1/10	Q2/10	Q3/10
41%	32%	11%	5%	14%

Mermaid Drilling's performance driven by MTR-2



Mermaid Drilling



MTR-1

- ❁ MTR-1 mobilised in August 2010 to the Middle East following a USD 3.2 million contract award to work for 5 months as an accommodation barge.
- ❁ Ongoing discussions with several potential clients for MTR-1 to continue post contract completion in FQ2/2011 as an accommodation barge or to return to drilling mode.

MTR-2

- ❁ Contract extension to FQ2/2011 signed with Chevron in Indonesia with an increased day rate and a potential value of USD 24.5 million.
- ❁ Achieved one year with no lost time incident and utilization of > 99%.
- ❁ Active discussions with several potential clients to contract MTR-2 post contract completion in FQ2/2011.

Both MTR-1 & MTR-2 are now under contract until FQ2/2011



Mermaid Drilling



Other Business

- ❁ Sale completed of share in KM-1 rig for a net receipt of USD 66.6MM with recognized loss of approximately USD 7.35MM.
- ❁ In active discussions with vendors and yards on several acquisition/new-build opportunities including high specification jack-up rigs.

Market Outlook

- ❁ Market showing some pick-up in demand for tender rigs with contract extensions, and new contracts becoming available.
- ❁ Preference for newer rigs and equipment observed, some client tenders stipulate maximum age restrictions.
- ❁ Rates for high specification and newer jack-ups remain particularly robust.

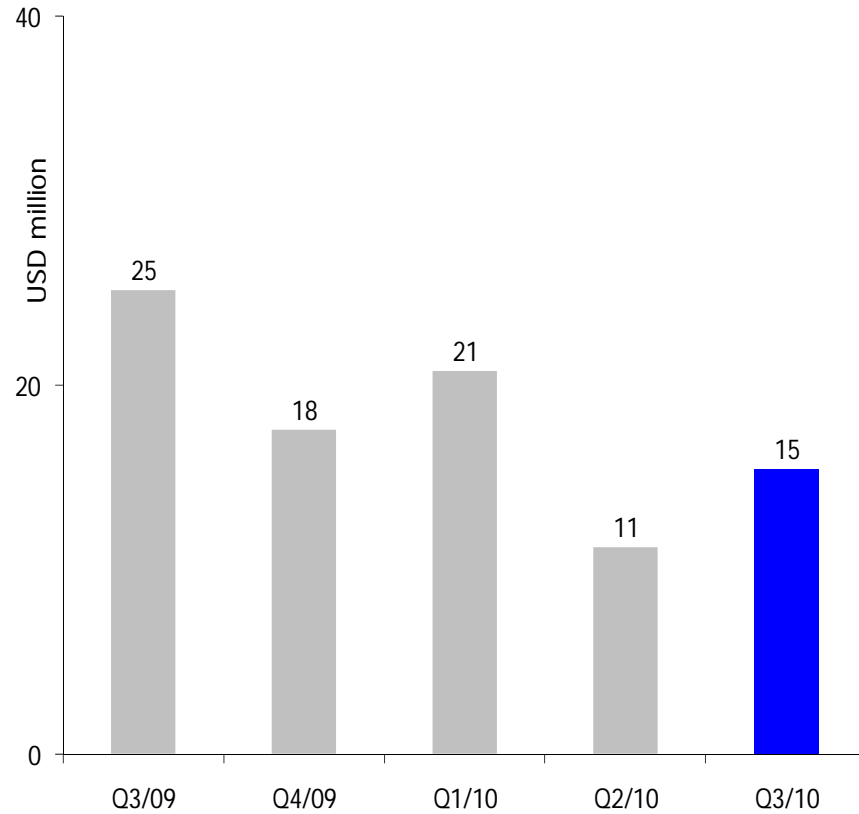
Mermaid Drilling is actively exploring expansion opportunities



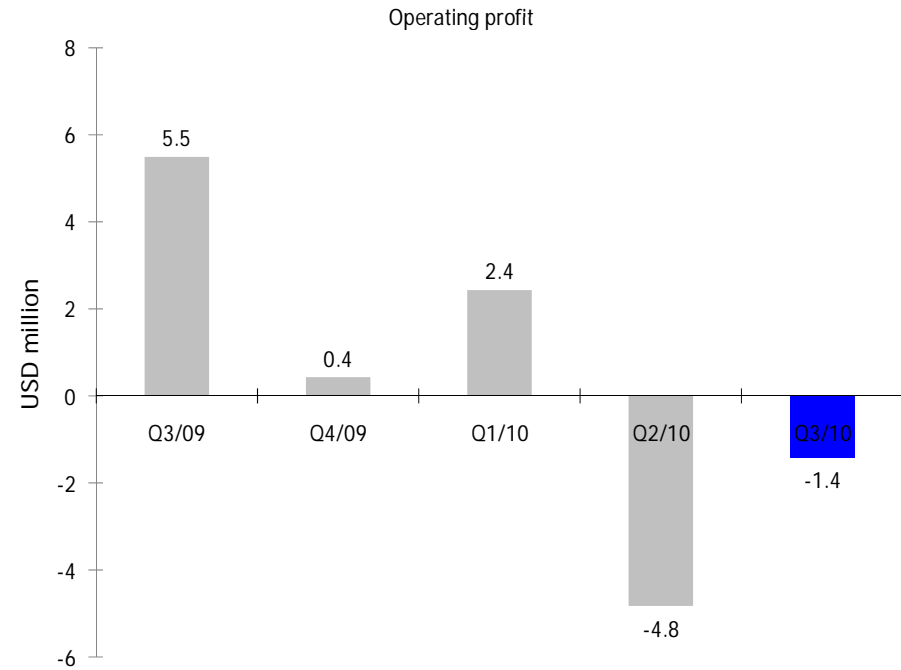
Mermaid Offshore Services



Service Income



Operating profit and margin (Excl. Forex)



Operating margin				
Q3/09	Q4/09	Q1/10	Q2/10	Q3/10
22%	3%	12%	-43%	-9%

Performance lower than expected



Mermaid Offshore Services



Utilization

- ❁ FQ3/2010 utilization a little lower than FQ3/2009 with continued pressure on rates.
- ❁ Many tender awards delayed or cancelled due to continued uncertainty in the market. Order book remains at approximately USD 50 million.

Business Update

- ❁ Agreed to divest share in AME for approx. USD 23.5MM, realising a gain on initial investment of approx. USD 12MM in 2.5 years. Deal expected to close this week.
- ❁ Newbuild DP2 DSV 'Mermaid Asiana' already completed her maiden project to budget and without incident.
- ❁ Newbuild DP2 DSV 'Mermaid Endurer' delivered June 2010 and has completed all manned dive trials and is ready for operations.

New DP2 DSVs now ready for operations



Mermaid Offshore Services



Other Business

- Seascope Surveys continues to compliment Mermaid Offshore's service solutions and also providing survey and related services independently.
- Synergy with Subtech has already led to offers of work for Seascope Surveys in Middle East.

Market Outlook

- Subsea market outlook remains challenging with continued pressure on rates.
- Industry analysts forecast improving market conditions in mid 2011 based upon an increase in EPIC contract awards in the past few months.

Market conditions remain weak with improvement expected in 2011

Financial Ratios and Debt Repayment Schedule





Selected financial ratios



	Q3/10	Q2/10
Average receivable turnover (days)	109	111
Average payable turnover (days)	19	23
Net debt to equity ratio (times)	0.20	0.14
Net asset value per share* (USD)	0.52	0.55
Net debt to EBITDA** (times)	3.28	1.65

* using outstanding issued shares at end of period

** excluding losses on sales of investments in subsidiaries (MKR1 and MKL) and associates (KMD)

Strong cash position for debt repayment



Debt repayment schedule



I) As at 30 June 2010, total outstanding long-term debt was equivalent to USD 144.3** million

Loan Repayment Schedule (USD Million)									
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Repayment amount	4.7	27.0	25.9	17.8	15.4	10.9	10.5	7.2	24.9

** Any loan in Thai Baht is converted to USD by using selling rate as at 30 June 2010.

II) As at 30 June 2010, undrawn loan facilities for vessel acquisition and vessel upgrade are as follows:

	USD Million
Mermaid Endurer – vessel acquisition	51.2
Mermaid Siam (“Team Siam”) – vessel upgrade	11.6
Total	62.8

99% of total debt denominated in USD including loan swap

Analysis of consolidated balance sheet





Consolidated balance sheets as at 30 June 2010 and 31 March 2010



Assets	30 Jun 10	31 Mar 10	Change 30 Jun 10 vs 31 Mar 10		Selected Explanation
	USD'000	USD'000	USD'000	%	
Cash & Deposits (included of fixed deposits not over 12 months presented as short-term investments)	74,123	51,290	22,833	45	Increased mainly due to the loan drawdown of USD 22.1 million.
Trade Debtors	28,529	24,726	3,803	15	Increased due to an increase in revenues from USD 22.2 million in 2QFY10 to USD 27.2 million in 3QFY10.
Related Debtors	1	1	1	100	
Supplies and Spare Parts	4,116	3,951	165	4	Increased due to an increase of gas for saturation diving on board for Mermaid Asiana.
Other Current Assets	4,780	9,691	(4,911)	(51)	Decreased mainly due to an advance to suppliers in MKR1 of USD 4.8 million which resulted from the disposals of investments in subsidiaries (MKR1 and MKL).
Other receivables	56,600	-	56,600	100	Increased due to sales of investments in subsidiaries and associate (MKR1 and MKL, subsidiaries, and KMD, associate)
Investments in associates classified as held for sale	12,568	-	12,568	100	Increased due to reclassification from investments in associates which was previously presented in non-current assets.
Other L-T Assets	21,609	35,700	(14,091)	(39)	Decreased mainly due to a reclassification of investments in associates to current assets and a decrease in deferred expenses of USD 1.4 million which resulted from a disposal of investments in MKR1.
Property, Plant, and Equipment and Intangible Assets, net	370,953	438,248	(67,295)	(15)	Decreased mainly due to divestment in newbuild rig KM-1 of USD 105.5 million through disposals of investments in subsidiaries (MKR1&MKRL) and depreciation of USD 5.6 million. These were partially offset by new acquisitions in Mermaid Asiana of USD 8.9 million and Mermaid Endurer of USD 35.9 million.
Total Assets	573,279	563,606	9,673	2	



Consolidated balance sheets as at 30 June 2010 and 31 March 2010



Liabilities	30 Jun 10	31 Mar 10	Change 30 Jun 10 vs 31 Mar 10		Selected Explanation
	USD'000	USD'000	USD'000	%	
Trade Creditors	5,056	4,225	831	20	Increased due to costs of services increased from USD 23.0 million in Q2/10 to USD 23.9 million in Q3/10.
Related Creditors	173	337	(164)	(49)	
Current Portion: L-T Borrowings	25,268	17,979	7,289	41	See L-T borrowings
Other Current Liabilities	15,626	25,098	(9,472)	(38)	Decreased mainly due to a decrease of non-trade payables of USD 8.4 million which resulted from disposals of investments in a subsidiary (MKR1) and settlements of income tax payable of USD 0.7 million.
Other Non-Current liabilities	679	491	188	38	
L-T Borrowings	119,648	83,477	36,171	43	Net increased (USD 43.5 million) mainly due to : -additional loan drawdown of USD 62.2 million; offset with -decreased from disposals of investments in a subsidiary (MKR1) of USD 15.9 million; - gain on foreign currency exchange rate of USD 0.4 million; and - loan repayments of USD 3.2 million.
Total Liabilities	166,450	131,607	34,843	26	



Consolidated balance sheets as at 30 June 2010 and 31 March 2010



Equity	30 Jun 10 USD'000	31 Mar 10 USD'000	Change 30 Jun 10 vs 31 Mar 10		Selected Explanation
			USD'000	%	
Share Capital & Share premium	326,860	326,860	-	-	
Legal reserves	1,224	1,224	-	-	
Shareholders Funds	81,194	89,502	(8,308)	(9)	Decreased from net loss in Q3/10.
Difference of translation adjustment	(5,276)	(5,299)	23	1	
Minorities	2,827	19,712	(16,885)	(86)	Decreased mainly due to disposals of investments in subsidiaries (MKR1 and MKL) of USD 17.5 million.
Total Equity	406,829	431,999	(25,170)	(6)	
Total Liabilities + Equity	573,279	563,606	9,673	2	

Questions & Answers

