

A Leader in Drilling and Sub-sea Engineering Services in South East Asia



Prospectus dated October 9, 2007

(Registered by the Monetary Authority of Singapore on October 9, 2007)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.



Mermaid Maritime Public Company Limited

(Registered in the Kingdom of Thailand as a company with limited liability,
registration number 010755000017)

Offering in respect of 140,000,000 Offering Shares
(subject to the Over-allotment Option)

Minimum size of the Public Offer: 7,000,000 Offering Shares
Maximum Offering Price: S\$1.56 per Offering Share

This is the initial public offering of our ordinary shares of par value Baht 1 each (the "Shares"). We are offering 140,000,000 new Shares (the "Offering Shares") for subscription by investors at the Offering Price (as defined below) (the "Offering"). The Offering will consist of (i) an international placement (the "Placement") to investors, including institutional and other investors in Singapore, outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and (ii) a public offer in Singapore (the "Public Offer"). The minimum size of the Public Offer is 7,000,000 Offering Shares. Investors applying for Offering Shares by way of Application Forms or Electronic Applications (both as referred to in the instruction booklet entitled "Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore" described below) under the Public Offer will pay the maximum offering price of S\$1.56 per Offering Share (the "Maximum Offering Price"). The offering price for each Offering Share (the "Offering Price") will not be more than the Maximum Offering Price.

The Offering will be underwritten by Macquarie Securities (Singapore) Pte Limited, acting as the Sole Global Coordinator, Bookrunner and Underwriter (the "Global Coordinator"), BNP Paribas Capital (Singapore) Ltd and DBS Bank Ltd, acting as Co-Lead Managers and Underwriters (collectively the "Underwriters") at the Offering Price, if the Offering Price is agreed between the Global Coordinator and us.

There is currently no public market for our Shares. We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list all our Issued Shares, including the Offering Shares, the Additional Shares (as defined below), if any, and the new Shares to be issued pursuant to the exercise of options under the Mermaid Share Option Plan (the "Plan") on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for our Offering Shares will be conditional upon, among other things, (i) permission being granted to deal in and for quotation of all our Issued Shares, the Offering Shares, the Additional Shares and the new Shares to be issued pursuant to the exercise of options under the Plan and (ii) registration of the increase in our issued and paid-up share capital with, and acceptance of the new list of Shareholders pursuant to the Offering by, the Ministry of Commerce of Thailand ("MOC"). Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and without any right or claim against us, the Issue Manager or the Underwriters, if these conditions are not fulfilled. Notwithstanding the foregoing, you should note that once the condition set out in paragraph (i) above has been fulfilled, monies paid in respect of applications for the Offering Shares cannot, under the laws of Thailand, be refunded to successful applicants. In respect of the above statement, investors' attention is drawn to the paragraph headed "Risk Factors – Risks relating to the ownership of our Shares – Investors may not have their application monies returned to them either on a timely basis or at all, if our Shares are not listed on the SGX-ST".

We have received a letter of eligibility from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST in accordance with our application to the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this document (the "Prospectus"). Our eligibility to list on and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, us, our subsidiaries or our Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on September 10, 2007 and October 9, 2007, respectively. The Authority assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares or the Additional Shares (if the Over-allotment Option (as defined below) is exercised) being offered or in respect of which an invitation is made for investment.

We have obtained the approval of the Securities and Exchange Commission of Thailand (the "SEC") for the offering of the Offering Shares in the Offering. Approvals or permissions received from the SEC do not constitute a guarantee by the SEC as to our performance or creditworthiness. Accordingly, in giving those approvals or permissions, the SEC will not be liable for our performance or default and accepts no responsibility for our financial soundness, our subsidiaries or any proposal or for the correctness of any opinion or statement expressed in this Prospectus or any other documents.

No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority. The Offering will not be made in Thailand.

See "Risk Factors" herein for a discussion of certain factors to be considered in connection with an investment in the Offering Shares.

If the Shares are held through the Central Depository (Pte) Limited ("CDP"), CDP will be the only holder of record of the Shares being offered under this Offering and, accordingly, as a matter of Thai law, the only person or entity recognized as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. However, as CDP is not permitted under Thai law to split its vote with regard to the Shares that it holds, CDP has indicated that neither CDP nor any of its designees will exercise any right to attend, speak or vote at any shareholders' meeting in respect of the Shares deposited with CDP investors that desire to attend shareholders' meetings and exercise their voting rights under their names with regard to Shares beneficially owned by them will be required to transfer their Shares out of the CDP system and have the share transfer registered in the share register book. As a result of the time and cost involved in such a transfer, it will be highly impractical for investors who desire to vote at and attend shareholders' meetings to transfer their Shares out of the CDP system. In addition, a Shareholder who transfers his Shares out of the CDP system will not be able to trade the Shares on SGX-ST unless he first transfers his Shares back into the CDP system. Your attention is drawn to the section headed "Specific Risk Factor – Your Ability to Vote at Shareholders' Meetings Will Be Limited".

In connection with the Offering, we have granted the Global Coordinator an over-allotment option (the "Over-allotment Option") exercisable by it, in full or in part, on one or more occasions no later than the earliest of (i) the date falling 30 days from the Listing Date (as defined below); (ii) the date when the Global Coordinator, acting as Stabilizing Manager has bought, on the SGX-ST, an aggregate of 18,000,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing actions; or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to subscribe for up to an additional 18,000,000 Shares (the "Additional Shares") (which is in aggregate not more than 15.0% of the total number of Offering Shares), at the Offering Price solely to cover over-allotments, if any. If the Over-allotment Option granted by us is exercised in full, the total number of issued and existing Shares immediately after the completion of the Offering will be 541,205,340 Shares.

The Offering Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Offering Shares are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S under the Securities Act and within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act ("Rule 144A"). Prospective investors are hereby notified that the seller of our Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Our Shares are not transferable except in accordance with the restrictions described under "Transfer Restrictions".

The Maximum Offering Price of S\$1.56 is payable in full on application under the Public Offer and is subject to refund if and to the extent that the Offering Price is less than the Maximum Offering Price. Investors for the Placement are required to pay the Offering Price. In addition, investors for the Placement may be required to pay a brokerage fee of up to 1.0% of the Offering Price in connection with their subscription of Offering Shares. See "Plan of Distribution". The Offering Price will be determined following a bookbuilding process by agreement between the Global Coordinator and us on a date currently expected to be on or about October 11, 2007 (the "Price Determination Date"), which date is subject to change. If for any reason the Offering Price is not agreed between the Global Coordinator and us, the Offering will not proceed. Notice of the Offering Price, if agreed, will be published in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* or *Lianhe Zaobao* not later than two calendar days after the Price Determination Date.

References in this Prospectus to "hereof", "herein" or "this document" should be construed as being references to this Prospectus.

All copies of this Prospectus distributed in Singapore must be accompanied by the instruction booklet entitled "Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore", which constitutes part of this Prospectus lodged with and registered with the Authority.



MACQUARIE

Sole Global Coordinator, Bookrunner and Underwriter

Macquarie Securities (Singapore) Pte Limited

Issue Manager

Macquarie Securities (Asia) Pte Limited

Co-Lead Managers and Underwriters

BNP Paribas
Capital (Singapore) Ltd

DBS Bank Ltd

Our business

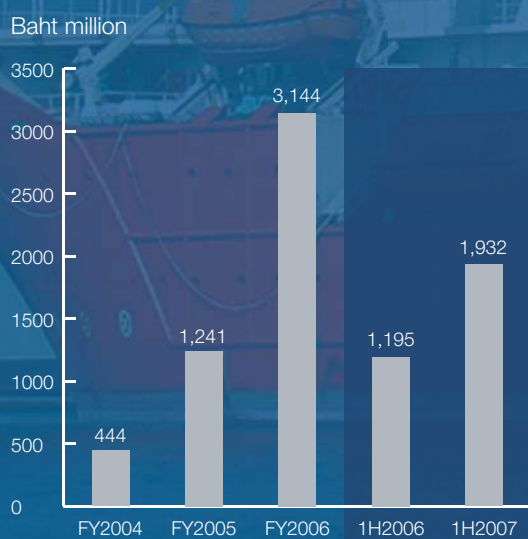
Mermaid Maritime Public Company Limited is a leading provider of drilling and sub-sea engineering services for the oil and gas industry in South East Asia. Over the last five years we have grown significantly in the areas of sub-sea engineering, and more recently, drilling services for the offshore oil and gas industry. We have established ourselves as a company recognized by the industry for high quality services, delivered safely and efficiently.

We have developed a strong blue chip client base that includes some of the world's largest oil and gas-related companies. Clients such as Chevron, CUEL and PTT Exploration and Production PCL each accounted for 5.0% or more of our sales in any one of the periods under review. Some of our other clients include BP, Shell, ExxonMobil, Saipem, Transocean, Petronas and Amerada Hess. We operate throughout South East Asia, primarily in Thailand, Indonesia, Malaysia and Vietnam.

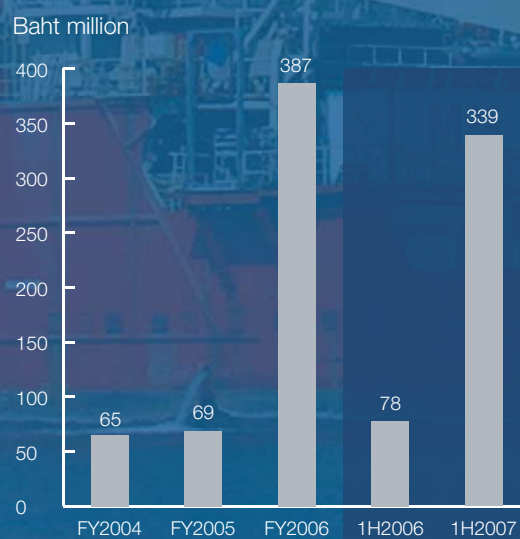
We provide drilling services through our majority-owned (95.0%) subsidiary, Mermaid Drilling Ltd. ("MDL"), which currently has two tender rigs. We provide sub-sea engineering services through our wholly owned subsidiary, Mermaid Offshore Services Ltd. ("MOS"). MOS provides sub-sea inspection, repair and maintenance services, light construction services and emergency repair and call out services in South East Asia. The MOS fleet consists of four vessels which it owns, in addition to one dynamic positioning ("DP") construction vessel and one remotely operated vehicle ("ROV")/air dive support vessel, both of which it charters.

Our strong financial performance

Sales of services and goods



Profit for the year



Our competitive strengths

Established operational track record in South East Asia

We are one of the largest sub-sea engineering services providers operating in South East Asia. We have over 10 years of experience in providing sub-sea engineering services and over 25 years experience in servicing the oil and gas industry in South East Asia. In 2005, we commenced the provision of drilling services to the South East Asian market. We have successfully built a client base of independent and national oil and gas companies providing repeat business in Thailand, Indonesia, Malaysia and Vietnam.

Strong client relationships and reputation

We have built a reputation with our client base in South East Asia as a leader in providing sub-sea engineering services, by consistently delivering high quality services, safely and efficiently. Our efficient tender rigs and experienced personnel with strong technical expertise and commitment to safety have also enabled us to develop strong relationships with major oil and gas companies operating in South East Asia.

Superior service and cost effectiveness through ownership of assets and facilities

We own and operate two tender rigs, four support vessels (one of which has its own saturation diving system), including one dynamically positioned dive support vessel ("DP DSV"), air and saturation dive systems and a fleet of ROVs. We believe the ownership of our sub-sea engineering assets as opposed to chartering gives us the ability to: (i) provide superior and customized services to our clients; (ii) maintain better control of our operating costs; and (iii) provide competitive market pricing. Asset ownership also results in client recognition that we are a committed sub-sea engineering services provider. This allows for longer-term relationships with our clients.

Our two principal business operations reduce our earnings volatility

Our drilling business services the upstream sector whilst the sub-sea engineering business typically services the downstream sector. By servicing both the upstream and downstream sectors, we seek to reduce the volatility in our earnings. Our drilling services contracts are generally longer-term in nature while our sub-sea engineering contracts are generally shorter-term in nature. By having a mix of both longer-term and shorter-term contracts we seek to reduce the volatility in our sales and maximize our profits by locking in longer-term contracts when rates are favorable, particularly in relation to our drilling contracts, and using shorter-term contracts when they are not.

Experienced management

Our senior management has an average of over 20 years of experience in providing drilling or sub-sea engineering services around the world. Members of our senior management have extensive operational experience with recognized industry leaders operating in all major offshore oil and gas locations. Our management has a proven track record of growing businesses through acquisitions and organically. Our management has overseen the acquisition and successful integration of our two tender rigs and four support vessels.

Focus on niche tender rig drilling services

Our drilling segment is focused on serving clients in the niche tender rig drilling market primarily in South East Asia. We believe our primary focus on, and commitment to, South East Asia will enable us to maintain our competitive position in the market.



Our strategies and key objectives

Further expand our tender rig drilling operations

MDL has entered into discussions with tender rig builders for the potential new building of two tender rigs, although no contract has yet been awarded. Should a contract award be made, MDL expects to take delivery of one new build tender rig at the earliest by the end of 2009. If MDL exercises its option for the second new build under the above-mentioned potential contract, it expects to take delivery of this new build by around the middle of 2010. Both tender rigs are to be deployed for work in South East Asia and MDL intends to enter into a client contract at around the same time as it awards the contract for the first new build.

Further expand our sub-sea engineering operations

MOS has entered into discussions with shipyards for the new building of a DP vessel, although no contract has yet been awarded. Should a contract award be made, MOS expects to take delivery of the vessel by early 2009. MOS has also entered into a contract with a ship owner to charter a new DP DSV vessel due for delivery in 2009. This vessel has been designed for specific client demand in Malaysia, but the specifications provide us flexibility to use it to service our other sub-sea engineering clients in other jurisdictions. MOS has an option to purchase this vessel following three years of charter. Based on client indications and our market assessments, we expect high demand for this vessel's capabilities and believe we will achieve high utilization. MOS also intends to acquire a stake in a sub-sea engineering company in South East Asia.

Exploit opportunities outside our primary focus area

Although our primary focus is on the South East Asian countries of Thailand, Indonesia, Malaysia and Vietnam, MDL and MOS are well placed to take advantage of global market opportunities as they arise. We have an established reputation with our existing client base, many of which are blue chip companies who operate globally. MOS also

plans to continue to expand the geographic focus of its operations from the markets it currently serves, to other regions in Asia, including Cambodia, Brunei, China and India. In furtherance of this strategy, we secured the charter of Binh Minh, an ROV/air dive support vessel. We believe that securing the Binh Minh has strengthened MOS' access to the markets in Vietnam and South China.

Continue to develop strong client relationships

Our objective is to be a preferred provider of drilling and sub-sea engineering services to our clients. We will continue to focus on consistently delivering high quality services, safely and efficiently. Contracts with major oil and gas companies constitute the majority of our business. We continually monitor our clients' current and future needs and seek to recognize opportunities to capitalize on our strengths.

Optimize mix of longer-term and shorter-term contracts in our portfolio

We believe that longer-term contracts provide us greater stability and utilization rates in our operations. Entering into longer-term contracts, however, also poses the risk of locking into below-market rates if market rates continue to rise. As a result, we will seek to actively manage our portfolio of client contracts by entering into both longer-term and shorter-term contracts, thus enabling us to benefit from changes in the cyclical nature of our business. We believe this strategy will allow us to maintain high fleet utilization levels and strong financial performance in down cycles, while taking advantage of improving markets and rates during up cycles.

Important dates for investors

Public Offer opens on October 9, 2007 at 12:00 p.m.
Public Offer closes on October 11, 2007 at 5:00 p.m.
Commence trading on a "ready" basis on October 16, 2007 at 9:00 a.m.

The above timetable is indicative only and, subject to change at our discretion, in consultation with the Global Coordinator.



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NOTICE TO INVESTORS

You should rely only on the information contained in this document in making an investment decision with respect to our Shares. Neither we, the Underwriters nor the Issue Manager (together with the Underwriters, the “Managers”) have authorized anyone to provide you with any additional or different information. This document may only be used where it is legal to offer and sell our Shares. The information in this document may only be accurate as of the date of this document. You should be aware that since the date of this document there may have been changes in our business or otherwise that could affect the accuracy or completeness of the information set out in this document.

In connection with the Offering, the Global Coordinator (also the “Stabilizing Manager”) may over-allot or effect transactions that stabilize or maintain the market price of our Shares at levels above those that would otherwise prevail in the open market. Those transactions may be effected on the SGX-ST in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. Stabilizing, if commenced, may be discontinued at any time and may not be effected after the earliest of (a) the date falling 30 days from the Listing Date; or (b) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 18,000,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing actions; or (c) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

We are furnishing this document on a confidential basis in connection with an offering exempt from registration under the Securities Act and applicable state securities laws solely for the purpose of enabling prospective investors to consider the subscription of our Shares in the Offering. The information contained in this document has been provided by us and other sources identified in this document. Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein is prohibited, except to the extent such information is otherwise publicly available.

No person is authorized to give any information or to make any representation not contained in this document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or the Managers. Neither the delivery of this document nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, conditions and prospects of our Shares since the date hereof. In the event of a change or development that is reasonably likely to involve a material adverse change in the affairs, conditions or prospects of our Company or our Shares, or is required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this document or a supplementary or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with the said sections. Investors should take notice of such announcements or documents and upon release of such announcement and documents shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by us, the Managers or any of our or their affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this document is, or shall be relied upon as, a promise, representation or covenant by the Managers or their affiliates, directors, officers, employees, agents, representatives or advisers.

Our Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons, except as permitted under the Securities Act and applicable state securities laws pursuant to registration or an exemption from registration under the Securities Act. You should be aware that you may be required to bear the risk of an investment in our Shares for an indefinite period of time. See “Transfer Restrictions” for more information on these restrictions.

The distribution of this document and the offer and sale of the Shares offered hereby are restricted by law in certain jurisdictions. You should inform yourself about, and comply with, all applicable laws and regulations in force in any jurisdiction in connection with the distribution of this document and the offer and sale of our Shares. This document does not constitute an offer of, or an invitation to purchase, any of our Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this document has been issued shall not circulate to any other person, reproduce or otherwise distribute

this document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

None of us, the Managers or any of our or their affiliates, directors, officers, employees, agents, representatives or advisers are making any representation or undertaking to any investors in our Shares regarding the legality of an investment by such investor under appropriate legal, investment or similar laws. In making an investment decision, you should rely on your own examination of our Company and the terms of this Offering, including the merits and risks involved. You should not construe the contents of this document or its appendices as legal, business, or tax advice. You should consult your own attorney, business advisor or tax advisor.

We are entitled to withdraw this Offering at any time before closing, subject to compliance with certain conditions set out in the Placement Agreement relating to the offering of our Shares. We are making the Offering subject to the terms described in this document, the Placement Agreement and the Offer Agreement relating to our Offering Shares described in “Plan of Distribution”.

The Shares we are offering have not been approved or disapproved by the United States Securities and Exchange Commission or any state or foreign securities commission or regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense in the United States. In addition, until the date 40 days after the commencement of this Offering, an offer or sale of the Shares offered hereby within the United States by a dealer, whether or not participating in this Offering, may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A of the Securities Act.

SUBSTANTIAL SHAREHOLDING REPORTING OBLIGATIONS

You should be aware that our Articles of Association require our Shareholders to give notice in writing to the Company and the SGX-ST:

- upon becoming a substantial shareholder of ordinary shares;
- for so long as he remains a substantial shareholder of ordinary shares, upon a change in the percentage level of his interest(s) in the Company; and
- upon ceasing to be a substantial shareholder of ordinary shares.

Each Shareholder will be required to give the Company and the SGX-ST a notice in writing of the particulars of the ordinary shares owned by him, or the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or the particulars of the date and circumstances of the cessation of substantial shareholding of ordinary shares, as the case may be, within two business days after becoming a substantial shareholder of ordinary shares, the date of change in the percentage level of his interests, or the date of cessation, as the case may be.

See “Description of Share Capital — Substantial Shareholdings and Disclosure Notifications” for a description of these obligations.

In addition, pursuant to the Securities and Exchange Act. B.E. 2535 of Thailand, as amended, modified or supplemented from time to time (the “SEC Act”), any person who acquires or disposes of our Shares and thereby increases or decreases the number of Shares held by him to a number that in the aggregate equals or exceeds any multiple of 5.0% of our total issued Shares (regardless of the number of Shares he acquires or disposes of each time) is required to report his shareholding to the office of SEC within the next business day following the date of acquisition or disposition.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY

WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. THIS DESCRIPTION WAS WRITTEN TO SUPPORT THE MARKETING OF THE OFFERING SHARES AND IS LIMITED TO THE U.S. FEDERAL TAX ISSUES DESCRIBED HEREIN. ADDITIONAL ISSUES MAY EXIST THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF AN INVESTMENT IN OUR SHARES, OR THE MATTERS THAT ARE THE SUBJECT OF THE DESCRIPTION, AND THIS DESCRIPTION DOES NOT CONSIDER OR PROVIDE ANY CONCLUSIONS WITH RESPECT TO ANY SUCH ADDITIONAL ISSUES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

AVAILABLE INFORMATION

For so long as our Shares remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act, we will furnish, upon the request of any Shareholder, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act, to such holder or beneficial owner or to a prospective purchaser of such Shares or interest therein who is a “qualified institutional buyer” within the meaning of Rule 144A, in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such Shares or beneficial interest therein in reliance on Rule 144A unless, at the time of such request, we are subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, (the “Exchange Act”) or we are included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the Exchange Act and therefore are required to furnish to the United States Securities and Exchange Commission certain information pursuant to Rule 12g3-2(b) under the Exchange Act.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in Thailand. Most of our Directors and Executive Officers named in this document are residents of Thailand. Also, most of our assets and the assets of our Directors and Executive Officers are located outside of the United States. As a result, you may not be able to:

- effect service of process upon us or these persons outside Thailand; or
- enforce against us judgments obtained in courts outside of Thailand, including judgments based, in whole or in part, on the federal securities laws of the United States.

Thai courts will not enter any judgment or order obtained outside of Thailand, but a judgment or order from a foreign court may, in the discretion of a court in Thailand, be admitted as evidence of an obligation in a new proceeding instituted in that court, which will consider the issue or the evidence before it.

MARKET AND INDUSTRY INFORMATION

Market data, certain industry forecasts and certain data relating to Thailand used throughout this document were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither we nor the Managers make any representation as to the accuracy or completeness of this information.

Certain information set forth in the section titled “Industry” is based on information produced by BP and RS Platou. RS Platou provided brokerage services to our Group in connection with our purchase of

MTR-1 and MTR-2 and may provide similar and other services to us in the future. While we have taken reasonable actions to ensure that the information attributed to BP and RS Platou in this document is produced in its proper form and context and that the information is extracted accurately and fairly from the sources, neither we nor the Managers have conducted an independent review of the information extracted from third party sources or verified the accuracy of such data.

PRESENTATION OF FINANCIAL AND STATISTICAL DATA

This document contains our audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006 and our unaudited condensed consolidated interim financial information as of March 31, 2007 and for the six-month periods ended March 31, 2006 and 2007, each of which has been prepared in accordance with International Financial Reporting Standards, commonly referred to as IFRS, which we refer to in this document as our “IFRS Financial Statements”. We have prepared our IFRS Financial Statements for the purposes of this Offering, and all financial information appearing in this document, unless otherwise stated, is derived from our IFRS Financial Statements. This document also contains our audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006, and our unaudited interim consolidated and company financial statements as of March 31, 2007 and for three-month and the six-month periods ended March 31, 2006 and 2007, each of which has been prepared and presented separately in accordance with accounting principles generally accepted in Thailand, commonly referred to as Thai GAAP, which we refer to in this document as our “Thai GAAP Financial Statements”. We intend to prepare and report our financial statements only in accordance with Thai GAAP in subsequent periods. We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods. For a discussion of certain differences between IFRS and Thai GAAP and between IFRS and U.S. GAAP, see “Summary of Certain Differences Between IFRS and Thai GAAP” and “Summary of Certain Differences Between IFRS and U.S. GAAP”.

We maintain our accounts and publish our financial statements in Baht. This document contains conversions of certain Baht amounts into Singapore dollars at specified rates solely for the convenience of the reader. Unless otherwise indicated, we have translated all Baht amounts into Singapore dollars at the rate of Baht 23.27 = S\$1.00, the reference rate announced by the Bank of Thailand (“BOT”) on March 31, 2007.

Any discrepancies in the tables included in this document between the amounts listed and the totals are due to rounding.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or those that include the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “anticipate”, “seek”, “should” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- any changes in the regulations, restrictions or policies of Thailand or any other applicable government, or any other relevant government authorities relating to, among other things, the offshore oil and gas services industry and the environment;
- the price and demand for and supply of oil and gas, and costs of exploring for, producing and delivering oil and gas;
- the effects of competition in the offshore oil and gas services industry;

- exchange rate fluctuations and restrictions on foreign currency convertibility and remittance abroad;
- the legal system in each of the jurisdictions in which we operate;
- higher than expected financing costs, or changes in the availability of, or our requirement for financing;
- governmental approval processes;
- our ability to expand our business;
- weather conditions;
- changes in political, economic, legal and social conditions in South East Asia, including the specific policies of applicable governments with respect to economic growth, inflation, foreign exchange, lending, the availability of credit, and manufacturing and exports;
- accidents and natural disasters; and
- other operating risks and factors referenced in this document.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and elsewhere in this document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur.

CORPORATE INFORMATION

Board of Directors:	M.L. Chandchutha Chandratat David Stewart Simpson Surasak Khaoroptham Lim How Teck Ng Chee Keong Pichet Sithi-Amnuai Leslie George Merszei
Company Secretary:	Vincent Siaw Bachelor of Commerce (Accounting); Bachelor of Laws (Hons.); Masters of Business Administration; Barrister & Solicitor (Australian Capital Territory and High Court of Australia); Solicitor (England and Wales)
Registered Office and Principal Place of Business:	26/28-29 Orakarn Building, 9th Floor Soi Chidlom, Ploenchit Road Kwaeng Lumpinee Khet Pathumwan Bangkok 10330 Thailand
Registrar for the Public Offer and Singapore Share Transfer Agent:	Lim Associates (Pte) Ltd 3 Church Street #08-01 Samsung Hub Singapore 049483 Republic of Singapore
Sole Global Coordinator, Bookrunner and Underwriter:	Macquarie Securities (Singapore) Pte Limited 23 Church Street #11-11 Capital Square Singapore 049481 Republic of Singapore
Issue Manager:	Macquarie Securities (Asia) Pte Limited 23 Church Street #11-11 Capital Square Singapore 049481 Republic of Singapore
Co-Lead Managers and Underwriters:	BNP Paribas Capital (Singapore) Ltd 20 Collyer Quay #08-01 Tung Centre Singapore 049319 Republic of Singapore DBS Bank Ltd 6 Shenton Way DBS Building Tower One Singapore 068809 Republic of Singapore
Legal Advisors to the Company as to Thai law:	Baker & McKenzie Limited 25th Floor, Abdulrahim Place 990 Rama IV Road Bangkok 10500 Thailand
Legal Advisors to the Company as to United States federal securities law and English law:	Baker & McKenzie.Wong & Leow 1 Temasek Avenue #27-01 Millenia Tower Singapore 039192 Republic of Singapore

Legal Advisors to the Company as to Singapore law:	Baker & McKenzie.Wong & Leow 1 Temasek Avenue #27-01 Millenia Tower Singapore 039192 Republic of Singapore
Legal Advisors to the Managers as to Thai law:	Clifford Chance (Thailand) Limited 21st Floor, Sindhorn Building Tower 3 130-132 Wireless Road Lumpini Pathumwan Bangkok 10330 Thailand
Legal Advisors to the Managers as to United States federal securities law and English law:	Clifford Chance Wong Pte Ltd One George Street,19th Floor Singapore 049145 Republic of Singapore
Legal Advisors to the Managers as to Singapore law:	WongPartnership One George Street, #20-01 Singapore 049145 Republic of Singapore
Independent Auditors:	PricewaterhouseCoopers ABAS Limited 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road Bangkok 10120 Thailand
Receiving Banker:	DBS Bank Ltd 6 Shenton Way DBS Building Tower One Singapore 068809 Republic of Singapore

CERTAIN DEFINED TERMS AND ABBREVIATIONS

Unless the context otherwise requires, the following definitions apply to terms used in this document and the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of the Participating Banks, the internet banking websites of the relevant Participating Banks:

“Application Forms”:	.....	The application forms issued together with this document in respect of the Offering Shares which are the subject of the Public Offer
“Application List”:	.....	The list for application and subscription of the Offering Shares which are the subject of the Public Offer
“associate”:	.....	In relation to a corporation, means: • in a case where the corporation is a substantial shareholder or Controlling Shareholder, its related corporation, related entity, associated company or associated entity; or • in any other case: • a director or an equivalent person; • a Controlling Shareholder of the corporation; • a subsidiary, a subsidiary entity, an associated company, or an associated entity of the corporation; or • a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the Controlling Shareholder of the corporation In relation to an individual, means: • his immediate family (his spouse, child, adopted child, step-child, sibling, step-brother, step-sister, parent or step-parent); • a trustee of any trust of which the individual or any member of his immediate family is a beneficiary or, where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity; or • any corporation in which he and his immediate family together (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30.0% of the votes attached to all voting shares
“ATM”:	.....	Automated Teller Machine
“Authority”:	.....	The Monetary Authority of Singapore
“Baht”:	.....	The legal currency of Thailand
“Board” or “Board of Directors”:	.....	The board of directors of our Company
“BOI”:	.....	Board of Investment in Thailand
“BOT”:	.....	Bank of Thailand
“British Pound”:	.....	The legal currency of the United Kingdom
“Chevron Thailand”:	.....	Chevron Thailand Exploration and Production Ltd.
“CDP”:	.....	The Central Depository (Pte) Limited

“Controlling Shareholder”:	In relation to a corporation, means a person who: - holds, directly or indirectly, 15.0% or more of the nominal amount of all the voting shares in a corporation, unless the SGX-ST determines otherwise; or - in fact exercises control over the corporation
“CPF”:	The Central Provident Fund
“Directors”:	Directors of our Company
“DTOL”:	Darium Thai Offshore Ltd.
“Electronic Applications”:	Applications for the Offering Shares made through an ATM of one of the Participating Banks in accordance with the terms and conditions of this document
“Executive Officers”:	Executive officers of our Company
“IFRS”:	International Financial Reporting Standards
“Latest Practicable Date”:	August 31, 2007
“LIBOR”:	London Interbank Offering Rate
“Listing Date”:	The date on which our Shares are admitted to the Official List of the SGX-ST
“Listing Manual”:	The Listing Manual of the SGX-ST
“Market Day”:	A day on which the SGX-ST is open for trading in securities
“Mermaid”, “we”, “our”, “ourselves”, “us”, or “the Group”:	Mermaid Maritime Public Company Limited, a public company with limited liability registered in the Kingdom of Thailand, and its consolidated subsidiaries, and “Company” refers to Mermaid Maritime Public Company Limited only
“MDL”:	Mermaid Drilling Ltd.
“MLR”:	Minimum Loan Rate
“MOC”:	The Ministry of Commerce of Thailand
“MOS”:	Mermaid Offshore Services Ltd.
“MTR-1 Ltd”:	MTR-1 Ltd.
“MTR-2 Ltd”:	MTR-2 Ltd.
“MTTS”:	Mermaid Technical and Training Services Ltd.
“N.A.”:	Not applicable
“n.m.”:	Not material
“Offering”:	The Placement and the Public Offer
“Option”:	An option to subscribe for Shares, pursuant to the Plan
“Over-allotment Option”:	The option which will be granted by us to the Global Coordinator, exercisable by it, to subscribe up to an aggregate of 18,000,000 Shares (representing not more than 15.0% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares, if any

“Participating Banks”:	DBS Bank Ltd (including POSB) (“DBS”), Oversea-Chinese Banking Corporation Limited (“OCBC”) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (together, the “UOB Group”)
“Placement”:	The offering of Offering Shares internationally to investors, including to institutional and other investors in Singapore
“Plan”:	The employee stock option plan approved by Shareholders in a general meeting on July 11, 2007
“PLCA”:	The Public Limited Companies Act B.E. 2535 (1992) of Thailand, as amended
“PPE”:	Property, plant and equipment
“Price Determination Date”:	The date on which the Offering Price is agreed among the Global Coordinator, the Managers and us, which we currently expect to be on or about October 11, 2007
“Public Offer”:	The offer of Offering Shares to the public in Singapore
“SCCS”:	Securities Clearing & Computer Services (Pte) Ltd.
“SEC”:	The Securities and Exchange Commission of Thailand
“SEC Act”:	The Securities and Exchange Act. B.E. 2535 of Thailand, as amended, modified or supplemented from time to time
“securities account”:	The securities account maintained by a depositor of securities with CDP
“Securities and Futures Act”:	The Securities and Futures Act, Chapter 289 of Singapore
“SET”:	The Stock Exchange of Thailand
“SGX-ST”:	Singapore Exchange Securities Trading Limited
“Shareholders”:	Registered holders of our Shares
“Shares”:	Ordinary shares of par value Baht 1 each in the capital of the Company
“Singapore Companies Act”:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Singapore Take-over and Merger Laws and Regulations”:	Sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Code on Take-overs and Mergers
“Stabilizing Manager”:	Macquarie Securities (Singapore) Pte Limited
“subsidiary”:	A company in which shares of an amount exceeding 50.0% of its paid-up capital are held directly or indirectly by a company or a company in which another company has controlling power to designate the company’s financial and operating policies in order to derive benefits from its activities.
“substantial shareholder”:	A person who has an interest or interests in one or more voting shares in a company, the nominal amount of which is not less than 5.0% of the aggregate of the nominal amount of all the voting shares in the company
“S\$”:	Singapore dollars, the legal currency of the Republic of Singapore
“Thailand” or “Thai”:	The Kingdom of Thailand, and “Government” refers to the Government of Thailand

“Thai GAAP”:	Generally accepted accounting principles in Thailand
“TSD”:	The Thailand Securities Depository Co., Ltd.
“TTA”:	Thoresen Thai Agencies Public Company Limited
“TTA Group”:	TTA and its other group companies, other than us
“U.S. GAAP”:	Generally accepted accounting principles in the United States
“US\$”:	U.S. dollars, the legal currency of the United States
“%” or “per cent”:	per centum

The terms “depositor”, “depository agent” and “depository register” have the meanings ascribed to them respectively in Section 130A of the Singapore Companies Act.

The terms “associated company”, “associated entity”, “controlling interest-holder”, “related corporation”, “related entity” and “subsidiary entity” have the meanings ascribed to them, respectively, in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

Words importing the singular include, where applicable, the plural and vice versa and words importing the masculine gender include, where applicable, the feminine and neuter gender.

Any reference in this document to any legislation or enactment refers to the legislation or enactment as amended or re-enacted unless the context otherwise requires.

Any reference to a time of day in this document refers to Singapore time unless otherwise stated.

Various names with Thai characters have been translated into English names. These translations are provided solely for your convenience. The English translations may not have been registered with the relevant Thai authorities and should not be construed as representations that the English names actually represent the names in Thai characters.

GLOSSARY OF TECHNICAL TERMS

We define below certain terms helpful to understanding our drilling and sub-sea engineering services.

<i>"ABS":</i>	American Bureau of Shipping
<i>"AHTS":</i>	Anchor Handling, Tug and Supply vessel
<i>"BOP":</i>	Blow Out Preventer
<i>"BV":</i>	Bureau Veritas
<i>"deepwater":</i>	For dive support, this usually refers to water depths beyond 300 meters
	In relation to drilling:
	General Classification:
	The rig classification comprises "5 th Generation Deepwater", which refers to the latest generation of semisubmersible rigs and drillships possessing the latest technical drilling capabilities and the ability to operate in water depths in excess of 7,000 feet, "Other Deepwater", refers to semisubmersible rigs and drillships that possess the ability to drill in water depths equal to or greater than 4,500 feet. "Other Floaters" represents semisubmersible rigs and drillships that possess the ability to drill in water depths of up to 4,499 feet
	A tender requires a platform to drill from. Normally, depths of more than 300 feet will require a modified mooring arrangement and depths of more than 600 feet will require pre-laid mooring arrangement. Tenders can be moored in up to 6,500 feet by use of a pre-laid mooring arrangement
<i>"dive support vessel":</i>	Specially equipped vessel that performs services and acts as an operational base for divers, remotely operated vehicles and specialized equipment
<i>"DNV":</i>	Det Norske Veritas
<i>"DP-2":</i>	Dynamic position 2 — redundancy allows the vessel to maintain position even with failure of one component or subsystem, required for vessels which support manned diving operations
<i>"DP-3":</i>	Dynamic position 3 — fully redundant positioning system allowing continued station keeping with the loss of one complete system
<i>"DP DSV":</i>	Dynamically positioned dive support vessel
<i>"drilling":</i>	Includes drilling, workover and completion
<i>"Drilling Equipment Set":</i>	Consists of the substructure, drill floor, derrick and draw works and other related equipment
<i>"dynamic positioning" or "DP":</i>	Computer-directed thruster systems that use positioning technologies to ensure the proper counteraction to wind, current and wave forces, enabling the vessel to maintain its position without the use of anchors
<i>"EPIC":</i>	Engineering, Procurement, Installation and Commissioning
<i>"IMCA":</i>	International Marine Contractors Association
<i>"IMO":</i>	International Maritime Organization

"IRM":	Inspection, repair and maintenance
"LOA":	Length overall
"MODU":	Mobile offshore drilling units
"Moonpool":	An opening through the hull of a vessel through which a diving bell or other equipment may be deployed
"OPEC":	Organization of the Petroleum Exporting Countries
"remotely operated vehicle" or "ROV":	Robotic vehicles used to complement, support and increase the efficiency of diving and sub-sea operations and for tasks beyond the capability of manned diving operations
"saturation diving":	Saturation diving, in water depths up to 300 meters, involves divers working from diving bells for extended periods at a pressure equivalent to the pressure at the work site
"SPS":	Special periodic survey
"sub-sea construction vessels":	Sub-sea services are typically performed with the use of specialized construction vessels which provide an above-water platform that functions as an operational base for divers and remotely operated vehicles. Distinguishing characteristics of sub-sea construction vessels include dynamic positioning, saturation diving capabilities, deck space, deck load, craneage and moonpool launching. Deck space, deck load and craneage are important features of the vessel's ability to transport and fabricate hardware, supplies and equipment necessary to complete sub-sea projects
"tender rigs":	A tender rig is normally a purpose-built self-erecting drilling tender barge with a flat bottom, raked stern and raked bow hull shape. The self erecting tender rig is designed as a cost-efficient and flexible drilling system for development scenarios involving multiple well slot fixed offshore platforms whereby the rig moves from platform to platform using its own Drilling Equipment Set which is lifted on by its own crane. Lifting operations can be made onto platforms up to a height of 30 meters above mean sea level
"TWI":	The Welding Institute
"WOW":	Waiting on weather

**SPECIFIC RISK FACTOR — YOUR ABILITY TO VOTE AT
SHAREHOLDERS' MEETINGS WILL BE LIMITED**

Pursuant to an announcement by the Department of Business Development of the MOC, in relation to the form of proxy, a shareholder may only grant a proxy to one person to attend and vote in a general meeting. A shareholder cannot grant proxies to more than one person. All votes by a shareholder in relation to each resolution proposed must be voted on in the same manner, and the shareholder and/or its proxy may not split the voting rights of its shares.

If the Shares are held through CDP, CDP will be the only holder of record of the Shares being offered under this Offering and, accordingly and as a matter of Thai law, the only person or entity recognized as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. CDP does not qualify as a custodian in Thailand. Therefore, in a general meeting, CDP must vote all shares held through it in the same manner, notwithstanding instructions to the contrary by individual Shareholders whose Shares are held through CDP. CDP has indicated that neither CDP nor any of its designees will exercise any right to attend, speak or vote at any shareholders' meeting in respect of Shares deposited with CDP. The operation of a CDP securities account is subject to the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

Investors that desire to attend shareholders' meetings and exercise their voting rights under their names with regard to Shares beneficially owned by them will be required to transfer their Shares out of the CDP system and have the share transfer registered in the share register book. A Shareholder who wishes to transfer his Shares out of the CDP system will have to bear the costs involved in such a transfer. See "Clearance and Settlement" for further details.

As a result of the time and cost involved in such a transfer, it will be highly impractical for investors who desire to vote at and attend shareholder's meetings to transfer their Shares out of the CDP system.

Further, a Shareholder who transfers his Shares out of the CDP system will not be able to trade the Shares on SGX-ST unless he first transfers his Shares back into the CDP system.

SUMMARY

This summary may not contain all of the information that may be important to you. You should read this entire document, including our financial statements and related notes and the section entitled "Risk Factors", before making an investment decision.

Our Business

We are a leading provider of drilling and sub-sea engineering services for the oil and gas industry in South East Asia. Over the last five years, we have grown significantly in the areas of sub-sea engineering, and, more recently, drilling services for the offshore oil and gas industry as well as in training and technical services. We have established ourselves as a company recognized by the industry for high quality services, delivered safely and efficiently. We have developed a strong blue chip client base that includes some of the world's largest oil and gas-related companies. Clients such as Chevron, CUEL and PTT Exploration and Production PCL each accounted for 5.0% or more of our sales in any one of the periods under review. Some of our other clients include BP, Shell, ExxonMobil, Saipem, Transocean, Petronas and Amerada Hess. We operate throughout South East Asia, primarily in Thailand, Indonesia, Malaysia and Vietnam.

We provide drilling services through our majority-owned (95.0%) subsidiary, Mermaid Drilling Ltd. ("MDL"), which currently has two tender rigs. We provide sub-sea engineering services through our wholly owned subsidiary, Mermaid Offshore Services Ltd. ("MOS"). MOS provides sub-sea inspection, repair and maintenance services, light construction services and emergency repair and call out services in South East Asia. MOS' fleet consists of four vessels which it owns, in addition to one DP construction vessel and one ROV/air dive support vessel, both of which it charters. The flagship vessel in its fleet is the DP DSV Mermaid Commander, which has an in-built saturation diving system and rough weather capabilities. In addition, MOS owns one portable saturation diving system, seven air diving systems and seven ROVs.

We have built and now operate a world class facility at our operational base in Chonburi, Thailand. This facility allows us to control our own maintenance and refurbishment requirements of equipment and, more importantly, the facility's geographical location allows us to mobilize expeditiously and efficiently to our clients' locations. We have also established shore base support functions in (i) Kuala Lumpur, Malaysia; (ii) Songkhla, Thailand; and (iii) Jakarta, Indonesia to support our geographical expansion. To support our mobile operations, these shore base support functions can be moved at short notice.

During our development into the tender rig drilling and sub-sea engineering markets, we identified opportunities that demanded local presence in some countries. Recognizing this, we reacted and appointed local agent representatives that hold the required licenses and permits, thereby increasing our market opportunities outside Thailand. To date, this has proven successful with operations performed or ongoing in Indonesia, Malaysia and Vietnam.

For the financial years ended September 30, 2004, 2005 and 2006 and the six-month period ended March 31, 2007, our sales were Baht 443.7 million, Baht 1,241.4 million, Baht 3,144.4 million and Baht 1,931.5 million, respectively. For the six-month period ended March 31, 2007, drilling services and sub-sea engineering services contributed 35.0% and 64.1% of our sales, respectively.

History

We were incorporated in Thailand in 1983 as "Mermaid Marine Services Ltd." by a group of Danish marine professionals to provide offshore marine services. Our business initially consisted of marine safety-related services, such as life raft and firefighting maintenance services.

In 1995, we merged with Thoresen Laem Chabang Ltd., a subsidiary of TTA, and were renamed "Mermaid Maritime Ltd.". We received certain tax and other privileges for investments in the offshore oil and gas services industry from the Board of Investment in Thailand ("BOI") in the same year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Taxes".

In 2003, we underwent an expansion of our sub-sea engineering services. Since 2003, we have purchased four vessels: the Mermaid Supporter (in August 2003), the Mermaid Responder (in September 2005), the Mermaid Commander (in October 2005) and the Mermaid Performer (in January 2006).

In early 2004, our Board of Directors reviewed our various business operations with a view to developing a long-term strategy. In line with the declared strategy, a feasibility study was undertaken to assess our entrance into the tender rig drilling business. Historically, this sector has been dominated by

three major players — Smedvig ASA, Transocean Inc. and Pride International, Inc. The feasibility study concluded that opportunities existed for an Asian-based operator to enter this sector. Consequently in 2005, MDL acquired two tender rigs and commenced offering drilling services in the same year.

We also provide training and technical services through our subsidiary MTTS to engineering and inspection personnel.

As part of our strategy to focus our attention on our growing tender rig drilling and sub-sea engineering services business, we decided to dispose of our safety services, ships chandlery services and our majority-owned subsidiary Darium Thai Offshore Ltd. ("DTOL"). In 2006, we sold our former subsidiaries Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. to Mermaid Safety Services Ltd.'s management. As a result, we no longer engage in providing marine safety services. We ceased our ships chandlery services in the second quarter of the financial year ending September 30, 2007, sold our former subsidiary that conducted this business, Mermaid Supply Ltd., in August 2007, and we are in the process of dissolving DTOL.

Competitive Strengths

We believe our competitive strengths are as follows:

Established operational track record in South East Asia. We are one of the largest sub-sea engineering services providers operating in South East Asia. We have over 10 years of experience in providing sub-sea engineering services and over 25 years experience in servicing the oil and gas industry in South East Asia. In 2005, we commenced the provision of drilling services to the South East Asian market. We have successfully built a client base of independent and national oil and gas companies providing repeat business in Thailand, Indonesia, Malaysia and Vietnam. Our geographical base in South East Asia allows us to respond in a timely and efficient manner to our clients' needs. We believe our emphasis on quality and safety, and our operational track record provide us with a competitive advantage in our business.

Strong client relationships and reputation. We have built a reputation with our client base in South East Asia as a leader in providing sub-sea engineering services, by consistently delivering high quality services, safely and efficiently. Our efficient tender rigs and experienced personnel with strong technical expertise and commitment to safety have also enabled us to develop strong relationships with major oil and gas companies operating in South East Asia. We believe our relationships and reputation will result in the continued demand for our services.

Superior service and cost effectiveness through ownership of assets and facilities. We own and operate two tender rigs, four support vessels (one of which has its own saturation diving system), including one DP DSV, air and saturation dive systems and a fleet of ROVs. We have built and operate a world class facility at our operational base in Chonburi, Thailand. This facility allows us to control our own maintenance and refurbishment requirements of equipment, and, more importantly, the facility's geographical location allows us to mobilize expeditiously and efficiently to our clients' locations. We believe the ownership of our sub-sea engineering assets as opposed to chartering provides us with the ability to: (i) provide superior and customized services to our clients; (ii) maintain better control of our operating costs; and (iii) provide competitive market pricing. Asset ownership also results in client recognition that we are a committed sub-sea engineering services provider. This allows for longer-term relationships with our clients.

However, under certain market conditions, chartering vessels may be financially attractive. By chartering vessels, we are able to increase our capacity without incurring additional capital expenditure. Further, in periods of excess capacity, we would also be able to reduce any unnecessary capacity by terminating such charter arrangements, subject to contractual terms. We operate one DP construction vessel and an additional ROV/air dive support vessel under charters.

Our two principal business operations reduce our earnings volatility. Our drilling business services the upstream sector whilst the sub-sea engineering business typically services the downstream sector. By servicing both the upstream and downstream sectors, we seek to reduce the volatility in our earnings. Our drilling services contracts are generally longer-term in nature while our sub-sea engineering contracts are generally shorter-term in nature. By having a mix of both longer and shorter-term contracts, we seek to reduce the volatility in our sales and maximize our profits by locking in longer-term contracts when rates are favorable, particularly in relation to our drilling contracts, and using shorter-term contracts when they are not.

Experienced management. Our senior management has an average of over 20 years of experience in providing drilling or sub-sea engineering services around the world. Members of our senior management have extensive operational experience with recognized industry leaders operating in all major offshore oil and gas locations. Our management and employees have undergone extensive training and development programs in order for us to meet our clients' needs and provide safe and efficient drilling and sub-sea engineering services.

Our management has a proven track record of growing businesses through acquisitions and organically. Our management has overseen the acquisition and successful integration of our two tender rigs and four support vessels. As a result, our sales have grown significantly from Baht 443.7 million in the financial year ended September 30, 2004 to Baht 3,144.4 million in the financial year ended September 30, 2006 and Baht 1,931.5 million in the six months ended March 31, 2007.

Focus on niche tender rig drilling services. Our drilling segment is focused on serving clients in the niche tender rig drilling market primarily in South East Asia. We believe our primary focus on, and commitment to, South East Asia will enable us to maintain our competitive position in the market.

Strategies and Key Objectives

Our long-term strategy is to grow our drilling and sub-sea engineering businesses by acquiring assets and expanding the scope of our services geographically. The principal elements of this strategy are as follows:

Further expand our tender rig drilling operations. We commenced our tender rig drilling services business in 2005 with the acquisition of two tender rigs. We plan to continue to expand our fleet through acquisitions if appropriate opportunities arise and/or the construction of new build tender rigs, as market conditions warrant. MDL has entered into discussions with tender rig builders for the potential new building of two tender rigs, although no contract has yet been awarded. Should a contract award be made, MDL expects to take delivery of one new build tender rig at the earliest by the end of 2009. Further, if MDL exercises its proposed option for the second new build under the above-mentioned potential contract, it expects to take delivery of this new build by around the middle of 2010. Both tender rigs are to be deployed for work in South East Asia and MDL intends to enter into a client contract at around the same time as it awards the contract for the first new build. The estimated combined cost for the new tender rigs is approximately US\$250-300 million, which is contemplated to be funded through a combination of debt and proceeds from the Offering.

Further expand our sub-sea engineering operations. We plan to continue to expand our sub-sea engineering operations through the expansion of our fleet by acquisitions, if appropriate opportunities arise and/or the construction of new vessels. MOS has entered into discussions with shipyards for the new building of a DP vessel, although no contract has yet been awarded. Should a contract award be made, MOS expects to take delivery of the vessel by early 2009. The estimated cost for the new vessel is approximately US\$25-30 million, which is contemplated to be funded through a combination of debt and proceeds from the Offering.

MOS has also entered into a contract with a ship owner to charter a new DP DSV vessel due for delivery in 2009. This vessel has been designed for specific client demand in Malaysia, but the specifications provide us flexibility to use it to service our other sub-sea engineering clients in other jurisdictions. MOS has an option to purchase this vessel following three years of charter. Based on client indications and our market assessments, we expect high demand for this vessel's capabilities and believe we will achieve high utilization. We have also recently purchased two new ROV systems, one of which was delivered in July 2007 and the other is a new advanced work class ROV system that is expected to be delivered in December 2007, for use in our long-term charter vessel Binh Minh. For further information on the acquisition of additional sub-sea engineering assets, see "Business — Sub-sea Engineering Services — New assets".

MOS intends to acquire a stake in a sub-sea engineering company in South East Asia.

Exploit opportunities outside our primary focus area. Although our primary focus is on the South East Asian countries of Thailand, Indonesia, Malaysia and Vietnam, MDL and MOS are well placed to take advantage of global market opportunities as they arise. We have an established reputation with our existing client base, many of which are blue chip companies who operate globally. MOS also plans to continue to expand the geographic focus of its operations from the markets it currently serves, to other regions in Asia, including Cambodia, Brunei, China and India. In furtherance of this strategy, we secured

the charter of Binh Minh, an ROV/air dive support vessel. We believe that securing the Binh Minh has strengthened MOS' access to the markets in Vietnam and South China.

Continue to develop strong client relationships. Our objective is to be a preferred provider of drilling and sub-sea engineering services to our clients. We will continue to focus on consistently delivering high quality services, safely and efficiently. Contracts with major oil and gas companies constitute the majority of our business. We continually monitor our clients' current and future needs and seek to recognize opportunities to capitalize on our strengths.

Optimize mix of longer-term and shorter-term contracts in our portfolio. We believe that longer-term contracts provide us with greater stability and utilization rates in our operations. Entering into longer-term contracts, however, also poses the risk of locking into below-market rates if market rates continue to rise. As a result, we will seek to actively manage our portfolio of client contracts by entering into both longer-term and shorter-term contracts, thus enabling us to benefit from changes in the cyclical nature of our business. When rates approach higher levels that we believe provide favorable returns, we will seek to obtain longer-term contracts, which provide us with more predictable cash flow. When rates approach lower levels, we will seek shorter-term contracts, so that we will be well positioned to benefit from increasing rates in favorable market cycles. We believe this strategy will allow us to maintain high fleet utilization levels and strong financial performance in down cycles, while taking advantage of improving markets and rates during up cycles.

Recent Results of Operations

For the nine months ended June 30, 2007, we had sales of Baht 3,117.7 million, operating profit of Baht 729.5 million and profit for the period (before minority interests) of Baht 566.1 million. Sub-sea engineering services and drilling services each accounted for 65.2% and 34.0% of sales, and 66.2% and 39.0% of the operating profit for the period, respectively. Our ships chandlery services and unallocated services segments had an operating loss for the same period. As at June 30, 2007, our total shareholders' equity was Baht 2,454.3 million.

The crane boom failure on MTR-1 in September 2006 and the fire on MTR-1 in June 2007, as well as the current downtime of MTR-2, have adversely affected and will adversely affect the utilization rates of our tender rigs and, as a result, are expected to adversely affect our financial performance in the financial year ending September 30, 2007.

Corporate Information

Mermaid Maritime Public Company Limited
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The Offering

Issuer	Mermaid Maritime Public Company Limited.
Offering	We are offering 140,000,000 Shares (the “Offering Shares”) in the Placement and Public Offer. We expect the Offering Shares to comprise 26.8% of our issued and outstanding share capital after the completion of the Offering (assuming the Over-allotment Option is not exercised). The completion of the Public Offer and the completion of the Placement are each conditional upon the completion of the other.
Placement	Concurrently with the Public Offer, we are offering 133,000,000 Offering Shares (subject to re-allocation as described below) outside the United States to non-U.S. persons (including institutional and other investors in Singapore not subscribing for Offering Shares in the Public Offer) in reliance on Regulation S under the Securities Act and other applicable laws and within the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act. The Offering Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of, U.S. persons (as defined in Regulation S). If, for any reason, the Offering Price is not agreed between the Global Coordinator and us, the Placement will not proceed.
Public Offer	Concurrently with the Placement, we are offering 7,000,000 Offering Shares (subject to re-allocation as described below) in an initial public offering in Singapore. The minimum size of the Public Offer will be 7,000,000 Offering Shares. The Public Offer will be underwritten by the Underwriters at the Offering Price, if the Offering Price is agreed between the Global Coordinator and us. If, for any reason, the Offering Price is not agreed between the Global Coordinator and us, the Public Offer will not proceed.
Re-allocation	The Offering Shares may be re-allocated between the Public Offer and the Placement in the event of an under-subscription in one and an over-subscription in the other.
Price determination	The Offering Price will be determined following a bookbuilding process by agreement between the Global Coordinator and us on or about October 11, 2007 (the “Price Determination Date”), which date is subject to change. Among the factors taken into account in determining the Offering Price are the demand for the Offering Shares and the prevailing conditions in the securities markets. If, for any reason, the Offering does not proceed, in respect of applications made under the Public Offer, all application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to all applicants, at their own risk (provided that such refunds are made in accordance with the procedures set out in the instruction booklet “Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore”). Notice of the Offering Price will be published in one or more of the major Singapore newspapers, such as <i>The Straits Times</i>,

The Business Times or Lianhe Zaobao, not more than two calendar days after the Price Determination Date.

Maximum Offering Price The Maximum Offering Price is S\$1.56 per Offering Share. Investors applying for the Public Offer are required to pay the Maximum Offering Price, subject to refund if and to the extent that the Offering Price is less than the Maximum Offering Price.

Offering Price The Offering Price will not be more than the Maximum Offering Price.

Subscribers of our Offering Shares, other than those in the Public Offer, may be required to pay a brokerage fee of up to 1.0% of the Offering Price.

Use of proceeds The aggregate net proceeds to us from the Offering, after deducting commissions (not including the incentive fee described in “Plan of Distribution — The Offering”) and other estimated expenses, will be approximately S\$207.8 million if the Over-allotment Option is not exercised, based on the Maximum Offering Price.

We expect to use the net proceeds of the Offering for (i) the intended new building of two tender rigs; (ii) the intended new building of a DP vessel; (iii) our current and future development, including the acquisition and/or new building of assets for both our drilling and sub-sea engineering services and including the intended acquisition of a stake in a sub-sea engineering company in South East Asia; and (iv) general working capital. For a further description of how we intend to use the proceeds of the Offering, see “Use of Proceeds”.

Over-allotment Option In connection with the Offering, our Company will grant the Global Coordinator an option, exercisable in whole or in part by the Global Coordinator, no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Global Coordinator has bought, on the SGX-ST, an aggregate of 18,000,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing actions; or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase from us up to an additional 18,000,000 Shares (representing not more than 15.0% of the total number of Offering Shares) at the Offering Price (the “Additional Shares”) solely to cover over-allotments, if any. The Stabilizing Manager is expected to enter into a share lending agreement (the “Share Lending Agreement”) with Thoresen Chartering (HK) Limited, a subsidiary of TTA, pursuant to which the Stabilizing Manager may borrow up to 18,000,000 Shares allowing the Stabilizing Manager to settle over-allocations, if any, made in connection with the Offering.

Stabilization In connection with the Offering, the Stabilizing Manager may over-allot Shares or effect transactions which stabilize or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilizing Manager will undertake stabilizing action. Such transactions, if commenced, may be discontinued

at any time and shall not be effected after the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST an aggregate of 18,000,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing actions; or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

Dividends	In considering the level of dividend payments, if any, we intend to take into account various factors, including: • the level of our cash, gearing, return on equity and retained earnings; • our expected financial performance; • our projected levels of capital expenditure and other investment plans; • the dividend yield of comparable companies globally; and • restrictions on payment of dividend that may be imposed on us by our financing arrangements. For a description of our dividend policy, see “Dividend Policy”.
Share capital	We have an authorized share capital of Baht 674,537,393, consisting of 674,537,393 Shares, 383,205,340 of which were issued and outstanding prior to the closing of the Offering.
Listing of our Shares	There is currently no public market for our Shares. We have applied to the SGX-ST for permission to list all our issued Shares, the Offering Shares to be issued pursuant to the Offering, Additional Shares, if any, and the new Shares to be issued pursuant to the exercise of options under the Plan on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for our Offering Shares will be conditional upon, among others factors, (i) permission having been granted to deal in and for quotation of all our issued Shares, the Offering Shares, the Additional Shares and the new Shares to be issued pursuant to the exercise of options under the Plan and (ii) registration of the increase in issued and paid-up share capital of the Company with, and the acceptance of the list of new Shareholders by, the MOC having occurred. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom, if these conditions are not fulfilled. Notwithstanding the foregoing, you should note that once the condition set out in paragraph (ii) above has been fulfilled, monies paid in respect of applications for the Offering Shares cannot under the laws of Thailand be refunded to successful applicants. See “Risk Factors” for a description of the risks relating to return of application monies.
Voting rights	Registered owners of our Shares will be entitled to full voting rights, as described in “Description of Share Capital”. However, your ability to vote at Shareholders’ meetings will be limited. See also “Specific Risk Factor — Your Ability to Vote at Shareholders’ Meetings Will Be Limited”.
Settlement and delivery of our Offering Shares	We expect to receive payment for all the Offering Shares in the Placement and the Public Offer on or about October 16, 2007.

We expect to deliver global share certificates representing the Offering Shares to CDP, for deposit into the securities accounts of the relevant subscribers on or about October 16, 2007.

Trading on the SGX-ST We expect our Shares to commence trading on a “ready” basis at or about 9.00 a.m. on October 16, 2007. See “Indicative Timetable”. Our Shares will, upon their issue, listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry settlement system of CDP. Dealing in and quotation of our Shares will be in Singapore dollars. Our Shares will be traded in board lots of 1,000 Shares.

Transfer restrictions The Shares offered by this Offering have not been and will not be registered under the Securities Act. Therefore, resales by subscribers of all Shares offered by this Offering will be subject to certain restrictions described in “Transfer Restrictions”.

Lock-up We have agreed with the Global Coordinator, on behalf of the Managers, subject to certain exceptions set out in “Plan of Distribution — Restrictions on Disposals and Issues of Shares”, that we will not, without prior written consent of the Global Coordinator, on behalf of the Managers, issue, offer, sell, pledge, transfer or otherwise dispose of any Shares for a period of six months from the date of our admission to the Official List of the SGX-ST (“Listing Date”). During this period, we will not undertake any capital markets fund raising activities.

TTA and its subsidiary Thoresen Chartering (HK) Limited have each agreed with the Global Coordinator, on behalf of the Managers, subject to certain exceptions set out in the “Plan of Distribution — Restrictions on Disposals and Issues of Shares” and except in connection with the Over-allotment Option, that they will not, without prior written consent of the Global Coordinator, on behalf of the Managers, issue, offer, sell, pledge, transfer or otherwise dispose of any Shares for a period of six months from the Listing Date.

Thailand Equity Fund has agreed with the Global Coordinator, on behalf of the Managers, subject to certain exceptions set out in the “Plan of Distribution — Restrictions on Disposals and Issues of Shares”, that it will not, without prior written consent of the Global Coordinator, on behalf of the Managers, issue, offer, sell, pledge, transfer or otherwise dispose of any Shares for a period of six months from the Listing Date.

Application procedures in Singapore for the Public Offer Investors in Singapore must follow the application procedures set out in the instruction booklet on “Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore” which constitute part of this Prospectus registered with the Authority. Applications must be paid for in Singapore dollars. The minimum initial application is for 1,000 Offering Shares. An applicant may apply for a larger number of Offering Shares in integral multiples of 1,000 Offering Shares.

Risk factors Investing in our Shares involves certain risks which are described in “Risk Factors”.

Indicative Timetable

An indicative timetable for trading in our Shares is set out below for your reference:

<u>Date and time (Singapore)</u>	<u>Event</u>
12:00 p.m., October 9, 2007	Opening date and time for the Public Offer
5:00 a.m., October 11, 2007	Closing date and time for the Placement
5:00 p.m., October 11, 2007	Closing date and time for the Public Offer
October 11, 2007	Price Determination Date
October 12, 2007	Balloting of applications in the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price
October 15, 2007	Registration of the increase in our paid-up capital with the MOC
9:00 a.m., October 16, 2007	Commence trading on a “ready” basis
October 19, 2007	Settlement date for all trades done on a “ready” basis on October 16, 2007

The above timetable is indicative only and is subject to change at our discretion, in consultation with the Global Coordinator. The above timetable and procedures may also be subject to such modifications as the SGX-ST may in its discretion decide, including the date of commencement of trading on a “ready” basis, and assumes that the closing date of the Public Offer is October 11, 2007, the date of our admission to the Official List of the SGX-ST is October 16, 2007, and there has been compliance with the SGX-ST’s shareholding spread requirement. All dates and times referred to above are Singapore dates and times.

We may, at our discretion, in consultation with the Global Coordinator, and subject to all applicable laws and the regulations and the rules of the SGX-ST, agree to extend or shorten the Public Offer period.

In the event of the extension or shortening of the Public Offer period, we will publicly announce the same immediately through:

- a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>; and
- one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* or *Lianhe Zaobao*.

You should consult the SGX-ST announcement on the “ready” listing date on the Internet at the SGX-ST website and in the newspapers, or check with your broker on the date on which trading on a “ready” basis will commence.

We will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* or *Lianhe Zaobao*.

Prior to our registration with the MOC of the increase in our issued and paid-up share capital and the acceptance by the MOC of the list of new shareholders, the Company and the Global Coordinator reserve the right to reject or accept, in whole or in part, or to scale-down or ballot any application for the Offering Shares, without assigning any reason therefore, and no enquiry or correspondence on our decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating our Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

In respect of an application made under the Public Offer, where any such application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at the applicant’s own risk, within 24 hours after the balloting of applications (provided that such refunds are made in accordance with the procedures set out in the instruction booklet on “Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore”).

In respect of an application made under the Public Offer, where any such application is accepted in full or in part only, any balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price) will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within three Market Days after the close of the Public Offer (provided that such refunds are made in accordance with the procedures set out in the instruction booklet on “Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore”).

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded within three Market Days after the Public Offer is discontinued.

Notwithstanding the foregoing, once the registration of the increase in issued and paid-up share capital of the Company with, and acceptance of the new list of shareholders pursuant to the Offering by, the MOC has occurred, monies paid in respect of applications for the Offering Shares cannot under the laws of Thailand be refunded to successful applicants. See “Risk Factors — Risks relating to the ownership of our Shares — Investors may not have their application monies returned to them, either on a timely basis or at all, if our Shares are not listed on the SGX-ST”.

Summary IFRS Consolidated Financial Data

You should read the summary financial information presented below in conjunction with our IFRS Financial Statements and the related auditors' report of PricewaterhouseCoopers ABAS Limited, independent auditors thereon, contained elsewhere in this document. You should also see the section of this document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". We derived the summary IFRS financial information from our audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006, included elsewhere in this document.

We derived the summary unaudited financial data below for the six-month periods ended March 31, 2006 and 2007 from our unaudited IFRS condensed consolidated interim financial information contained elsewhere in this document. Our results for any interim period may not be indicative of results for the full year.

We intend to prepare and report our consolidated financial statements only in accordance with Thai GAAP in subsequent periods. The SGX-ST has granted us a waiver in respect of Rule 220(1) of the Listing Manual that would have otherwise required our future periodic financial reports to be prepared in accordance with Singapore Financial Reporting Standards, IFRS, or U.S. GAAP. IFRS differs in certain significant respects from Thai GAAP and U.S. GAAP. For a discussion of certain differences between IFRS and Thai GAAP, and between IFRS and U.S. GAAP, see "Summary of Certain Differences Between IFRS and Thai GAAP" and "Summary of Certain Differences Between IFRS and U.S. GAAP". We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods.

Consolidated Income Statements

	Financial year ended				Six months ended March 31,		
	2004	2005	2006	2006	2006	2007	2007
	(Baht)	(Baht)	(Baht)	(S\$)	(unaudited) (Baht)	(unaudited) (Baht)	(S\$)
	<i>(in millions, except per share amounts)</i>						
Sales of goods	84.8	86.8	51.3	2.2	31.0	1.0	n.m
Sales of services	358.9	1,154.6	3,093.1	132.9	1,164.1	1,930.5	83.0
Total sales of services and sales of goods	443.7	1,241.4	3,144.4	135.1	1,195.1	1,931.5	83.0
Cost of goods sold	(54.7)	(53.2)	(35.1)	(1.5)	(22.0)	(0.9)	n.m.
Cost of services	(205.5)	(861.4)	(2,119.0)	(91.1)	(849.2)	(1,405.8)	(60.4)
Total cost of services and cost of goods sold	(260.2)	(914.6)	(2,154.1)	(92.6)	(871.2)	(1,406.7)	(60.4)
Gross profit from services and sales	183.5	326.8	990.3	42.6	323.9	524.8	22.6
Service and administrative expenses	(97.9)	(282.2)	(431.7)	(18.6)	(185.1)	(178.5)	(7.7)
Other income	6.2	90.0	64.3	2.8	53.7	116.0	5.0
Operating profit	91.8	134.5	622.9	26.8	192.5	462.3	19.9
Finance income	0.3	6.2	2.3	0.1	1.2	2.8	0.1
Finance cost	(15.5)	(43.9)	(189.3)	(8.1)	(88.9)	(94.4)	(4.1)
Net foreign exchange losses on financing activities	(5.8)	(2.7)	(22.0)	(0.9)	(18.5)	(25.8)	(1.1)
Profit before tax	70.8	94.2	413.9	17.8	86.3	344.9	14.8
Income taxes	(5.9)	(25.4)	(26.9)	(1.2)	(8.4)	(5.9)	(0.3)
Profit for the year	64.9	68.7	387.1	16.6	77.9	339.0	14.6
Profit attributable to equity holders of the Company	47.2	45.7	375.0	16.1	69.7	311.0	13.4
Profit attributable to minority interests	17.8	23.1	12.1	0.5	8.2	27.9	1.2
Basic earnings per share based on net profit for the year (before share split)⁽¹⁾	3.31	1.63	9.79	0.4	1.82	8.12	0.35
Basic earnings per share based on net profit for the year (after share split)⁽²⁾	0.33	0.16	0.98	0.04	0.18	0.81	0.04

Notes:

- (1) Based on 38,320,534 shares of Baht 10 each.
- (2) Based on 383,205,340 shares of Baht 1 each following the split of every one (1) ordinary share of Baht 10 each into ten (10) ordinary shares of Baht 1 each.

Consolidated Balance Sheets

	Financial year ended September 30,				Six months ended March 31,	
	2004 (Baht)	2005 (Baht)	2006 (Baht)	2006 (S\$)	2007 (unaudited) (Baht)	2007 (S\$)
	(in millions)					
Total current assets	448.5	646.7	1,363.6	58.6	1,651.1	71.0
Total non-current assets	<u>531.7</u>	<u>3,868.2</u>	<u>3,814.1</u>	<u>163.9</u>	<u>3,568.5</u>	<u>153.3</u>
Total assets	<u>980.2</u>	<u>4,514.9</u>	<u>5,177.7</u>	<u>222.5</u>	<u>5,219.6</u>	<u>224.3</u>
Total current liabilities	160.5	461.3	881.5	37.9	969.6	41.7
Total non-current liabilities	<u>135.0</u>	<u>2,221.2</u>	<u>2,222.3</u>	<u>95.5</u>	<u>1,991.8</u>	<u>85.6</u>
Total liabilities	<u>295.5</u>	<u>2,682.5</u>	<u>3,103.8</u>	<u>133.4</u>	<u>2,961.4</u>	<u>127.3</u>
Total parent's shareholders' equity	573.6	1,679.7	1,922.8	82.6	2,130.0	91.5
Minority interests	<u>111.1</u>	<u>152.9</u>	<u>151.1</u>	<u>6.5</u>	<u>128.2</u>	<u>5.5</u>
Total shareholders' equity	<u>684.8</u>	<u>1,832.5</u>	<u>2,073.9</u>	<u>89.1</u>	<u>2,258.2</u>	<u>97.0</u>
Total liabilities and shareholders' equity	<u>980.2</u>	<u>4,514.9</u>	<u>5,177.7</u>	<u>222.5</u>	<u>5,219.6</u>	<u>224.3</u>

Consolidated Cash Flows

	Financial year ended September 30,				Six months ended March 31,	
	2004 (Baht)	2005 (Baht)	2006 (Baht)	2006 (S\$)	2006 (unaudited) (Baht)	2007 (unaudited) (Baht)
	(in millions)					
Cash flows from operating activities	115.4	(29.6)	360.4	15.5	97.1	763.8
Cash flows from investing activities	(185.3)	(3,306.1)	(542.9)	(23.3)	(338.6)	(148.6)
Cash flows from financing activities	<u>224.3</u>	<u>3,278.4</u>	<u>247.7</u>	<u>10.6</u>	<u>292.1</u>	<u>(110.1)</u>
Net increase/decrease in cash and cash equivalents	154.5	(57.3)	65.2	2.8	50.6	505.1
Cash and cash equivalents at the beginning of the year	36.0	191.2	133.3	5.7	133.3	185.3
Effects of exchange rate changes	<u>0.7</u>	<u>(0.7)</u>	<u>(13.1)</u>	<u>(0.6)</u>	<u>8.0</u>	<u>(44.6)</u>
Cash and cash equivalents at the end of the year	<u>191.2</u>	<u>133.3</u>	<u>185.3</u>	<u>8.0</u>	<u>191.9</u>	<u>27.8</u>

RISK FACTORS

An investment in our Shares involves risks. You should carefully consider all of the information in this document and, in particular, the risks described below before deciding to invest in our Shares.

The following describes some of the significant risks that could affect us and the value of our Shares. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially adversely affect our business, financial condition, results of operations and prospects. In general, investing in securities of issuers in emerging market countries such as Thailand involves risks not typically associated with investing in the securities of companies in countries with more developed economies. You should also consider the information provided below in connection with the forward-looking statements in this document and the warning regarding forward-looking statements at the beginning of this document.

Risks relating to our business

Demand for our services is subject to fluctuations and our results of operations may be volatile

Demand for our services is subject to fluctuations, with periods of high demand, short supply and high rates often followed by periods of low demand, excess supply and low rates. The entry into the market of newly constructed, upgraded or reactivated drilling or sub-sea engineering vessels will increase market supply and may inhibit the increase of rates or reduce them. Periods of low demand intensify the competition in the industry and often result in assets being idle for periods of time. Our assets may be idle or we may have to enter into lower rate contracts in response to market conditions in the future. In addition, during depressed market conditions, a client may no longer need a tender rig or vessel that is currently under long-term contract or may be able to obtain a comparable service at a lower rate. Clients may then seek to renegotiate the terms of their contracts or avoid their obligations under those contracts. Our ability to renew these contracts or obtain new contracts and the terms of any such contracts will depend on market conditions at that time. If demand for our tender rigs and vessels declines, utilization and rates may be adversely affected.

In addition, as most of our sub-sea engineering services contracts are short-term in nature, changes in market condition can quickly affect our business. Further, as our business is project-based, our cash flow may not always be predictable and may be uneven. As a result of fluctuation in demand for our services, our results of operations may be volatile.

We are largely dependent on the oil and gas industry, which is affected by volatile oil and gas prices

Our profitability largely depends on conditions in the oil and gas industry, in particular the level of activity in oil and gas exploration, development and production primarily in South East Asia where we are active. Oil and gas prices, as well as our clients' expectations of potential changes in these prices, significantly affect this level of activity. Oil and gas prices are volatile and are affected by numerous factors including, but not limited to the following:

- worldwide economic activity;
- actual and perceived changes in demand and supply for oil and gas;
- the costs of exploring for, producing and delivering oil and gas;
- advances in exploration, development and production technology;
- conflict or instability in the Middle East or other oil and gas producing regions;
- the level of banked reserves in the oil and gas producing countries;
- production field decline and depletion rates;
- government policies and regulations, including environmental regulations;
- local and international political and economic environment;
- weather conditions;
- the ability of OPEC to set and maintain production levels and prices;

- the level of production by non-OPEC countries;
- the discovery rate of new oil and gas reserves in offshore areas;
- the ability of oil and gas companies to obtain funds for capital;
- government tax policies;
- interest rates and cost of capital; and
- the development and exploitation of alternative fuels.

Depending on the market price of oil and gas, companies exploring for oil and gas may cancel or reduce their activities, thus reducing the demand for our services. In addition, there can be no assurance that oil and gas companies will be able to obtain the financing necessary to develop new prospects in this region, resulting in reduced demand for our services. Although the level of offshore drilling and production activity improved in 2005 and 2006, there can be no assurance that activity levels will remain the same or increase. Any prolonged period of low drilling and production activity would likely have an adverse effect on our business and operations.

We are subject to a number of operating risks

Our operations are subject to various risks inherent in the oil and gas industry such as fires, which we recently experienced on MTR-1, natural disasters, explosions, encountering formations with abnormal pressures, blowouts, cratering, pipeline ruptures and spills. A number of these risks could have severe consequences, including loss of human life or serious injury, significant damage to our or our clients' assets and equipment, environmental pollution, personal injury litigation, political consequences and damage to our reputation. In the event of a blowout, explosion or pipeline rupture for example, our tender rigs and our clients' platforms could be damaged beyond repair, members of our crew could perish or be seriously injured and there could be severe adverse consequences for the environment. As a result of such an accident, we could also be involved in protracted legal disputes, as well as in conflicts with local or regional governmental authorities regarding environmental clean-up, safety standards and the like, and we could be subject to substantial financial and other liabilities.

We are also subject to equipment failure risks. Our equipment may fail for various reasons, which may require long periods and outlay of funds to repair which would result in loss of sales. We may be forced to cease part of our operations if any of our key assets break down until we can replace and/or repair such key assets. For example, in September 2006, we experienced a crane boom incident on MTR-1, which resulted in downtime of MTR-1 for approximately two months (including the dry-docking for special periodic survey ("SPS"), which is a class requirement and must occur every five years, of MTR-1) and resulted in us incurring costs of approximately US\$2.2 million, of which only US\$0.4 million was recoverable from our insurer as we were responsible for paying our deductible amount of US\$1.8 million, to replace the crane boom on MTR-1. Further, we had to shorten the contract period with our client and reduce our scope of work. In June 2007, there was an incident of fire on MTR-1 which resulted in further downtime for MTR-1. In addition, we incurred costs of approximately US\$2.8 million, of which we were responsible for paying our deductible amount of US\$2.3 million under the new insurance policy for MTR-1, in connection with the repair of MTR-1 following the fire. MTR-1 resumed operations in early September 2007.

The incidents on MTR-1 in September 2006 and June 2007 have adversely affected and will adversely affect the utilization rates of our tender rigs and, as a result, are expected to adversely affect our financial performance in the financial year ending September 30, 2007. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments".

The operations of our sub-sea engineering service vessels are also exposed to the risk of equipment failure, failure to follow procedures and protocols and the competency of our employees, as well as risks inherent in conducting offshore operations such as vessel collisions, resulting in damage to or loss of vessels or personal injury. A major system failure could result in substantial loss of life and/or serious injury, damage to or loss of vessels and equipment and protracted legal or political disputes and damage to our reputation.

We are also subject to bad weather conditions, which may be hazardous to our vessels, equipment and personnel. In addition, such bad weather conditions may reduce our productivity. Further, our contracts provide that our clients can suspend or refuse services in the event their operations are affected by events of *force majeure*.

Any of these events could have a material adverse effect on our reputation, financial condition and results of operations, and on our ability to continue to operate our business.

We only have two tender rigs, and downtime of one or both of these rigs could adversely affect our results of operations

We only have two tender rigs, and downtime of one or both of these rigs could adversely affect our results of operations. For example, MTR-2 is experiencing a period of downtime that commenced in July 2007 as a result of an agreement with Chevron Thailand Exploration and Production Ltd (“Chevron Thailand”) to meet certain technical specifications upon the transfer of MTR-2 from its previous client. To meet these specifications, we relocated MTR-2 to inland facilities in July 2007. In addition to completing these specifications, we also decided to commence the dry-docking and SPS for MTR-2. MTR-2 is expected to resume operations in November 2007. Further, our tender rigs may experience downtime for other reasons, such as the crane boom incident on MTR-1 in September 2006 and the fire on MTR-1 in June 2007, as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Financial Condition — Utilization rates”.

Our future financial statements may not be comparable to those included in this document

This document contains our separate audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006, and our unaudited condensed consolidated interim financial information as of March 31, 2007 and for the six-month periods ended March 31, 2006 and 2007, which have been prepared in accordance with IFRS. This document also contains our separate audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006, and our unaudited interim consolidated and company financial statements as of March 31, 2007 and the three-month and six-month periods ended March 31, 2006 and 2007, which have been prepared in accordance with Thai GAAP. In the future, we intend to prepare and report our financial statements only in accordance with Thai GAAP. We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods. Notwithstanding the foregoing, beginning in the financial year ending September 30, 2007, we intend to apply certain principles which are more consistent with IFRS to certain financial line items where Thai GAAP permits such treatment. These items relate to property, plant and equipment (“PPE”) and revenue recognition. We do not intend to restate our prior financial year financial statements prepared under Thai GAAP to reflect the application of such principles for such items unless we are required to under any new promulgations under Thai GAAP. Accordingly, our financial statements for the financial year ending September 30, 2007 and subsequent years may not be comparable to our financial statements included in this document. We expect the application of these principles to have an adverse effect on our results of operations as reported under Thai GAAP. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Adoption of Certain Changes in Accounting Principles”. In addition, amendments and supplements to numerous accounting standards under Thai GAAP have been proposed and are currently in the process of public hearing. The proposed amendments and supplements attempt to bring Thai GAAP more in line with IFRS. There can be no assurance as to when or if any of these proposed amendments and supplements will be adopted or become effective. During the process of public hearing, the proposed amendments and supplements may be revised or amended to reflect comments from concerned parties, and the final amendments and supplements may not necessarily be the same as the drafts. Our financial statements for the financial year ending September 30, 2007 and subsequent years may be affected by these proposed amendments.

Our business may be adversely affected by weather conditions

As our operations are carried out offshore, our businesses are generally vulnerable to weather and environmental conditions. The weather conditions in South East Asia are generally considered benign. There are two recognized weather patterns: (i) the North East monsoon which runs from November through March; and (ii) the South East monsoon which runs from March through October.

The South East monsoon generally does not pose any real weather risk and our clients schedule the majority of their projects through this period. The North East monsoon poses a greater weather risk to our sub-sea engineering services business. Historically, clients do not schedule any planned activity during these periods for routine works. Essential projects will still feature during these periods but with decreased

efficiency. When operations are suspended due to weather conditions, the clients carry the financial risk by continuing to pay a slightly reduced rate known as the waiting on weather ("WOW") rate.

As the North East monsoon does not blow continuously, there are periods of time where we can maintain operations and vessels are mobilized for short-term work scopes. In the event of bad weather, operations may be suspended and the vessels moved to sheltered locations or demobilized. The risk of loss to a tender rig or vessel also exists due to extreme weather conditions (i.e. typhoon) which may develop quickly and track in a different manner to that being observed. Accordingly, weather conditions may adversely affect our business and results of operations.

We are not insured against all risks we face, and our insurance may not cover all our losses

The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain or that is not covered by insurance could have a material adverse effect on our financial condition and results of operations. We maintain insurance for sickness of and injuries to our employees, damage to or loss of our equipment and other insurance coverage for normal business risks. However, we do not have insurance against all foreseeable risks, either because insurance is not available or because of the high premium costs involved. We do not have insurance coverage for business interruption or loss of sales. In addition, there are significant deductibles in our insurance policies. We may also be required by our clients to take out and maintain additional insurance and/or bank guarantees for the duration of our contracts with these clients. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" and "Business — Insurance".

As our tender rigs, including the Drilling Equipment Sets, are not new, we have not insured them to new build value. As such, in the event of a loss of or damage to our tender rigs, our insurance coverage may not be sufficient to cover the cost of replacing the tender rigs or we may not be able to source a suitable used tender rig as replacement. Further, based on current market conditions, the cost of acquiring vessels to replace any damaged vessels would be likely to exceed our insurance coverage. To the extent that we may suffer loss or damage that is not insured or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

We may not be able to maintain adequate insurance in the future at rates we consider reasonable. Insurance may not be available to cover any or all of the risks we face, or, even if available, may be inadequate. Further, insurance premiums or other costs could rise significantly in the future so as to make such insurance prohibitive. It is likely that during insurance renewals, our premiums and deductibles will be higher as the cost of building and acquiring replacement tender rigs and vessels has increased and certain insurance coverage will either be unavailable or considerably more expensive than it has been in the recent past.

There are a limited number of potential clients in the niche markets in which we operate and the loss of a significant client could have a material impact on our financial results

There are a limited number of potential clients, particularly for our drilling services business and a limited number of projects available in the niche markets we operate in. In any given year, a small number of contracts and projects account for a significant portion of our sales. Further, given that we have a total of two tender rigs, our drilling services business can only have a maximum of two clients at any point in time. The loss of any single existing client for our drilling services business could thus have a material adverse impact on our drilling services business if we are unable to secure new clients to replace such a client.

Our top five clients accounted for 65.1%, 71.8% and 52.6% of our sales in the financial years ended September 30, 2004, 2005 and 2006, respectively, and 66.9% of our sales for the six-month period ended March 31, 2007, based on our Thai GAAP Financial Statements. Our top client accounted for 30.5%, 23.6% and 13.5% of our sales for the financial years ended September 30, 2004, 2005 and 2006, respectively, and 16.6% of our sales for the six-month period ended March 31, 2007, based on our Thai GAAP Financial Statements. We do not believe that this client sales information would be materially different if it were based on our IFRS Financial Statements. Our sales and profitability could be materially adversely affected if any of our major clients do not pay us for our services, terminate their contracts or refuse to award new contracts to us and we are unable to secure new clients to replace these clients.

If we fail to effectively manage our growth, our results of operations may be adversely affected

Since October 1, 2003, we have purchased two tender rigs and three vessels. We intend to purchase two new build tender rigs and one new build DP DSV. For further information on our expansion strategy, see “Business — Strategies and Objectives”. We intend to use most of the proceeds from the Offering for our current and future development, including the purchase of two new build tender rig and the acquisition and/or new building of additional rigs and vessels. There will be a time lag between the time we purchase a new build tender rig or vessel and the time such tender rig or vessel becomes operational. During that period, the conditions affecting the industry may change such that we may be unable to achieve our projected returns. If we fail to effectively manage our current and future acquisitions and new builds, our results of operations could be adversely affected. Our expansion plans will require substantial management attention and significant company resources, both financial and human. Our growth has placed, and is expected to continue to place, significant demands on our personnel, management and other resources. If we do not continue or are unable to recruit the necessary skilled personnel, improve our operations and our financial, management and legal/compliance information systems to keep pace with the growth of our business, our results of operations may be adversely affected. In addition, our expansion plans will require us to carefully manage our acquisition of major equipment and inventory of spare parts, some of which have long lead times for delivery, in order to have available major equipment required for our planned growth and to minimize any down time of our key assets.

Our failure to attract and retain skilled personnel could adversely affect our operations or business

Our business requires highly skilled personnel to operate our tender rigs and vessels. Skilled personnel with the appropriate experience in our industry are limited and competition for the employment of such personnel, in particular for senior skilled personnel, is intense. Further, in periods of high utilization we have found it more difficult to find and retain individuals who meet our needs.

There can be no assurance that we will be able to attract the necessary skilled personnel to work in the region or that we will be able to retain the skilled personnel which we have trained at great cost or whether suitable replacements can be found for skilled personnel that leave us. If we are unable to continue to attract and retain skilled employees, it could adversely affect the quality and timeliness of our services and our ability to compete effectively and to grow our business.

We compete internationally for skilled personnel. The high demand for skilled personnel in our industry has resulted in an inflationary pressure on the hiring, training and retention costs for such personnel. Companies in our industry typically offer attractive compensation packages to attract and retain qualified personnel. A significant increase in the compensation paid by our competitors could result in attrition, increases in the compensation rates we are required to pay, or both. The financial resources required to attract and retain such personnel may adversely affect our operating margins.

Our industry is highly competitive with intense price competition

The market segments and region in which we operate are highly competitive. Pricing is often the primary factor in determining which contractor is awarded a contract. Some of our competitors are larger than we are, have more diverse fleets or fleets with generally higher specifications, have greater resources, have greater brand recognition and greater geographic reach and/or lower capital costs than we have. This allows them to withstand industry downturns better, compete on the basis of price or relocate, build and/or acquire additional assets, all of which may affect our sales or profitability. If other companies in our industry relocate or acquire vessels for operations in South East Asia, levels of competition in South East Asia may increase and our business could be adversely affected. Local oil and gas services competitors in each country we operate in may have more domestic experience and better relationships with clients than we do. Our inability to compete successfully may reduce our sales and profitability.

Rig conversions, upgrades, or new builds and repairs may be subject to delays and cost overruns

We may from time to time undertake to increase our fleet capacity through conversions or upgrades of our tender rigs and vessels or through new builds. These projects are subject to risks of delay or cost overruns resulting from numerous factors including, but not limited to, the following:

- shortages of equipment, materials or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;
- unanticipated cost increases;
- weather interferences;
- difficulties in obtaining necessary permits or in meeting permit conditions;
- design and engineering problems;
- shipyard failures; and
- local and international political environment.

Significant cost overruns or delays could materially affect our financial condition and results of operations.

Moreover, our tender rigs and vessels undergoing conversion, upgrade and repair do not generate sales during the period they are out of service and any delay would increase the number of days during which they will not be generating revenue. Further, if we are unable to repair and maintain our tender rigs and vessels to the required standards, we may be unable to carry out our operations or be prevented from carrying out work for our clients, which would adversely affect our results of operations and our relationships with our clients and could subject us to certain penalty payments to our clients under certain of our contracts.

Increases in our costs could adversely impact the profitability of our longer-term contracts

All of our contracts with our clients for our drilling services and some of our contracts for our sub-sea engineering services are on a long-term fixed rate basis. Longer-term fixed rate contracts limit our ability to adjust rates in response to any increase in our costs, such as salary costs and costs for spare parts and consumables, which are unpredictable and fluctuate based on events beyond our control. Any substantial increase in such costs would adversely impact our profitability.

Maintenance and repair for our tender rigs and vessels will require substantial expenditures

Our operations rely on assets such as tender rigs and vessels. We are required to maintain our tender rigs and vessels to certain standards and to maintain the certification of such tender rigs and vessels. See “Business — Classification” for further details on certifications required. For example, our tender rigs and vessels are required to be dry-docked every five years. Such dry-docking requires major capital expenditure and there can be no assurance that there will not be cost overruns. We may have to repair or refurbish our tender rigs or vessels or incur substantial expenditure for the acquisition of additional spare parts and assets. Such refurbishment and acquisition involves substantial expenditure and there can be no assurance that we will be able to finance such expenditure.

Further, as many of our tender rigs and vessels are not new, the cost of maintenance and repair may be higher than for new builds. We may be unable to obtain certain replacement parts for our tender rigs or vessels as the manufacturers may no longer fully support them and certain parts may be obsolete. This may result in our having to build replacement parts from scratch or to upgrade our equipment, either of which would require us to incur significant costs and could result in our tender rigs and vessels being out of service and being unable to generate sales for extended periods of time.

In September 2006, we experienced a crane boom incident on MTR-1. In June 2007, there was an incident of fire on MTR-1. We incurred costs of approximately US\$2.2 million, of which only amounts exceeding our deductible of US\$1.8 million are recoverable from our insurer, to replace the crane boom on MTR-1 following the crane boom incident and approximately US\$2.8 million in connection with the repair of MTR-1 following the fire, of which only amounts exceeding our deductible of US\$2.3 million are

recoverable from our insurer. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments”.

There can be no assurance that cash from operations or debt or equity financing on terms acceptable to us will be available or sufficient to meet our requirements. Any inability to access sufficient capital for our operations could have a material adverse effect on us.

We are subject to numerous governmental laws and regulations, including those that may impose significant liability on us

We are required to maintain our vessels in class under applicable rules and regulations and to be able to meet the minimum requirements of clients for engaging our services. Further, we are subject to international laws, regulations and practices, as well as those of the countries in which we operate, such as Thailand, Indonesia, Malaysia and Vietnam. These laws and regulations are becoming increasingly complex, stringent and expensive to comply with, and failure to comply with these laws and regulations may incur administrative, civil and criminal penalties, the imposition of remedial obligations and the issuance of injunctions that may limit or prohibit our operations. The application of these laws and regulations, the modifications of existing laws or regulations or the adoption of new laws or regulations could materially increase our costs or impair demand. In addition, our clients rely on licenses, which could be revoked and result in a decrease in demand for our services or in our contracts with our clients being terminated.

We are subject to the labor laws and regulations of the various countries in which we operate in and our skilled personnel are recruited from all over the world. Any inability of these skilled personnel to work in any of the countries in which we operate due to the labor laws and regulations of these countries may result in an interruption or delay to our operations and may have an adverse effect on our business.

In addition, we are required to have certain permits and approvals to conduct our operations. We are in the process of obtaining IEAT permission for the conduct of our operations at our operational facility at Chonburi, Thailand. We were required to obtain the permission of the IEAT for owning and operating our operational facility at Chonburi, Thailand. We applied for and received this permission in the name of our parent holding company. However, subsequent to receipt of this permission, we have learned that, since our operating subsidiary MOS is the entity that is conducting the approved activity at this facility, MOS should be the beneficiary of this permission. Accordingly, we are working with IEAT to rectify this situation and expect to complete this process by October 2007. If we are unable to obtain IEAT permission, we may be subject to fines or may not be permitted to own and operate this facility. See “Business — Properties”. In the future, we may be required to renew such permits or to obtain new permits and approvals. There is no assurance that we will be able to renew or obtain such permits or approvals in the time frame anticipated by us or at all. Any failure to renew, maintain or obtain the required permits or approvals may result in the interruption or delay to our operations and may have an adverse effect on our business. See “Regulations” for further information on certain of the regulations to which we are subject.

We may be unable to maintain our health, safety and environmental standards

Our operations are subject to laws and regulations that relate directly or indirectly to the drilling and sub-sea engineering services industries, including those relating to the discharge of oil or other contaminants into the environment and protection of the environment. We are required by our clients, governments and regulatory agencies to maintain health, safety and environmental standards in the course of providing our services. In the event of any change in these standards, we may have to incur additional expenses to comply with such changes. Any failure to maintain standards may result in the cancellation of our present contracts, not being awarded new contracts or regulatory authorities imposing fines, penalties or sanctions on us or prohibiting us from continuing our operations, each of which could have an adverse effect on us. We have not received any notices of any breach of health, safety and environmental regulations in the last three financial years and in the six months ended March 31, 2007. A failure to maintain health, safety and environmental standards could also result in injuries, death, damage to the environment, liability, or damage to our reputation. That could also make it more difficult for us to recruit and retain skilled personnel.

We may suffer losses as a result of foreign exchange restrictions and foreign currency fluctuations

Substantially all of our sales are paid in U.S. dollars. However, some of our costs are in other currencies such as the Baht, Malaysian Ringgit and Indonesian Rupiah. As a result, we are exposed to currency fluctuations and exchange rate risks. To minimize our risks, we attempt to match the currency of our operating costs with the currency of our sales. However, any fluctuations in the value of the other applicable currencies could adversely affect our operating sales. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Risks — Exchange Rate Risk” for further details on exchange rate risk.

Our financial reporting currency is Baht. The Baht could fluctuate significantly against the U.S. dollar and other currencies and has recently appreciated significantly against the U.S. dollar. See “Exchange Rate Information” for further information on exchange rates. In addition, there can be no assurance that the Thai government will not adopt policies that adversely affect the value of Baht against other currencies. After the coup in September 2006, the Thai government imposed foreign exchange controls including a requirement that, with respect to any sale or exchange of foreign currencies for Baht amounting to US\$20,000 or above (or its equivalent), the relevant authorized financial institution is required to withhold 30.0% of the foreign currency to be sold or exchanged in reserve for a one-year period before returning the amount withheld without any interest thereon. See “Foreign Exchange Controls” for further information. There can be no assurance that the Thai government will not impose other capital controls in the future. The volatility of Baht and other currencies and/or the imposition of further capital controls may adversely affect our business and financial condition.

Our tender rigs and vessels are exposed to attacks by pirates

Our tender rigs and vessels are exposed to possible attacks by pirates. If such attacks occur and our tender rigs and vessels are captured, destroyed or damaged in excess of our insurance coverage, or such attacks lead to injuries or loss of personnel, our financial position could be adversely affected.

Our operations are vulnerable to natural disasters

Our offshore operations are vulnerable to natural disasters such as tsunamis. For example, a tsunami may adversely affect our tender rigs and vessels when they are operating, being towed or idle in shallow water, inland, or dry-docked. A natural disaster resulting in significant damage to any of our key assets could have a material adverse effect on our business, financial condition, profitability or results of operations. We cannot predict when such an event will occur or the effect that it will have. For example, on December 26, 2004, a powerful earthquake suddenly struck the floor of the Indian Ocean off the northwestern coast of Sumatra, Indonesia triggering a massive tsunami that resulted in substantial damage and loss of life. Although natural disasters have not materially affected us in the past, the occurrence of tsunamis, or other events beyond our control, could adversely affect our business.

Our Company is a holding company and will depend on distributions from its principal operating subsidiaries to enable it to meet its financial obligations

Our Company is a holding company with limited direct operations and limited assets other than its interests in its subsidiaries. Our Company will be dependent on dividend distributions from its principal operating subsidiaries to meet its obligations, including the payment of principal and interest on its indebtedness.

The determination of the amount of distributions, if any, to be paid to our Company by our subsidiaries will depend upon the terms of each subsidiary’s indebtedness, if any, as well as each subsidiary’s financial condition, results of operations, cash flows and future business prospects. Our Company will receive distributions made by our subsidiaries based on our ownership interest in each subsidiary.

We operate in countries which may be affected by security risks and adverse legal and regulatory conditions

We operate in Thailand, Indonesia, Malaysia and Vietnam. Some of the countries in which we operate have been affected by political upheavals, internal strife, civil commotions, epidemics and terrorist attacks. The recurrence of these political and social conditions in countries where we currently or may in the future operate, may affect our ability to provide our services to our clients in those countries. Our tender rigs and

vessels may also be subject to seizure and arrest as a result of political and social conditions, or government actions against us or our clients. Such conditions may affect the ability of our vessels to call on the ports of certain countries.

Mandatory government actions or restrictions on vessels calling on the ports of countries in which we or our clients operate, foreign exchange controls, investment restrictions, national procurement policies which favor indigenous companies, or such other government actions may affect our ability to provide our services to our clients and may also affect the ability of our clients to meet their payment obligations to us. Insurance premiums for our operations and vessels will increase in the face of increased political risks in the countries where we or our clients operate. If such risks develop into actual events, our business will be adversely affected.

Our business and operations are subject to the uncertain legal and regulatory framework in the countries in which we operate. Laws and regulations governing business entities in these countries may change and are often subject to a number of possibly conflicting interpretations, both by business entities and by the courts. Business regulations contain numerous differing and sometimes conflicting rules and requirements concerning, for example, the licensing of various business activities or the granting of permits or certifications for these activities in the countries in which we operate. These rules and requirements are often promulgated and overseen by different government entities or departments, which may be national, regional or municipal, and these entities may differ in their interpretation and enforcement of the rules. Our business, financial condition, profitability and results of operations may be adversely affected by changes in and uncertainty surrounding governmental policies, in particular with respect to business laws and regulations, licenses and permits, taxation, inflation, interest rates, currency fluctuations, price and wage controls, exchange control regulations, real estate regulations, labor laws and expropriation. Any changes in economic, political, legal and regulatory conditions or policies in the countries in which we operate could adversely affect the results of our operations and in turn impact the market price of our Shares.

Governments could requisition our vessels during a period of war or emergency without adequate compensation, resulting in loss of earnings

A government could requisition or seize one or more of our vessels. Requisition for title occurs when a government takes control of a vessel and becomes her owner. Requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter-rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels may negatively impact our business, financial condition and results of operations.

Maritime claimants could arrest our vessels, which could interrupt our cash flow and cause a material adverse effect on our business, financial condition and results of operations

Crew members, suppliers of goods and services to a vessel and other parties may be entitled to maritime liens against vessels (and, in some jurisdictions, any associated vessel owned or controlled by the same owner) for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien-holder may enforce its lien by arresting a vessel and commencing foreclosure proceedings. This would apply even if vessels in our portfolio were chartered out. The arrest or attachment of one or more of our vessels could result in our paying a substantial sum of money to have the arrest lifted if the charterer of the relevant vessel does not do so. In this respect, our business and financial condition may be adversely affected.

Our results of operations may be adversely affected by an increase in the tax which we pay

We and each of our consolidated entities are taxed separately and we do not file a consolidated tax return. Accordingly, tax attributes and allowances are unique to us and each of our consolidated entities and cannot be aggregated. The corporate tax rate in Thailand applicable to our Group is 30.0%. Currently, MOS enjoys certain tax benefits under Thai laws as it has obtained BOI certificates. These benefits include an exemption from corporate income taxes for the provision of certain services for eight years from the date when MOS' income is first earned after approval is given by BOI. MOS' BOI privileges first became effective in relation to the Mermaid Supporter on October 1, 2003 and first became effective in relation to our other vessels on October 12, 2005. MTR-1 Ltd. and MTR-2 Ltd. have also obtained BOI certificates and have benefits similar to MOS that continue until eight years from the date when their income is first earned after approval is given by BOI. BOI privileges first became effective for MTR-1 Ltd. and MTR-2 Ltd.

on January 30, 2006. Accordingly, most of the income earned by us is currently exempt from corporate income taxes in Thailand. This exemption from corporate income tax cannot be renewed upon the expiry of the respective eight year periods. As a result of the expiration of these benefits, the income tax which we may be required to pay may increase and this may adversely affect our results of operations and financial condition. In addition, as contracts entered into in connection with our drilling business are long-term in nature, MTR-1 Ltd. and MTR-2 Ltd. are at times deemed to have permanent establishments and pay taxes in the countries in which they conduct their operations. See “Management’s Discussion and Analysis of Financial Condition — Taxes”.

Any future outbreak, of avian influenza or other contagious diseases may adversely affect South East Asia’s economy, our business, financial condition, results of operations and prospects

Since late 2003, a number of countries in Asia, including Indonesia, Thailand, Malaysia and Vietnam, as well as countries in Europe and other parts of the world, have experienced outbreaks of the highly pathogenic H5N1 strain of avian influenza. In addition, Indonesia, Thailand and Vietnam reported cases of bird-to-human transmission of avian influenza resulting in numerous human deaths. Although the Ministry of Public Health has not reported any cases of human-to-human transmission of avian influenza in Thailand, the World Health Organization reported the first probable case of human-to-human transmission of avian influenza in Thailand in September 2004. The World Health Organization and other agencies continue to issue warnings on a potential avian influenza pandemic if there is sustained human-to-human transmission.

The avian influenza outbreak and any future widespread outbreak of avian influenza, severe acute respiratory syndrome (“SARS”) or other contagious diseases could adversely affect the economy of the relevant country and economic activity in the region. We cannot assure you that any present or future outbreak of avian influenza, SARS or other contagious diseases would not have a material adverse effect on our business, financial condition, result of operations and prospects. In addition, any present or future outbreak of avian influenza, SARS or other contagious diseases could cause increased volatility or a general decrease in stock prices on the SGX-ST, including the market price of our Shares.

Risks relating to Thailand

The impact of recent political upheaval in Thailand is uncertain

On September 19, 2006, the commander-in-chief of Thailand’s army and other military leaders led a coup against the country’s civilian political leadership during a visit by the then-caretaker prime minister to the United States. The coup leaders declared martial law and abrogated the Thai constitution. On October 1, 2006, Thailand’s military leadership introduced an interim constitution, pursuant to which they appointed themselves as the Council for National Security, and handed power to an interim civilian government led by a new prime minister with a military background. On August 19, 2007, there was referendum on a new constitution at which the draft constitution was approved. The constitution came into force as of August 24, 2007. The prime minister has tentatively called for general elections to be held by December 2007. The impact of recent events on political, economic and legal conditions in Thailand, and the extent of the military’s role in Thailand’s political future, remain uncertain. There can be no assurance that general elections will be held or that Thailand will successfully transition back to civilian political leadership on schedule, or at all. Thailand’s current and future civilian political leadership may again be subject to military action or other forms of political instability. Prolonged political instability in Thailand could have a material adverse effect on political, economic and legal conditions in Thailand, which could in turn have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

Continued violence in southern Thailand could adversely affect our business, financial condition, results of operations and prospects

In response to continuing violence in southern parts of Thailand, the Government declared martial law in certain southern provinces in early 2004. The region recently experienced increasingly serious and frequent incidents of violence. On April 3 and April 4, 2005, a series of bombs were detonated in the town of Hat Yai and nearby Songkhla City in Songkhla province and in Yala province. We have a small operation in Songkhla. On November 4, 2005, in response to bombings, the Thai military declared martial law in two districts of Songkhla Province. On December 31, 2006, a series of bombs exploded in Bangkok killing

several people and injuring others. Since January 2004, a significant number of people have been killed by violence in the region. A number of countries, including the United States, the United Kingdom, Australia and Canada have issued travel advisories relating to travel to Thailand. The violence could lead to widespread unrest in Thailand or a major terrorist incident in Thailand similar to those in other parts of South East Asia.

Economic, political, legal and regulatory conditions in Thailand may materially and adversely affect our business, financial condition, results of operations, prospects, and the market price of our Shares

We are subject to political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed economies. Our business and operations are subject to the changing economic and political conditions prevailing from time to time in Thailand such as the recent military coup on September 19, 2006. The Government has frequently intervened in the Thai economy and occasionally made significant changes in policy. For example, following the most recent coup, on December 19, 2006 the BOT imposed an unremunerated reserve requirement on short-term capital inflows in order to reduce speculation in the Baht. Financial institutions are required to withhold 30.0% of foreign currencies exchanged for Baht and remit the withheld amounts to the BOT on the seventh day of the immediately subsequent month to be held as a reserve. The amount so withheld as reserve cannot be released for a period of 12 months and thereafter only upon written request of the person whose foreign currency was withheld. If the person whose money was withheld wishes to repatriate the 70.0% of foreign currency exchanged for Baht prior to the expiration of the 12 months, they are only entitled to two-thirds of the withheld amount. The BOT has granted relaxations of the reserve requirement for some transactions. If, on the date of the remittance of the funds into Thailand, it cannot be proven that the funds are for transactions that fall within the exceptions, the remittance will be subject to the 30.0% reserve requirement under the new BOT regulation if the remittance is converted into Baht. We cannot assure you that the Thai government will not impose other policy changes in the future. We cannot assure you that the current or any future political instability in Thailand or any changes in the Government's policies or in Thailand's political environment will not have a material adverse effect on our business, financial condition, results of operations, prospects and the market price of our Shares.

Non-enforceability of non-Thai judgments may limit your ability to recover damages from us

Our Company is incorporated in Thailand. Most of our Directors and Executive Officers are residents of Thailand. Also, the assets of our Directors and Executive Officers are located throughout the world including Thailand. As a result, you may not be able to effect service of process upon us or these persons outside Thailand or enforce against us judgments obtained in courts outside of Thailand, including judgments based upon the federal securities laws of the United States. Under Thai law, judgments entered by a United States court or any other non-Thai court, including actions under the civil liability provisions of the U.S. federal securities laws, are not enforceable in Thailand. In order to pursue a claim against us or any officer or director of either, an investor would have to bring a separate action or claim in Thailand. While a non-Thai judgment could be introduced as evidence in a court proceeding in Thailand, a Thai court would be free to examine anew issues arising in the case. Thus, to the extent investors succeed in bringing legal actions against us, their available remedies and any recovery in any Thai proceeding may be limited. See "Enforceability of Civil Liabilities" for a further discussion of enforceability matters.

We prepare our consolidated financial statements in accordance with Thai GAAP, which differ in certain respects from IFRS and U.S. GAAP

Our consolidated financial statements that are included in this Prospectus are prepared in accordance with Thai GAAP and IFRS, which differ from U.S. GAAP. As a result, our consolidated financial statements and reported earnings could be significantly different from those which would be reported under U.S. GAAP. This document does not contain a reconciliation of our consolidated financial statements to U.S. GAAP, and there can be no assurance that such reconciliation, if performed, would not reveal material differences. See "Summary of Certain Differences Between IFRS and U.S. GAAP" for a summary of certain accounting differences that may be applicable.

In addition, in the future, we only intend to prepare consolidated financial statements in accordance with Thai GAAP. Notwithstanding the foregoing, beginning in the financial year ending September 30, 2007, we intend to apply certain principles which are more consistent with IFRS to certain financial information where Thai GAAP permits such treatment. These items relate to PPE and revenue

recognition. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Adoption of Certain Changes in Accounting Principles” for further details. Thai GAAP differs from IFRS and, accordingly, our future consolidated financial statements and reported earnings under Thai GAAP could be significantly different than those that would be reported under IFRS. See “Summary of Certain Differences Between IFRS and Thai GAAP” for a summary of certain accounting differences that may be applicable.

Risks relating to the ownership of our Shares

The interest of our Controlling Shareholder, TTA, may conflict with the interests of our other Shareholders

Upon completion of the Offering (assuming the Over-allotment Option is not exercised), TTA Group will beneficially own 299,251,270, or 57.2%, of our outstanding Shares. As a result, TTA Group, subject to our Articles of Association and applicable laws and regulations, will effectively be able to control our management, policies and business by controlling the composition of our Board of Directors, approving the timing and amount of dividend payments and approving general corporate transactions. Although we will be required to comply with SGX-ST’s conflict of interest rules which require independent shareholders’ approval for interested party transactions, the interest of TTA Group may conflict with the interests of our other Shareholders.

We may be unable to utilize the proceeds of the Offering as intended

Upon completion of the Offering (assuming the Over-allotment Option is not exercised), TTA Group will beneficially own 299,251,270, or 57.2%, of our outstanding Shares. As TTA Group will hold more than 51.0% of our outstanding Shares, our intended use of the proceeds from the Offering will be subject to approval of our Board, our Shareholders, as well as the approval of the board of TTA, our Controlling Shareholder, and potentially TTA’s shareholders, subject to our Articles of Association and applicable laws and regulations. There is no assurance that we will obtain such approvals in the periods expected or at all. If we are unable to obtain such approvals, we may not be able to utilize the proceeds of the Offering as intended. In addition, we intend to use the proceeds to make certain investments in our business, but there can be no assurance that these investments will come to fruition or that we will be able to invest these proceeds in our business in the manner or within the time intended. See “Use of Proceeds” for further details on our intended use of proceeds. If we are unable to utilize the proceeds from the Offering as intended, we may generate lower sales and profits, if any, than we may otherwise be able to achieve.

Investors may not have their application monies returned to them, either on a timely basis or at all, if our Shares are not listed on the SGX-ST

If the MOC accepts the registration of the increase in our issued share capital, successful applicants will be holders of our Shares through CDP. If the listing of our Shares on the SGX-ST does not occur, notwithstanding that the applicable Singapore laws and regulations provide otherwise, monies paid by successful applicants of the Shares cannot, under the laws of Thailand, be returned unless our share capital is reduced. In this instance, we will consider the various options that may be available to us, including, but not limited to, those enabling us to return the monies to these applicants. You should note, however, that returning these monies may take a considerable amount of time and may not be possible and, as a result, we may be in breach of applicable Thai and Singapore laws and regulations.

We may not be able to pay dividends

Our ability to declare dividends in relation to our Shares will depend on our future financial performance which, in turn, depends on successfully implementing our strategy and on financial, competitive, regulatory, technical and other factors, general economic conditions, and other factors specific to our industry or specific projects, many of which are beyond our control.

In addition, under the PLCA and our Articles of Association, if the Company’s retained earnings determined in accordance with Thai GAAP are not positive, the Company will be unable to pay dividends, even if we record positive net profit for that financial year. Furthermore, in any year in which we have a net profit (as determined under Thai GAAP), we will be required by the PLCA and by our Articles of Association to set aside as a reserve, an amount of not less than 5.0% of our annual net profit (less accumulated losses carried forward) until the total reserve is not less than 10.0% of our registered capital. Our total reserve as

of March 31, 2007 amounted to 1.5% of our registered capital. See “Dividend Policy” for a discussion of our dividend policy.

The net asset value of our Offering Shares issued in the Offering is significantly less than the Offering Price and you will incur immediate and substantial dilution

The Offering Price is substantially higher than the net asset value per share of the outstanding Shares issued to our existing Shareholders. Therefore, subscribers of the Offering Shares will experience immediate and substantial dilution and our existing Shareholders will experience a material increase in the net asset value per share of the Shares they own. See “Dilution” for a further description of the extent to which subscribers of the Offering Shares will experience dilution.

Any depreciation in the value of the Singapore dollar could adversely affect the equivalent in other currencies of the value of our Shares in Singapore dollars and of any gains or losses realized by investors on a sale of our Shares. Any depreciation in the value of the Baht could adversely affect the value in other currencies of any dividends distributed by us

Transactions in our Shares on the SGX-ST will be settled in Singapore dollars. Fluctuations in the exchange rate between the Singapore dollar and other currencies will affect the equivalent in other currencies of the Singapore dollar price of our Shares on the SGX-ST and the Singapore dollar amount of any gains or losses realized by investors on a sale of our Shares. Any dividends we pay in respect of our Shares will be payable in Baht. Fluctuations in the exchange rate between the Baht and other currencies will affect the equivalent in other currencies of the Baht amount of any dividends distributed by us. See “Exchange Rate Information” for further information regarding fluctuations in the value of the Baht relative to the Singapore dollar or the U.S. dollar.

Future sales of our Shares, and the availability of large amounts of the Shares for sale, could depress the Share price

Sales of a substantial number of our Shares or securities exchangeable or convertible into our Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our Shares. In this regard, TTA and its subsidiary Thoresen Chartering (HK) Limited have each undertaken, subject to certain exceptions, not to offer, sell or otherwise dispose of any part of their respective Shares without, in each case, the prior written consent of the Global Coordinator, on behalf of the Managers, for a period of six months from the Listing Date. Further we have agreed not to issue or sell any Shares without, the prior written consent of the Global Coordinator, on behalf of the Managers. See “Plan of Distribution — Restrictions on Disposals and Issues of Shares”. The sale of substantial amounts of our Shares in the public market by any of our Shareholders, or the sale of Offering Shares in the public market by us subsequent to the expiry of these undertakings, could have a material adverse impact on the price of our Shares.

If we become a “foreign entity”, our business may be adversely affected

The Foreign Business Act B.E. 2542 (A.D. 1999) (the “FBA”) prohibits or restricts foreigners from engaging in certain businesses listed under Schedules 1-3 of the FBA in Thailand and, to this end, foreigners are required to obtain permission (i.e. a “Foreign Business License”) in accordance with the FBA before conducting the restricted businesses under Schedules 2-3. Under the FBA, any company incorporated under Thai laws which has at least half (50.0% or more) of the outstanding shares being held by foreign shareholders is deemed to be a “foreign entity”. Upon completion of the Offering (assuming the Over-allotment Option is fully exercised), we believe foreign shareholders will hold approximately 49.5% of our outstanding Shares. However, if such shareholding changes such that we are deemed to be a foreign entity, we will breach the FBA and will be required to obtain a Foreign Business License. There can be no assurance, however, that we will be successful in obtaining such a license. Further, foreign entities are prohibited under Thai law from engaging in certain activities including running educational institutions, such as MTTS. Accordingly, if we are deemed to be a foreign entity, we may be required to divest a part or all of our interest in MTTS. We will also be required to change the flag state of our vessels which are currently Thai flagged and potentially may have to refinance these vessels. If we are unable to obtain such financing on acceptable terms or at all, our business and financial condition may be adversely affected. In addition, if we are found to be in breach of the FBA, we may be subject to fines or other penalties under law.

Your ability to participate in future rights offerings may be limited

Although Thai public companies are not required to offer pre-emptive rights to existing shareholders when issuing shares, Thai public companies have from time to time issued shares through rights offerings. Compliance with securities laws or other regulatory provisions in some jurisdictions, including the U.S., may prevent certain investors from participating in any future rights issuances and thereby result in dilution of their existing shareholdings. We will have no obligation to register our Shares in the U.S. or in any other jurisdiction in order to permit U.S. or other foreign investors to participate in any future rights offerings we may undertake.

Our Shares have never been publicly traded and the Offering may not result in an active or liquid market for our Shares

Prior to the Offering, there has been no public market for our Shares and an active public market for our Shares may not develop or be sustained after the Offering. We have received an eligibility to list letter from the SGX-ST to have our Shares listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, the liquidity of that market for our Shares. Although we currently intend that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares.

The Offering Price of our Shares under the Offering was determined following a bookbuilding process by agreement between the Global Coordinator and us on the Price Determination Date, and may not be indicative of prices that will prevail in the trading market. You may not be able to resell our Shares at a price that is attractive to you.

The trading prices of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our clients or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks.

Singapore laws contain provisions that could discourage a take-over of our Company

We are subject to the Singapore Code on Take-Overs and Mergers (the “Singapore Take-Over Code”). The Singapore Take-Over Code contains provisions that may delay, deter or prevent a future take-over or change in control of us. Under the Singapore Take-Over Code, any person acquiring an interest, either individually or together with parties acting in concert, in 30.0% or more of our voting shares may be required to extend a take-over offer for our remaining voting shares in accordance with the Singapore Take-Over Code. A take-over offer is also required to be made if a person holding between 30.0% and 50.0% inclusive of the voting rights in us, either individually or in concert, acquires more than 1.0% of our voting shares in any six-month period. Although such take-over provisions are intended to protect the interests of Shareholders by requiring any acquisitions of our Shares that may involve or threaten a change in control of our Company to also be extended to all Shareholders on the same terms, these provisions may discourage or prevent such transactions from taking place at all. Some of our Shareholders may therefore be disadvantaged as such a transaction may have allowed the sale of Shares at a price above the then prevailing market price.

Corporate disclosure in Singapore may vary from that in other jurisdictions

There may be different publicly available information about companies incorporated in Thailand that are publicly traded in Singapore, such as ours, than is regularly made available by public companies in the United States and in other jurisdictions. These differences include the timing and extent of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders, the lack of official certification of disclosure and financial statements in periodic public reports, and the lack of disclosure of off-balance sheet transactions in management's discussion of results of operations in periodic public reports.

USE OF PROCEEDS

Based on the Maximum Offering Price, we estimate that the net proceeds we will receive from the issuance of Offering Shares in the Offering, assuming the Over-allotment Option is not exercised and after deducting the commissions (not including the incentive fee described in “Plan of Distribution — The Offering”) and other estimated expenses payable in relation to the Offering (estimated to be approximately S\$10.6 million, or approximately 4.9% of the gross proceeds received by us in the Offering), are approximately S\$207.8 million. A S\$0.01 decrease in the Maximum Offering Price would decrease the net proceeds to us by S\$1.4 million. We expect to utilize the net proceeds we receive in the following manner:

- approximately S\$153.6 million for the intended new building of two tender rigs. While we have entered into discussions with tender rig builders for the new building of the tender rigs, we have not as yet awarded the contracts for the new builds. We expect to take delivery of one tender rig at the earliest by the end of 2009. Further, if we exercise our proposed option for the second new build under the above-mentioned potential contract, we expect to take delivery of this new build by around the middle of 2010. See “Business — Strategies and Key Objectives — Further expand our tender rig drilling operations”. In the event we do not award either of these contracts, we intend to use these proceeds to pursue other opportunities in the drilling and sub-sea engineering industries;
- approximately S\$18.0 million for the intended new building of a DP vessel. While we have entered into discussions with shipyards for the new building of the vessel, we have not as yet awarded the contract for the new build. We expect to take delivery of the vessel by early 2009. See “Business — Strategies and Key Objectives — Further expand our sub-sea engineering operations”. In the event we do not award this contract, we intend to use these proceeds to pursue other opportunities in the drilling and sub-sea engineering industries;
- approximately S\$28.5 million for our current and future development, including the acquisition and/or new building of assets for both our drilling and sub-sea engineering services. We have identified a few opportunities as part of our strategy to expand our business, including the intended acquisition of a stake in a sub-sea engineering company in South East Asia. See “Business — Strategies and Key Objectives — Further expand our sub-sea engineering operations”; and
- the balance, including any proceeds realized from the exercise of the Over-allotment Option, for general working capital.

The foregoing discussion represents our best estimate of our allocation of the net proceeds of this Offering based on our current plans and estimates regarding our anticipated expenditures. Our intended use of the proceeds from the Offering will be subject to the approval of our Board, our Shareholders as well as the approval of the board of TTA, our Controlling Shareholder, and potentially TTA’s shareholders, subject to our Articles of Association and applicable laws and regulations. Actual expenditures may vary from these estimates, and we may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to reallocate our net proceeds of this Offering for other purposes, we will publicly announce our intention to do so through an SGXNET announcement to be posted on the internet at the SGX-ST website, <http://www.sgx.com>. In addition, we will also (a) announce via SGXNET the use of the proceeds as and when there are material disbursements; and (b) provide an annual status update on the usage by way of an announcement on SGXNET and in our annual report, until such time as the proceeds have been fully utilized.

Pending the use of the net proceeds in the manner described above, we may use the net proceeds for our working capital, place the funds in fixed deposits with banks and financial institutions or use the funds to invest in short-term money market instruments, as our Directors may deem appropriate in their absolute discretion. In the reasonable opinion of our Directors, there is no minimum amount that we must raise in the Offering.

We estimate that the expenses payable by us in connection with the Offering and the application for listing, including the underwriting and placement commission and all other incidental expenses relating to the Offering, will amount to approximately S\$10.6 million. A breakdown of these expenses is set out below:

Expense	S\$ (millions)⁽¹⁾	As a percentage of the gross proceeds from the Offering⁽¹⁾
Underwriting, selling and management commission ⁽²⁾	6.6	3.0
Professional and accounting fees	2.8	1.3
Other Offering-related expenses	0.7	0.3
Advertising and printing expenses	<u>0.6</u>	<u>0.3</u>
Total	10.6	4.9

Note:

- (1) Based on the Maximum Offering Price and assuming that the Over-allotment Option is not exercised.
- (2) The combined underwriting, selling and management commission payable by us is 3.0% of the Offering Price per Offering Share (not including the incentive fee). See “Plan of Distribution — The Offering” for details.

DIVIDEND POLICY

Our Board of Directors may recommend annual dividends, subject to the approval by our Shareholders, in a general meeting. From time to time, our Board of Directors may declare interim dividends. As part of the preparation for the Offering, our Board of Directors has considered the general principles that it currently intends to apply when recommending dividends for approval by our Shareholders or when declaring any interim dividends. The actual dividend that our Board of Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board of Directors.

In considering the level of dividend payments, if any, we intend to take into account various factors, including:

- the level of our cash, gearing, return on equity and retained earnings;
- our expected financial performance;
- our projected levels of capital expenditure and other investment plans;
- the dividend yield of comparable companies globally; and
- restrictions on payment of dividend that may be imposed on us by our financing arrangements.

We declared and paid an interim dividend of Baht 8,565,480 in the financial year ended September 30, 2004. We did not declare dividends in each of our prior financial years ended September 30, 2005 and September 30, 2006.

Under the PLCA and our Articles of Association, we cannot pay dividends if the Company's retained earnings (as determined under Thai GAAP) are not positive, even if the Company records positive net profit for the current financial year. Furthermore, in any year in which the Company has a net profit (as determined under Thai GAAP), we will be required by the PLCA and by our Articles of Association to set aside as a reserve an amount of not less than 5.0% of the Company's annual net profit (less accumulated losses carried forward) until the total reserve is not less than 10.0% of our registered capital. Our total reserve as of March 31, 2007 amounted to 1.5% of our registered capital.

Dividends in respect of shares are generally subject to Thai income tax withholding at a rate of 10.0% when paid to either non-resident corporate investors or to non-resident individual investors. See "Taxation — Thai Taxation — Taxation of Dividends". Cash dividends will be paid in Baht. As a result, the equivalent of any dividends in Singapore dollars, U.S. dollars or other foreign currencies will be affected by changes in the exchange rate between the Baht and Singapore dollar, the Baht and the U.S. dollar or other foreign currencies. Shareholders whose Shares are held through CDP will receive their dividends through CDP in Singapore dollars. We will make the necessary arrangements to convert the dividends in Baht into the Singapore dollar equivalent at the prevailing exchange rate obtained by us on each relevant date for onward distribution to CDP and CDP's onward distribution to the entitled Shareholders. Neither our Company nor CDP will be liable for any loss whatsoever arising from the conversion of the dividend entitlement of Shareholders holding their Shares through CDP from Baht into the Singapore dollar equivalent.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the average selling rate of the Baht per Singapore dollar and the average selling rate per U.S. dollar as announced by BOT. We do not represent that the Baht, Singapore dollar or U.S. dollar amounts set forth below and referred to elsewhere in this document could have been, or could be, converted into Baht, Singapore dollars or U.S. dollars, as the case may be, at the rates indicated, at any particular rates, or at all.

	Baht per Singapore dollar				Baht per U.S. dollar			
	At period end	Average ⁽¹⁾	Low	High	At period end	Average ⁽¹⁾	Low	High
2001	24.04	24.99	25.84	23.98	44.36	44.59	45.91	42.42
2002	25.02	24.17	25.02	23.38	43.30	43.11	44.34	40.46
2003	23.45	23.98	24.94	22.86	39.74	41.60	43.26	39.17
2004	24.02	23.99	24.89	22.96	39.20	40.38	41.78	38.98
2005	24.83	24.35	25.28	23.50	41.17	40.38	42.16	38.35
2006	23.72	24.04	24.83	22.99	36.23	38.03	41.04	35.29
2007								
January	23.47	23.58	23.79	23.46	35.92	36.10	36.23	35.92
February	23.35	23.49	23.56	23.35	35.55	35.85	35.98	35.55
March	23.27	23.18	23.39	23.00	35.14	35.18	35.59	34.82
April	23.09	23.21	23.27	23.09	34.91	35.00	35.12	34.87
May	22.85	22.92	23.12	22.78	34.77	34.74	34.90	34.61
June	22.73	22.69	22.81	22.63	34.67	34.71	34.77	34.61
July	22.55	22.42	22.77	22.15	33.92	33.84	34.63	33.39
August	22.73	22.63	22.80	22.43	34.46	34.31	34.74	33.92

Source: Bank of Thailand. The Bank of Thailand has not consented to the inclusion of the above information for the purposes of section 249 of the Securities and Futures Act and are not liable for the information under Sections 253 and 254 of the Securities and Futures Act. We have not verified the information, but have included it in its proper form and context.

Note:

(1) Averages are based on average daily selling rates.

On the Latest Practicable Date, the average selling rate of the Baht per Singapore dollar was 22.63 and the average selling rate of the Baht per U.S. dollar was 34.31.

FOREIGN EXCHANGE CONTROLS

Thailand

Thai foreign exchange controls are administered by the BOT on behalf of the Ministry of Finance, pursuant to the Exchange Control Act B.E. 2485 (1942), as amended. The BOT has granted commercial banks and certain other entities the authority to conduct foreign exchange transactions as “Authorized Financial Institutions” of the BOT. The BOT instituted temporary Baht speculation measures on May 28, 1997, June 10, 1997 and July 2, 1997 to restrict certain foreign exchange related transactions by domestic financial institutions with non-residents of Thailand and to safeguard against instability and speculation in the domestic currency market. Such temporary measures were lifted by the BOT on January 29, 1998 (with effect from January 30, 1998) (the “1998 Measure”). However, to strengthen the measure to curb Baht speculation in response to recent Baht appreciation, the BOT issued a series of notifications on November 3, 2006 and December 4, 2006 to abrogate the 1998 Measures and replace them with new measures. The new measures incorporated the 1998 Measures as well as introduced certain new measures against Baht speculation (e.g., restrictions on commercial banks entering into transactions to sell and buy back Baht-denominated debt instruments with a non-resident).

The BOT has issued Notifications of the Competent Officer on Rules and Practices Regarding Currency Exchange No. 6, No. 10 and No. 11 dated December 18, 2006, January 29, 2007 and March 1, 2007, respectively (together, the “Notifications”), which require that with respect to any sale or exchange of foreign currencies for Baht amounting to US\$20,000 or above (or its equivalent), the relevant Authorized Financial Institution is required to withhold 30.0% of the foreign currency to be sold or exchanged in reserve for a one-year period before returning the amount withheld without any interest thereon. These Notifications do not apply to any sale or exchange of foreign currencies for the purposes of certain exempt transactions.

The inward remittance of money into Thailand for investment in securities does not require registration with the exchange control authorities. However, any resident person (excluding short-term foreign residents, foreign embassies and their staff, persons with diplomatic immunity and certain international organizations and their staff) acquiring foreign currency anywhere or bringing foreign currency into Thailand must, either (i) sell such foreign currency to an Authorized Financial Institution for which a specified form must be submitted to such Authorized Financial Institution if the amount deposited is at least US\$20,000 or its equivalent or (ii) deposit such foreign currency into a foreign currency account opened with an Authorized Financial Institution in Thailand in an amount not exceeding US\$100,000 or its equivalent for an individual or US\$5,000,000 or its equivalent for a legal entity, unless the BOT grants a waiver. However, no such waiver of the BOT is required if such person proves to such Authorized Financial Institution that he is required to make a payment of a foreign currency debt outside Thailand within twelve months from the date of such deposit, the amount of such deposit does not exceed the debt and the balance of a foreign currency deposit in all accounts of such depositor does not exceed US\$1,000,000 or its equivalent for an individual, or US\$100,000,000 or its equivalent for a juristic entity. Each depositor without a Foreign Exchange license may deposit currencies in cash into a foreign currency deposit account in an amount not exceeding US\$10,000 or its equivalent per day subject to certain exemptions.

The outward remittance from Thailand of dividends or the proceeds of sale (including capital gain) from the transfer of shares after payment of the applicable Thai taxes, if any, may be made without the requirement to file a specified form to the relevant Authorized Financial Institution if the amount is less than US\$20,000 or the equivalent amount in relevant currency per remittance. Because the BOT has a policy not to allow any person to bring Baht currency out of Thailand, with certain exemptions, dividends paid to a non-resident must be converted into foreign currency prior to the outward remittance from Thailand. If the amount is at least US\$20,000 or its equivalent in the relevant currency, a specified form must be submitted to the relevant Authorized Financial Institution together with required documents or evidence as to the particular transaction.

The export of share certificates or other securities certificates from Thailand does not require prior approval from an exchange control officer. The exporter may either dispatch the certificates by mail or carry them when traveling abroad.

Singapore

There are no exchange control restrictions in Singapore.

CAPITALIZATION AND INDEBTEDNESS

The following table shows our consolidated, short-term debt, long-term debt and capitalization as of July 31, 2007, as adjusted to give effect to the Offering at the Maximum Offering Price and the application of the proceeds to us from the Offering in the manner described in “Use of Proceeds” (after deducting commissions and estimated Offering expenses and assuming the Over-allotment Option is not exercised).

You should read this table in conjunction with:

- our IFRS Financial Statements, the related notes and the other financial information contained elsewhere in this document; and
- the sections in this document entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Selected IFRS Consolidated Financial Data” and “Summary of Certain Differences Between IFRS and Thai GAAP”.

	Actual (Baht)	(S\$)	As adjusted (Baht)	(S\$)
	(in millions)			
	As of July 31, 2007			
Bank overdraft ⁽¹⁾	—	—	—	—
Short-term debt ⁽¹⁾	71.6	3.1	71.6	3.1
Long-term debt (excluding finance leases) ⁽¹⁾	2,186.7	94.0	2,186.7	94.0
Total debt (excluding finance leases)	2,258.3	97.0	2,258.3	97.0
Shareholders’ equity				
Registered share capital	383.2	16.5	523.2	22.5
Premium on share capital	1,226.4	52.7	5,921.9	254.5
Translation adjustments for investments in subsidiaries	(326.4)	(14.0)	(326.4)	(14.0)
Retained earnings	1,005.6	43.2	1,005.6	43.2
Total shareholders’ equity (excluding minority interests)	2,288.8	98.4	7,124.3	306.2
Total capitalization and indebtedness	4,547.1	195.4	9,382.6	403.2

Note:

(1) All our debt is secured.

We have translated in the above table all Baht amounts into Singapore dollars and Singapore dollar amounts, including the proceeds from the Offering, into Baht at the rate of Baht 23.27 = S\$1.00, the average selling rate of the Baht per Singapore dollar on March 31, 2007. This rate may not be the actual rate applicable to any currency conversion after March 31, 2007, including conversion of the proceeds from the Offering into Baht, U.S. dollars or any other currency. As of the Latest Practicable Date, there was no material change to our long-term debt since July 31, 2007.

DILUTION

Dilution created by the Offering represents the amount by which the Offering Price paid by the subscribers of the Offering Shares exceeds the net asset value per Share after the Offering. We have determined the net asset value per Share by subtracting our total liabilities from the total asset value of our assets and dividing the difference by the number of Shares outstanding on March 31, 2007.

As at March 31, 2007, our asset value, expressed in terms of consolidated net assets per Share, was Baht 5.89 or S\$0.25 (based on 383,205,340 Shares issued and outstanding after adjusting for the effects of the split of every one (1) ordinary share of Baht 10 each into ten (10) ordinary shares of Baht 1 each). After giving effect to the sale of the Offering Shares offered in the Offering, assuming the Over-allotment Option is not exercised and after payment of underwriting, selling and management commissions and other estimated expenses of the Offering resulting in net proceeds to us of S\$207.8 million, but without taking into account any other changes in book value of net assets after March 31, 2007, the net asset value per Share would increase to S\$0.58 per Share. This represents an immediate increase in net asset value per Share of S\$0.33 to existing Shareholders and an immediate dilution in net asset value per Share of S\$0.98 to new investors subscribing the Offering Shares.

The following table illustrates the per Share dilution described above:

Maximum Offering Price per Share	S\$1.56
Net asset value per Share as of March 31, 2007	S\$0.25
Increase per Share attributable to the sale of the Offering Shares	S\$0.33
Pro forma net asset value per Share after the Offering (523,205,340 Shares outstanding as adjusted)	S\$0.58
Dilution per Share to new investors	S\$0.98

The following table summarizes the total number of Shares acquired by our Directors and their associates and substantial shareholders during the three years prior to the date of this document, the total consideration paid by them and the effective cash cost per Share to them. On July 11, 2007, we approved a 10 for 1 split of our ordinary shares. Please see “Principal Shareholders” with regard to the current shareholding of our substantial shareholders.

	No. of shares acquired ⁽²⁾	Total consideration (Baht million)	Effective cash cost per Share (Baht)
Substantial shareholders			
TTA ⁽¹⁾	19,728,127	1,787.1	90.59
Thailand Equity Fund	8,157,602	489.5	60.00

Note:

- (1) Reflects shares acquired by TTA and its subsidiary Thoresen Chartering (HK) Limited.
- (2) Reflects shares of Baht 10 each before the split of every one (1) ordinary share of Baht 10 each into ten (10) ordinary shares Baht 1 each.

SELECTED IFRS CONSOLIDATED FINANCIAL DATA

You should read the selected financial information presented below in conjunction with our IFRS Financial Statements and the related auditors' report of PricewaterhouseCoopers ABAS Limited, independent auditors thereon contained elsewhere in this document. You should also see the section of this document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". We derived the selected IFRS financial information from our IFRS audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006.

We derived the selected unaudited financial data below for the six-month periods ended March 31, 2006 and 2007 from our unaudited IFRS condensed consolidated interim financial information contained elsewhere in this document. Our results for any interim period may not be indicative of results for the full year.

We intend to prepare and report our consolidated financial statements only in accordance with Thai GAAP in subsequent periods. The SGX-ST has granted us a waiver in respect of Rule 220(1) of the Listing Manual that would have otherwise required our future periodic financial reports to be prepared in accordance with Singapore Financial Reporting Standards, IFRS, or U.S. GAAP. IFRS differs in certain significant respects from Thai GAAP and U.S. GAAP. For a discussion of differences between IFRS and Thai GAAP, and between IFRS and U.S. GAAP that are relevant to our financial statements, see "Summary of Certain Differences Between IFRS and Thai GAAP" and "Summary of Certain Differences Between IFRS and U.S. GAAP". We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods.

Consolidated Income Statements

	Financial year ended September 30,			Six months ended March 31,		
	2004 (Baht)	2005 (Baht)	2006 (Baht)	2006 (unaudited) (Baht)	2007 (unaudited) (Baht)	2007 (S\$)
	(in millions, except per share amounts)					
Sales of goods	84.8	86.8	51.3	2.2	31.0	1.0
Sales of services	358.9	1,154.6	3,093.1	132.9	1,164.1	83.0
Total sales of services and sales of goods	443.7	1,241.4	3,144.4	135.1	1,195.1	83.0
Cost of goods sold	(54.7)	(53.2)	(35.1)	(1.5)	(22.0)	(0.9)
Cost of services	(205.5)	(861.4)	(2,119.0)	(91.1)	(849.2)	(60.4)
Total cost of services and cost of goods sold	(260.2)	(914.6)	(2,154.1)	(92.6)	(871.2)	(60.4)
Gross profit from services and sales	183.5	326.8	990.3	42.6	323.9	22.6
Service and administrative expenses	(97.9)	(282.2)	(431.7)	(18.6)	(185.1)	(7.7)
Other income	6.2	90.0	64.3	2.8	53.7	5.0
Operating profit	91.8	134.5	622.9	26.8	192.5	19.9
Finance income	0.3	6.2	2.3	0.1	1.2	0.1
Finance cost	(15.5)	(43.9)	(189.3)	(8.1)	(88.9)	(4.1)
Net foreign exchange losses on financing activities	(5.8)	(2.7)	(22.0)	(0.9)	(18.5)	(1.1)
Profit before tax	70.8	94.2	413.9	17.8	86.3	14.8
Income taxes	(5.9)	(25.4)	(26.9)	(1.2)	(8.4)	(0.3)
Profit for the year	64.9	68.7	387.1	16.6	77.9	14.6
Profit attributable to equity holders of the Company	47.2	45.7	375.0	16.1	69.7	13.4
Profit attributable to minority interests	17.8	23.1	12.1	0.5	8.2	1.2
Basic earnings per share based on net profit for the year (before share split)⁽¹⁾	3.31	1.63	9.79	0.4	1.82	0.35
Basic earnings per share based on net profit for the year (after share split)⁽²⁾	0.33	0.16	0.98	0.04	0.18	0.04

Notes:

(1) Based on 38,320,534 shares of Baht 10 each.

(2) Based on 383,205,340 shares of Baht 1 each following the split of every one (1) ordinary share of Baht 10 each into ten (10) ordinary shares of Baht 1 each.

Consolidated Balance Sheets

	Financial year ended September 30,				Six months ended March 31,	
	2004	2005	2006	2006	2007	2007
	(Baht)	(Baht)	(Baht)	(S\$)	(unaudited)	(S\$)
					(Baht)	
	(in millions)					
Total current assets	448.5	646.7	1,363.6	58.6	1,651.1	71.0
Total non-current assets	531.7	3,868.2	3,814.1	163.9	3,568.5	153.3
Total assets	980.2	4,514.9	5,177.7	222.5	5,219.6	224.3
Total current liabilities	160.5	461.3	881.5	37.9	969.6	41.7
Total non-current liabilities	135.0	2,221.2	2,222.3	95.5	1,991.8	85.6
Total liabilities	295.5	2,682.5	3,103.8	133.4	2,961.4	127.3
Total parent's shareholders' equity	573.6	1,679.7	1,922.8	82.6	2,130.0	91.5
Minority interests	111.1	152.9	151.1	6.5	128.2	5.5
Total shareholders' equity	684.8	1,832.5	2,073.9	89.1	2,258.2	97.0
Total liabilities and shareholders' equity	980.2	4,514.9	5,177.7	222.5	5,219.6	224.3

Consolidated Cash Flows

	Financial year ended September 30,				Six months ended March 31,	
	2004	2005	2006	2006	2006	2007
	(Baht)	(Baht)	(Baht)	(S\$)	(unaudited)	(S\$)
					(Baht)	
	(in millions)					
Cash flows from operating activities	115.4	(29.6)	360.4	15.5	97.1	32.8
Cash flows from investing activities	(185.3)	(3,306.1)	(542.9)	(23.3)	(338.6)	(6.4)
Cash flows from financing activities	224.3	3,278.4	247.7	10.6	292.1	(4.7)
Net increase/decrease in cash and cash equivalents	154.5	(57.3)	65.2	2.8	50.6	21.7
Cash and cash equivalents at the beginning of the year	36.0	191.2	133.3	5.7	133.3	8.0
Effects of exchange rate changes	0.7	(0.7)	(13.1)	(0.6)	8.0	(1.9)
Cash and cash equivalents at the end of the year	191.2	133.3	185.3	8.0	191.9	27.8

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the following section we discuss our historical operating results for the financial years ended September 30, 2004, 2005 and 2006 and the six-month periods ended March 31, 2006 and 2007, and financial condition and our management's assessment of the factors that may affect our prospects and performance in future periods. You should read the following discussion together with the sections entitled "Selected IFRS Consolidated Financial Data" and the IFRS Financial Statements included elsewhere in this document. Our IFRS Financial Statements for the years September 30, 2004, 2005 and 2006 have been audited by PricewaterhouseCoopers ABAS Limited.

This discussion and analysis contains forward-looking statements that reflect our current views and with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth under "Risk Factors" and "Notice to Investors — Forward-looking statements".

Unless otherwise stated, we have based the discussion below upon our consolidated financial results as reported in our IFRS Financial Statements. We intend to prepare and report our consolidated financial statements only in accordance with Thai GAAP in subsequent periods. IFRS differs in certain significant respects from U.S. GAAP and Thai GAAP. For a discussion of certain differences between IFRS and U.S. GAAP and Thai GAAP, you should read the sections entitled "Summary of Certain Differences Between IFRS and U.S. GAAP" and "Summary of Certain Differences Between IFRS and Thai GAAP". We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods.

Overview

We are a leading provider of drilling and sub-sea engineering services for the oil and gas industry in South East Asia. Over the last five years we have grown significantly in the areas of sub-sea engineering, and, more recently, drilling services for the offshore oil and gas industry as well as training and technical services. We have established ourselves as a company recognized by the industry for high quality services, delivered safely and efficiently. We have developed a strong blue chip client base that includes some of the world's largest oil and gas-related companies. Clients such as Chevron, CUEL and PTT Exploration and Production PCL accounted for 5.0% or more of our sales in any one of the periods under review. Some of our other clients include BP, Shell, ExxonMobil, Saipem, Transocean, Petronas and Amerada Hess. We operate throughout South East Asia, primarily in Thailand, Indonesia, Malaysia and Vietnam.

We operate principally through two business segments: offshore drilling services and sub-sea engineering services. We provide drilling services through our majority-owned (95.0%) subsidiary MDL. MDL currently has two tender rigs, MTR-1 and MTR-2. We provide sub-sea engineering services through our wholly owned subsidiary MOS. MOS provides sub-sea inspection, repair and maintenance services, light construction services and emergency repair and call out services in South East Asia. MOS' fleet consists of four vessels which it owns, in addition to one DP construction vessel and one ROV/air dive support vessel, both of which it charters. The flagship vessel in its fleet is the DP DSV, Mermaid Commander which has an in-built saturation diving system and rough weather capabilities. In addition, MOS owns one portable saturation diving system, seven air diving systems and seven ROVs. Our portable equipment is also utilized on our chartered vessels from time to time. We also operate a training services segment which provides training and technical services to engineering and inspection personnel, through our subsidiary, MTTS. We also have a segment to which we allocate miscellaneous income and expense items that relate to the operations of our holding company, Mermaid Maritime Public Company Limited. Prior to the formation of MTTS in November 2005, we provided training and technical services from time to time and allocated related income and expense items to this miscellaneous income segment.

Historically, we operated through seven operating segments. These included the four mentioned above, as well as safety equipment services and supply, multi-purpose offshore services and ships chandlery. We sold our safety equipment services and supply business in November 2006, sold all of the assets of the multi-purpose offshore services business in November 2006 and sold the remaining inventory of the ships chandlery business by the end of the second quarter of the financial year ending September 30, 2007 and discontinued such businesses. Accordingly, we will not operate these segments going forward.

Factors Affecting Our Business and Financial Condition

Our business and results of operations have been affected by a number of important factors that we believe will continue to affect our business and results of operations in the future. These factors include the following:

The oil and gas industry

Our business is dependent upon the conditions of the oil and gas industry, in particular the level of activity in oil and gas exploration, development and production and sub-sea inspection and maintenance programs in South East Asia where we are active. The level of capital expenditures for oil and gas exploration, development and production largely depends on prevailing oil and gas prices and our clients' expectations of prices in the future, each of which is influenced by a variety of factors, including the actual and anticipated production, supply and demand for oil and gas, and worldwide economic conditions. Oil and gas prices are volatile, which have historically led to significant fluctuations in expenditures by clients for oil and gas drilling and related services. A sustained period of low drilling and production activity or the return of lower oil and gas prices could impact the level of oil and gas exploration, development and production, as well as result in the cancellation of current and planned projects and impact our business and results of operations. See "Risk Factors — Risks Relating to Our Business — We are largely dependent on the oil and gas industry, which is affected by volatile oil and gas prices". However, we believe the niche market in which we operate is less sensitive to slowdowns in the industry as compared to oil and gas exploration activities. Even in the event of a slowdown in oil and gas exploration activities, our clients' planned projects may not be curtailed. Further, our sub-sea engineering services also perform inspection and maintenance services. We anticipate that there would be a continued demand for such services even during periods of low drilling and production activity as many of our clients would have to continue to meet their committed production levels under their supply contracts as well as comply with sub-sea infrastructure inspections requirements.

Accordingly, demand for our services is subject to fluctuations that generally affect the oil and gas industry, with periods of high demand, short supply and high rates often followed by periods of low demand, excess supply and low rates. Further, the entry into the market of newly constructed, upgraded or reactivated tender rigs or vessels would increase market supply and may curtail the strengthening of rates or reduce them. Periods of low demand intensify the competition in the industry and often result in assets being idle for periods of time or being utilized at low rates. In addition, in depressed market conditions, a client may no longer need a tender rig or vessel that is currently under long-term contract or may be able to obtain a comparable service at a lower rate. Clients may then seek to renegotiate the terms of their contracts or avoid their obligations under those contracts. Our ability to renew these contracts or obtain new contracts and the terms of any such contacts will depend on the market conditions at that time.

Rates and contracts

Our contracts for our drilling services and sub-sea engineering services are generally contracted on a per day rate basis. Under these contracts, we are paid a fixed amount per day in accordance with the applicable contract. We may also be paid a lump sum during mobilization and demobilization of our tender rigs and vessels. Our sales from these contracts are driven by our contract rates and the period over which our tender rigs and vessels are under contract. The number of days our tender rigs and vessels are utilized and the rates received are largely dependent upon the balance of supply and demand for offshore drilling and sub-sea engineering services in South East Asia. However for sub-sea engineering services, the rates can also be affected by the supply of vessels from outside South East Asia. We may be subject to periods when our tender rigs or vessels are idle and we do not generate any sales. See "Risk Factors — Risks Relating to Our Business — Demand for our services is subject to fluctuations and our results of operations may be volatile". The day-rates charged by our tender rigs depend on market rates prevailing from time to time. These day-rates also depend on factors such as the type of well that is required to be drilled, depth of the well and water depth at the well location.

The charter-rates charged for our sub-sea engineering services vary depending on the location where services are required, general demand for the vessels and type of work to be carried out. In addition, certain types of services, such as emergency call outs, attract premium charter-rates. We also, from time to time, enter into lump sum contracts for some sub-sea engineering services. Under such contracts, we charge a specific price for defined work scopes which we are asked to carry out and are paid a lump sum

when project milestones are achieved. Our profitability from lump sum contracts is driven by how efficiently we achieve the deliverables or milestones.

Our drilling contracts are generally longer in nature while our sub-sea engineering contracts are usually for shorter periods of time. Our tender rigs are currently under contracts that extend for a period of 220 days to two years, and we anticipate that we will continue to enter into agreements with similar contract periods in the future. This will make it more difficult for us to benefit from strengthening rates during the duration of these contracts. However, our contracts for drilling services are typically for a fixed term followed by an option period. The day-rates charged in the option period are usually renegotiated, following the expiry of the fixed term. Most of our sub-sea engineering services contracts are short-term in nature and changes in market condition are likely to quickly affect our sub-sea engineering business.

Utilization rates

The number of days our tender rigs and vessels are utilized and the rates received are largely dependent upon the balance of supply and demand for our services. Our utilization rates will be adversely affected during periods of time when our tender rigs and vessels are required to be taken out of service for routine maintenance and repair. Our tender rigs must also be dry-docked every five years for major inspections and repairs. Our vessels are dry-docked from time to time for routine maintenance and repair and for SPS, which is a class requirement. Our vessels are dry-docked for SPS every five years for approximately one month. The Mermaid Supporter is next scheduled for dry-docking for SPS in early 2012, while the Mermaid Performer and Mermaid Commander are next scheduled for dry-docking for SPS in October and December 2007, respectively. The Mermaid Responder is next scheduled for dry-docking for SPS in the second half of 2010, the Binh Minh is next scheduled for dry docking in the second half of 2012 and Team Siam is next scheduled for dry docking in the first half of 2011. When our tender rigs and vessels are dry-docked they are not available for hire and do not generate sales. MTR-1 was last dry-docked for SPS in the fourth quarter of 2006 and will be due for dry-docking next in the beginning of 2012. MTR-2 was scheduled to be dry-docked for SPS in the fourth quarter of 2007 but we brought forward this date to September 2007 as we were required to dry-dock MTR-2 in August 2007 to change certain specifications in accordance with our agreement with Chevron Thailand. MTR-2 is next scheduled for dry-docking for SPS in late 2012. SPS typically requires our tender rigs to be dry-docked for approximately five weeks. Our tender rigs and vessels may also be subject to accidents and incidents that may result in their not being available for use by clients. For example, in September 2006, we experienced a crane boom incident on MTR-1, which resulted in downtime of MTR-1 for approximately two months (including the dry-docking time for SPS of MTR-1). In June 2007, there was an incident of fire on MTR-1 which resulted in further downtime for MTR-1. MTR-1 resumed operations in early September 2007.

MDL's drilling operations profitability depends on maximizing the contracted out period, or the utilization efficiency of the tender rigs, at the highest achievable day-rate. Aggregate capacity utilization for tender rigs is calculated based on the number of days each of MDL's tender rigs is engaged in operations or on chargeable standby and generating revenue on a day-rate basis over the relevant period.

MTR-1 was purchased in April 2005 and has been fully utilized since then, other than due to: (i) dry-docking of MTR-1 for SPS in October and November 2006; (ii) MTR-1 going through the rig equipment certification process at the end of November 2006; (iii) repairs required to be made to MTR-1 as a result of a crane boom incident, including the lead time required to secure replacement equipment; and (iv) more recently from June 2007 to September 2007 due to the incidence of fire discussed above.

MTR-2 was purchased in July 2005. The tender rig did not commence its first contract until December 2005 due to the lead time required to secure the first contract and the time required to repair a top drive failure but was nearly fully utilized until July 2007. However, MTR-2 is experiencing a period of downtime that commenced in July 2007 as a result of an agreement with Chevron Thailand to meet certain technical specifications upon the transfer of MTR-2 from its previous client. To meet these specifications, we relocated MTR-2 to inland facilities. In addition to completing these specifications for MTR-2, we also decided to commence the dry-docking and SPS for MTR-2, as discussed above.

The incidents on MTR-1 in September 2006 and June 2007, as well as the current downtime of MTR-2 has adversely affected and will adversely affect the utilization rates of our tender rigs and, as a result, is expected to adversely affect our financial performance in the financial year ending September 30, 2007.

There is a significant cost involved in leaving a tender rig idle for any period of time and subsequently reactivating the idle tender rig. To avoid incurring such costs, in periods of low demand, we would generally elect to reduce day-rates in order to maintain the utilization of our tender rigs.

MTR-2 is fully committed under contract until the third quarter of 2009. MTR-1 is fully committed until the second quarter of 2008.

Typical utilization for the non-DP vessels in the MOS fleet since October 1, 2003 has been in the range of between 50.0-80.0%. While our drilling services are not usually affected by seasons, our sub-sea engineering services are affected by changes in weather conditions. Due to monsoons' seasonality which affect certain regions of South East Asia, clients typically do not plan for sub-sea engineering services in these regions during these periods. This can have an impact on our vessel utilization rates. The North East monsoon in South East Asia generally occurs between November and March, with the worst conditions often experienced in January. Severity and impact vary according to location, with the exposed areas of offshore Vietnam often being worst affected, whilst sheltered areas, such as offshore Myanmar, experience their most clement weather during this period. As with all weather, it is both unpredictable and varied, as is its impact on operations, which will be determined by a wide range of interconnected variables including the following: (i) type and size of vessels; (ii) nature of operation (air diving, saturation diving, ROV); and (iii) dependency on environmental factors. These variables impose specific limitations on certain operations which may or may not fall within the scope of an overall project, including crane use, shallow operations in areas affected by swell, inter-field transfer capabilities for project materials and limitations on vessel heading imposed by proximity to structures. Vessels such as the Mermaid Commander are currently achieving utilization rates in excess of 90.0% due to their rough weather operational capabilities, while utilization of the smaller vessels is generally reduced. Nevertheless, the sales from our sub-sea engineering services may fluctuate, in part, due to the effects of the monsoon season.

Changes in operating and other costs

Our business and results of operations are affected by changes in operating costs, in particular costs associated with the maintenance and repair of our tender rigs and vessels and the cost of our skilled labor force, as well as movements in exchange rates that affect these costs. See "— Market Risks". In addition to routine maintenance and repair, our tender rigs and vessels must be dry-docked every five years for more extensive checks and repairs. The costs relating to such repairs and maintenance cannot be accurately predicted and are subject to the actual condition of the tender rigs and vessels and the degree of wear and tear from time to time. Further, due to the age of our tender rigs and vessels, certain equipment on these tender rigs and vessels may become obsolete and we would have to replace and upgrade such equipment which could result in unplanned downtime, as well as the incurrence of substantial costs. The recent increased activity in the oil and gas sector has also led to increased demand for equipment and spare parts, resulting in longer order lead times and higher repair and maintenance costs. While our facility in Chonburi, Thailand allows us to control own maintenance and refurbishment requirements of equipment such as ROVs, we do not carry out dry docking and repair of vessels at our facilities. The increased activity has also resulted in shortage of facilities for docking, as well as increases in costs of docking.

We may also incur additional costs as a result of accidents and other operating risks. For example, in September 2006, we experienced a crane boom incident on MTR-1, which resulted in our incurring costs of approximately US\$2.2 million, of which US\$0.4 million was recoverable from our insurer as we were responsible for paying our deductible amount of US\$1.8 million, to replace the crane boom on MTR-1. Of this US\$2.2 million of costs, approximately US\$0.9 million was expensed and the balance capitalized to reflect the purchase of the replacement equipment. We were also required to write off approximately US\$0.3 million of equipment which was no longer usable. In June 2007, there was an incident of fire on MTR-1 which resulted in our incurring costs of approximately US\$2.8 million, of which we were responsible for paying our deductible amount of US\$2.3 million, which we expensed, in connection with the repair of MTR-1 following the fire.

We rely to a great extent on our skilled labor force on whom we depend for the services that we provide. The high demand for skilled personnel in our industry has resulted in an inflationary pressure on the hiring, training, retention and salary costs for such personnel. For example, the average daily rates for divers have doubled in the last 24 months.

We may not be able to pass all the increases in operating costs to our clients. Our tender rig contracts generally do not include cost escalation clauses although our sub-sea engineering contracts often contain

escalation clauses which allow us to take into account increases in our operating costs, such as labor costs and fuel costs, and pass them to our clients. Accordingly, increases in our operating costs may adversely affect our results of operations.

Composition of fleet and ownership of vessels

Our fleet consists of vessels of varying capabilities and specifications. Our sales are directly affected by the number of vessels we own or operate on charter as well as the demand for the particular vessels we have, given their capabilities and specifications. MOS's fleet consists of four vessels which it owns, in addition to one DP construction vessel and one ROV/air dive support vessel, both of which it charters. We believe the ownership of our sub-sea engineering assets, as opposed to chartering gives us the ability to: (i) provide superior and customized services to our clients; (ii) maintain better control of our operating costs; and (iii) provide competitive market pricing. When chartering vessels, we incur fixed costs for the charter of vessel, and cost of the crew. Chartering of vessels also restricts our ability to control the overall quality, cost and performance of our services as we are dependent on the charter provider's personnel and maintenance procedures. We are also dependent on the charter provider's ability to timely repair or address other issues that may affect their vessels. However, under certain market conditions, chartering vessels may be financially attractive. By chartering vessels, we are able to increase our capacity without incurring additional capital expenditure. Further, in periods of excess capacity, we would also be able to reduce any unnecessary capacity by terminating such charter arrangements, subject to contractual terms.

Critical Accounting Policies

Our critical accounting policies are those that we believe are the most important to the presentation of our financial condition and results of operations or that require our management's most subjective or complex judgments. In most cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles with no need for the application of our judgment. In certain circumstances, however, the preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates. We base our estimates on historical experience and on various other assumptions that our management believes are reasonable under the circumstances. However, critical accounting policies are reflective of significant judgments and uncertainties and may result in materially different results under different assumptions and conditions. The discussion below is based on our IFRS Financial Statements and our accounting policies. We believe that our critical accounting policies are those described below.

PPE

PPE comprise a significant amount of our total assets. We determine the carrying value of these assets based on PPE policies that incorporate our estimates, assumptions and judgments relative to the carrying value, remaining useful lives and salvage value of our tender rigs and vessels.

We depreciate our PPE based on our estimate of the period that we expect to derive economic benefits from their use and their residual values at the end of their useful lives. Land is not depreciated. Depreciation on assets is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The assumptions and judgments we use in determining the estimated useful lives of our tender rigs and vessels reflect both historical experience and expectations regarding future operations, utilization and performance. The use of different estimates, assumptions and judgments in the establishment of estimated useful lives, especially those involving our tender rigs and vessels, would likely result in materially different net book values of our PPE and results of operations.

Useful lives of tender rigs, vessels and related equipment are difficult to estimate due to a variety of factors, including technological advances that impact the methods or cost of oil and natural gas exploration and development, changes in market or economic conditions and changes in laws or regulations affecting the drilling and the sub-sea engineering services industries. We evaluate the remaining useful lives of our tender rigs and vessels when certain events occur that directly impact our assessment of the remaining useful lives of the tender rig or vessel and include changes in operating condition, functional capability and market and economic factors. We also consider major capital upgrades required to perform certain contracts and the long-term impact of those upgrades on the future marketability when assessing the useful lives of individual tender rigs and vessels.

We review our PPE for impairment whenever events or changes in circumstances indicate the carrying value of such assets or asset groups may not be recoverable. Indicators of possible impairment include extended periods of idle time and/or an inability to contract specific assets or groups of assets. However, the drilling, sub-sea engineering and related service industries in which we operate are highly cyclical and it is not unusual to find that assets that were idle, under-utilized or contracted at sub-economic rates for significant periods of time resume activity at economic rates when market conditions improve. Additionally, most of our assets are mobile, and we may mobilize tender rigs from one market to another to improve utilization or realize higher day-rates.

Asset impairment evaluations are based on estimated future discounted cash flows of the assets being evaluated to determine the recoverability of carrying amounts. In general, analyses are based on expected costs, utilization and rates for the estimated remaining useful lives of the asset or group of assets being assessed. An impairment loss is recorded in the period in which it is determined that the aggregate carrying amount is not recoverable.

Asset impairment evaluations are, by nature, highly subjective. They involve expectations about future cash flows generated by our assets, and reflect management's assumptions and judgments regarding future industry conditions and their effect on future utilization levels, rates and costs. The use of different estimates and assumptions could result in materially different carrying values of our assets and could materially affect our results of operations.

Key Components of Income

Sales

Our sales consist of sales of goods and sales of services. Sales of services primarily consist of revenue from services provided in connection with our drilling and sub-sea engineering businesses. Sales of services is also generated from our training and technical services business and formerly from the operation of our multipurpose offshore service vessels and provision of certain safety services, both businesses we sold or discontinued in the first quarter of our financial year ended September 30, 2007. We recognize sales of services when services are rendered.

Our sales of goods consist of revenue from the sale of safety equipment and related supplies and the sales made in connection with our ships chandlery business. Sales of goods are recognized when goods are delivered to clients. We sold our safety equipment business in November 2006 and sold remaining inventory of our ships chandlery business by the end of the second quarter of the financial year ending September 30, 2007, and thereafter discontinued this business.

Cost of services

Our cost of services consists of costs of crew and staff and sub-contractor costs, vessel expenses and repair and maintenance expenses, and charter hire and equipment rental. Approximately one-third of our costs usually consists of sub-contractor costs (consisting of divers and other personnel hired through personnel agencies) with direct crew and staff costs usually accounting for another 15.0%. Each of repair and maintenance costs and charter hire costs usually account for approximately 10.0% of our costs of services.

Cost of goods sold

Costs of goods sold consist of the cost of inventory sold in the relevant period, including charges associated with transportation of such inventory to our facilities, import duty paid, depreciation and insurance.

Service and administrative expenses

Our service and administrative expenses consist primarily of staff, travel and entertainment, rental, depreciation and other miscellaneous costs.

Other income

Other income consists of miscellaneous income that cannot be properly accounted for under any of the income items described above, namely penalty payments received as a result of the late delivery of a vessel by a vendor, miscellaneous service income which consists of sales to clients of supplies and spare

parts which we have purchased and then resold to our clients, profits on disposal of property, plant and equipment, and gains on exchange rates. The costs of sales to clients of supplies and spare parts are accounted for under cost of services.

Interest expenses

Our interest expenses consist primarily of interest payable in respect of various bank loan facilities and finance leases.

Net foreign exchange losses on financing activities

Foreign exchange gains and losses arise due to transactions in currencies other than the functional currency of our Company, which is Baht, and the functional currencies of our subsidiaries MDL and MOS, which are U.S. dollars. Loans held by our Company or our subsidiaries, which are not denominated in the entity's functional currency ("foreign currency denominated loans") will result in foreign exchange gains and losses. Net foreign exchange losses on financing activities consists of realized gains and losses on foreign exchange transactions resulting from the different exchange rates prevailing at the date of the transaction and the date of settlement of such foreign currency denominated loans. It also consists of unrealized gains or losses from the translation at year end exchange rates of such foreign currency denominated loans at the balance sheet date.

Income taxes

Our tax expenses consist of current tax payable. Our current tax payable is determined based on our taxable income for the applicable year and the prevailing tax rates.

Minority interests

Minority interests represent the interests of minority shareholders in the operating results of our consolidated subsidiaries, MDL and DTOL. We own 95.0% of MDL and the balance 5.0% is owned by Tender Rig Asia Ltd., a company in which Svein Nodland, one of our Executive Officers, is a shareholder. We own 51.0% of DTOL.

Segment Information

We operate principally through two business segments: drilling services and sub-sea engineering services. We also operate a training services segment and a segment for unallocated income and expenses. Historically, we operated through seven operating segments. These included the four mentioned above and safety equipment services and supply, multi-purpose offshore services, ships chandlery and technical training and services segments. We sold our safety equipment services and supply business in November 2006, sold substantially all of the assets of the multi-purpose offshore services business in November 2006 and sold the remaining inventory of the ships chandlery business by the end of the second quarter of the financial year ending September 30, 2007 and discontinued such business. Accordingly, we will not have these segments going forward.

We set forth below certain information with regard to our segments.

	For the financial years ended September 30,				Six months ended March 31,							
	2004		2005		2006		2006		2006		2007	
	(Baht)	%	(Baht)	%	(Baht)	%	(\$)		(unaudited)	%	(unaudited)	2007
									(Baht)		(Baht)	(\$)
	<i>(in millions except percentages)</i>											
Safety equipment services & supply	61.2	13.8	60.1	4.8	76.4	2.5	3.3		35.0	2.9	NA	NA
Ownership and operation of multi-purpose												
offshore service vessels	155.6	35.1	175.2	14.1	105.9	3.3	4.6		68.6	5.7	8.7	0.5
Ships chandlery	49.9	11.2	55.2	4.4	16.8	0.5	0.7		16.3	1.4	1.0	0.1
Sub-sea engineering services	166.6	37.5	603.1	48.6	1,717.4	54.6	73.8		574.7	48.1	1,237.2	64.1
Drilling services	NA	NA	315.9	25.4	1,218.6	38.8	52.4		495.6	41.5	676.4	35.0
Training services	NA	NA	NA	NA	4.4	0.1	0.2		NA	NA	8.3	0.4
Unallocated	10.3	2.3	32.0	2.6	4.9	0.2	0.2		4.8	0.4	—	—
Total sales of services and sales of goods . . .	443.7	100.0	1,241.4	100.0	3,144.4	100.0	135.1		1,195.1	100.0	1,931.5	100.0

We do not operate through any geographical segments. We generally operate in the South East Asia region and provide our services where our clients require.

Results of Operations

The following table sets forth our consolidated statements of income data in Thai Baht and Singapore dollar amounts and as a percentage of our total sales for the periods indicated:

	For the financial years ended September 30,							Six months ended March 31,				
	2004	%	2005	%	2006	2006	2006	2006	%	2007	%	2007
	(Baht)		(Baht)		(Baht)	(\$)	(Baht)	(unaudited)		(unaudited)		(\$)
	(in millions except percentages)											
Sales of services and sales of goods												
Sales of services												
Safety equipment services & supply	26.4	6.0	28.5	2.3	41.8	1.4	1.9	20.3	1.8	NA	NA	NA
Ownership and operation of multi-purpose offshore service vessels	155.6	35.1	175.2	14.1	105.9	3.3	4.4	68.6	5.7	8.7	0.5	0.4
Ships chandlery	—	—	—	—	n.m.	n.m.	n.m.	—	—	NA	NA	NA
Sub-sea engineering services	166.6	37.5	603.1	48.6	1,717.4	54.6	73.8	574.7	48.1	1,237.2	64.1	53.2
Drilling services	NA	NA	315.9	25.4	1,218.6	38.8	52.4	495.6	41.5	676.4	35.0	29.1
Training services	NA	NA	NA	NA	4.4	0.1	0.2	NA	NA	8.3	0.4	0.4
Unallocated	10.3	2.3	32.0	2.6	4.9	0.2	0.2	4.8	0.4	—	—	—
Total sales of services	358.9	80.9	1,154.6	93.0	3,093.1	98.4	132.9	1,164.1	97.4	1,930.5	99.9	83.0
Sales of goods												
Safety equipment services & supply	34.9	7.9	31.6	2.5	34.5	1.1	1.5	14.7	1.2	NA	NA	NA
Ownership and operation of multi-purpose offshore service vessels	—	—	—	—	—	—	—	—	—	—	—	—
Ships chandlery	49.9	11.2	55.2	4.4	16.8	0.5	0.7	16.3	1.4	1.0	0.1	n.m.
Sub-sea engineering services	—	—	—	—	—	—	—	—	—	—	—	—
Drilling services	NA	NA	—	—	—	—	—	—	—	—	—	—
Training services	NA	NA	NA	NA	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—
Total sales of goods	84.8	19.1	86.8	7.0	51.3	1.6	2.2	31.0	2.6	1.0	0.1	n.m.
Total sales of services and sales of goods	443.7	100.0	1,241.4	100.0	3,144.4	100.0	135.1	1,195.1	100.0	1,931.5	100.0	83.0
Cost of services	(205.5)	(46.3)	(861.4)	(69.4)	(2,119.0)	(67.4)	(91.1)	(849.2)	(71.1)	(1,405.8)	(72.8)	(60.4)
Cost of goods sold	(54.7)	(12.3)	(53.2)	(4.3)	(35.1)	(1.1)	(1.5)	(22.0)	(1.8)	(0.9)	n.m.	n.m.
Gross profit from services and sales	183.5	41.4	326.8	26.3	990.3	31.5	42.6	323.9	27.1	524.8	27.2	22.6
Service and administrative expenses	(97.9)	(22.1)	(282.2)	(22.7)	(431.7)	(13.7)	(18.6)	(185.1)	(15.3)	(178.5)	(9.2)	(7.7)
Other income	6.2	1.4	90.0	7.2	64.3	2.0	2.8	53.7	4.6	116.0	6.0	5.0
Operating profit	91.8	20.7	134.5	10.8	622.9	19.8	26.8	192.5	16.1	462.3	23.9	19.9
Finance income	0.3	n.m.	6.2	0.5	2.3	n.m.	0.1	1.2	0.1	2.8	0.1	0.1
Finance cost	(15.5)	(3.5)	(43.9)	(3.5)	(189.3)	(6.0)	(8.1)	(88.9)	(7.4)	(94.4)	(4.9)	(4.1)
Net foreign exchange losses on financing activities	(5.8)	(1.3)	(2.7)	(0.2)	(22.0)	(0.7)	(0.9)	(18.5)	(1.5)	(25.8)	(1.3)	(1.1)
Profit before taxes	70.8	16.0	94.2	7.6	413.9	13.2	17.8	86.3	7.2	344.9	17.9	14.8
Income taxes	(5.9)	(1.3)	(25.4)	(2.0)	(26.9)	(0.9)	(1.2)	(8.4)	(0.7)	(5.9)	(0.3)	(0.3)
Profit for the year / period	64.9	14.6	68.7	5.5	387.1	12.3	16.6	77.9	6.5	339.0	17.6	14.6
Profit attributable to equity holders of the Company												
	47.2	10.6	45.7	3.7	375.0	11.9	16.1	69.7	5.8	311.0	16.1	13.4
Profit attributable to minority interest	17.8	4.0	23.1	1.9	12.1	0.4	0.5	8.2	0.7	27.9	1.4	1.2

Recent Developments

For the nine months ended June 30, 2007, we had sales of Baht 3,117.7 million, operating profit of Baht 729.5 million and profit for the period (before minority interests) of Baht 566.1 million. Sub-sea engineering services and drilling services each accounted for 65.2% and 34.0% of sales and 66.2% and 39.0% of the operating profit for the period, respectively. Our ships chandlery services and unallocated services segments had an operating loss for the same period. As at June 30, 2007, our total shareholders' equity was Baht 2,454.3 million.

In June 2007, there was an incident of fire on MTR-1 which resulted in downtime for MTR-1. In addition, we incurred costs of approximately US\$2.8 million, of which we were responsible for paying our deductible amount of US\$2.3 million, which we expensed, in connection with the repair of MTR-1 following the fire. MTR-2 is experiencing a period of downtime that commenced in July 2007 as a result of an agreement with Chevron Thailand to meet certain technical specifications upon the transfer of MTR-2 from its previous client. To meet these specifications, we relocated MTR-2 to inland facilities. In addition to completing these specifications, we also decided to commence the dry-docking and SPS for MTR-2. MTR-2 is expected to resume operations in November 2007. The downtime of MTR-1 as a result of the

incidence of fire, the crane boom incident and SPS discussed previously and the current downtime of MTR-2 have adversely affected and will adversely affect the utilization rates of our tender rigs, and, as a result, we expect that these downtimes will adversely affect our financial performance in the financial year ending September 30, 2007.

Review of Historical Operating Results

Six months ended March 31, 2007 compared to six months ended March 31, 2006

Total sales of services and sales of goods. Our total sales of services and sales of goods increased by Baht 736.4 million, or 61.6%, from Baht 1,195.1 million in the six months ended March 31, 2006 to Baht 1,931.5 million in the six months ended March 31, 2007. This increase was due primarily to the increase in our sub-sea engineering sales of services and our drilling sales of services which was partially offset by a decrease in the income from our operation of multi-purpose offshore services vessels, the sale of our safety equipment services and supply business, the cessation of our ships chandlery business and the appreciation of the Baht against the U.S. dollar (see "Exchange Rate Information"), the currency in which most of our sales are generated.

Sales of services. Our sales of services increased by Baht 766.4 million, or 65.7%, from Baht 1,164.1 million in the six months ended March 31, 2006 to Baht 1,930.5 million in the six months ended March 31, 2007. This increase in sales of services was due primarily to the increase in our sales from sub-sea engineering services and drilling services which was partially offset by a decrease in the sales from our operation of multi-purpose offshore services vessels and our safety equipment services and supply business.

Sales of services from safety equipment services and supply. Our sales of services from safety equipment services and supply decreased from Baht 20.3 million in the six months ended March 31, 2006 to none in the six months ended March 31, 2007. This decrease in service sales was due to the sale of our safety equipment services and supply business in November 2006. Pursuant to the related sale agreement, all sales from October 1, 2006 to the date of such sale were for the benefit of the buyer. Accordingly, we did not record any sales for this segment in the six months ended March 31, 2007.

Sales of services from ownership and operation of multi-purpose offshore service vessels. Our sales of services from ownership and operation of multi-purpose offshore services vessels decreased by Baht 59.9 million, or 87.3%, from Baht 68.6 million in the six months ended March 31, 2006 to Baht 8.7 million in the six months ended March 31, 2007. This decrease in sales of services from ownership and operation of multi-purpose offshore services vessels was due primarily to the sale of our two remaining multi-purpose offshore service vessels in the first quarter of the financial year ended September 30, 2007.

Sales of services from ships chandlery. We had no sales of services from ships chandlery in the six months ended March 31, 2006 and a negligible amount of sales of services in the six months ended March 31, 2007.

Sales of services from sub-sea engineering services. Our sales of services from sub-sea engineering services increased by Baht 662.5 million, or 115.3%, from Baht 574.7 million in the six months ended March 31, 2006 to Baht 1,237.2 million in the six months ended March 31, 2007. This increase in sales of services from sub-sea engineering services was due primarily to (i) an increase of approximately 89.8% in average charter-rates (calculated as total sales of services from sub-sea engineering services divided by available days) due to industry demand; and (ii) an increase of 60.7% in the utilization days of our sub-sea engineering vessels, due to increased demand from our clients for their services and the delivery of the Mermaid Performer in January 2006.

Sales of services from drilling services. Our sales of services from drilling services increased by Baht 180.8 million, or 36.5%, from Baht 495.6 million in the six months ended March 31, 2006 to Baht 676.4 million in the six months ended March 31, 2007. This increase in sales of services from drilling services was due primarily to the increase in average day-rates (calculated as total sales of services from drilling services divided by available days) of 24.5% as well as to the recognition of mobilization fees and to the fact that MTR-2 was operational for only three months during the six months ended March 31, 2006 as MTR-2 did not commence its first contract until December 2005, which was partially offset by the lower utilization rate of MTR-1 in the six months ended March 31, 2007 due to the crane boom failure.

Sales of services from training services. Our sales of services from training services increased by Baht 8.3 million in the six months ended March 31, 2007 from none in the six months ended March 31, 2006 as we did not provide training services through MTTS in the six months ended March 31, 2006.

Sales of services from unallocated services. Our sales of services from unallocated services decreased by Baht 4.8 million in the six months ended March 31, 2006 to none in the six months ended March 31, 2007. This decrease in sales of services from unallocated services was due primarily to training and technical services we provided prior to the establishment of MTTS in November 2005 which were allocated to this segment.

Sales of goods. Our sales of goods decreased by Baht 30.0 million, or 96.8%, from Baht 31.0 million in the six months ended March 31, 2006 to Baht 1.0 million in the six months ended March 31, 2007. This decrease in sales of goods was due to the sale of our safety equipment services and supply business in November 2006 and the decrease in sales from our ships chandlery business.

Sales of goods from safety equipment services and supply. Our sales of goods from safety equipment services and supply decreased by Baht 14.7 million in the six months ended March 31, 2006 to none in the six months ended March 31, 2007. This decrease in sales of goods was due to our sale of our safety equipment services and supply business in November 2006. Pursuant to the related sale agreement, all sales from October 1, 2006 to the date of such sale were for the benefit of the buyer. Accordingly, we did not record any sales for this segment in the six months ended March 31, 2007.

Sales of goods from ships chandlery. Our sales of goods from ships chandlery decreased by Baht 15.3 million, or 93.9%, from Baht 16.3 million in the six months ended March 31, 2006 to Baht 1.0 million in the six months ended March 31, 2007. This decrease in sales of goods from ships chandlery was due primarily to our decision to discontinue our ships chandlery business.

Cost of services. Our cost of services increased by Baht 556.6 million, or 65.5%, or from Baht 849.2 million in the six months ended March 31, 2006 to Baht 1,405.8 million in the six months ended March 31, 2007. This increase in cost of services was due primarily to the increase in diver and subcontractor costs, including the charter costs of our charter vessel, and the increase in sales of services.

Cost of goods sold. Our cost of goods sold decreased by Baht 21.1 million, or 95.9%, from Baht 22.0 million in the six months ended March 31, 2006 to Baht 0.9 million in the six months ended March 31, 2007. This decrease in cost of goods sold was due primarily to the decrease in sales of goods.

Gross profit from services and sales. Our gross profit from services and sales increased by Baht 200.9 million, or 62.0%, from Baht 323.9 million in the six months ended March 31, 2006 to Baht 524.8 million in the six months ended March 31, 2007. Our gross profit margin from services and sales remained unchanged at 27.1% in the six months ended March 31, 2006 and the six months ended March 31, 2007.

Service and administrative expenses. Our service and administrative expenses decreased by Baht 6.6 million, or 3.6%, from Baht 185.1 million in the six months ended March 31, 2006 to Baht 178.5 million in the six months ended March 31, 2007. This decrease in service and administrative expenses was due primarily to our not incurring certain consulting fees in the six months ended March 31, 2007 which we had incurred in the six months ended March 31, 2006 and reduced service and administrative expenses relating to our multi-purpose offshore services, ships chandlery and safety equipment and supply businesses, each of which we either sold or were in the process of ceasing to conduct in the six months ended March 31, 2007. This decrease was partially offset by an increase in staff costs due to bonus payments and annual salary increments.

Other income. Our other income increased by Baht 62.3 million, or 116.0%, from Baht 53.7 million in the six months ended March 31, 2006 to Baht 116.0 million in the six months ended March 31, 2007. This increase in other income was due primarily to a gain on disposal of two vessels of Baht 58.5 million as well as an increase in sales of fuel, water and other supplies which we purchased and then resold to our clients.

Operating profit. Our operating profit increased by Baht 269.8 million, or 140.1%, from Baht 192.5 million in the six months ended March 31, 2006 to Baht 462.3 million in the six months ended March 31, 2007.

Finance income. Our finance income increased by Baht 1.6 million, or 133.3%, from Baht 1.2 million in the six months ended March 31, 2006 to Baht 2.8 million in the six months ended March 31, 2007. This increase in finance income was due primarily to the generally higher level of income that we had in the six months ended March 31, 2007 and resulting higher cash balance in our accounts and the interest that we earned from depositing the proceeds from the sale of two vessels by DTOL.

Finance cost. Our finance cost increased by Baht 5.5 million, or 6.2%, from Baht 88.9 million in the six months ended March 31, 2006 to Baht 94.4 million in the six months ended March 31, 2007. This increase was due primarily to the drawdown of our loan with TMB Bank which was partially offset by a decrease in interest rates.

Net foreign exchange losses on financing activities. Our net foreign exchange losses on financing activities increased by Baht 7.3 million, or 39.5%, from Baht 18.5 million in the six months ended March 31, 2006 to Baht 25.8 million in the six months ended March 31, 2007. The increase was due primarily to the greater appreciation of the Baht from September 30, 2006 to March 31, 2007 as compared to between September 30, 2005 to March 31, 2006.

Profit before taxes. Our profit before taxes increased by Baht 258.6 million, or 299.7%, from Baht 86.3 million in the six months ended March 31, 2006 to Baht 344.9 million in the six months ended March 31, 2007.

Income taxes. Our income taxes decreased by Baht 2.5 million, or 29.8%, from Baht 8.4 million in the six months ended March 31, 2006 to Baht 5.9 million in the six months ended March 31, 2007. This decrease in income taxes was due primarily to a decrease in non-BOI income resulting from the sale of the safety equipment and supply business. Our effective tax rate in the six months ended March 31, 2007 was 1.7% compared to an effective rate of 9.7% in the six months ended March 31, 2006. The change in effective tax rate was primarily due to MTR-1 Ltd. and MTR-2 Ltd. realizing sales before BOI privileges became effective in January 2006, which resulted in greater income which was taxable in the six months ended March 31, 2006.

Profit for the period. Our profit for the period increased by Baht 261.1 million, or 335.2%, from Baht 77.9 million in the six months ended March 31, 2006 to Baht 339.0 million in the six months ended March 31, 2007.

Profit attributable to equity holders of the Company. Our profit attributable to equity holders of the Company increased by Baht 241.3 million, or 346.2%, from Baht 69.7 million in the six months ended March 31, 2006 to Baht 311.0 million in the six months ended March 31, 2007.

Profit attributable to minority interests. Our profit attributable to minority interests increased by Baht 19.7 million, or 240.2%, from Baht 8.2 million in the six months ended March 31, 2006 to Baht 27.9 million in the six months ended March 31, 2007. This increase in profit attributable to minority interests was due primarily to the increase in net profit of DTOL as a result of the disposal of its vessels and the increase in net profit of MDL.

Financial year ended September 30, 2006 compared to financial year ended September 30, 2005

Total sales of services and sales of goods. Our total sales of services and sales of goods increased by Baht 1,903.0 million, or 153.3%, from Baht 1,241.4 million in the financial year ended September 30, 2005 to Baht 3,144.4 million in the financial year ended September 30, 2006. This increase in total sales of services and sales of goods was due primarily to the substantial increase in sales of services from our sub-sea engineering and drilling services businesses which was partially offset by a decrease of sales of goods from our ships chandlery business.

Sales of services. Our sales of services increased by Baht 1,938.5 million, or 167.9%, from Baht 1,154.6 million in the financial year ended September 30, 2005 to Baht 3,093.1 million in the financial year ended September 30, 2006. This increase in sales of services was due primarily to the increase in our sales of services from sub-sea engineering and drilling services which was partially offset by a decrease in the sales of services from our operation of multi-purpose offshore services vessels.

Sales of services from safety equipment services and supply. Our sales of services from safety equipment services and supply increased by Baht 13.3 million, or 46.7%, from Baht 28.5 million in the financial year ended September 30, 2005 to Baht 41.8 million in the financial year ended September 30, 2006. This increase in sales of services from safety equipment services and supply

was due primarily to a new department providing repair and overhaul of aircraft extinguishers, oxygen components and technical consulting services which we set up in 2006.

Sales of services from ownership and operation of multi-purpose offshore services vessels. Our sales of services from ownership and operation of multi-purpose offshore services vessels decreased by Baht 69.3 million, or 39.6%, from Baht 175.2 million in the financial year ended September 30, 2005 to Baht 105.9 million in the financial year ended September 30, 2006. This decrease in sales of services from ownership and operation of multi-purpose offshore services vessels was due primarily to the sale of one of our vessels in March 2006 and the low utilization of another of our vessels in the financial year ended September 30, 2006.

Sales of services from ships chandlery. We had a negligible amount of service income from ships chandlery in the financial year ended September 30, 2006 and none in the financial year ended September 30, 2005.

Sales of services from sub-sea engineering services. Our sales of services from sub-sea engineering services increased by Baht 1,114.3 million, or 184.8%, from Baht 603.1 million in the financial year ended September 30, 2005 to Baht 1,717.4 million in the financial year ended September 30, 2006. This increase in sales of services from sub-sea engineering services was due primarily to the acquisition of the Mermaid Commander, the Mermaid Responder and the Mermaid Performer in October 2005, September 2005 and January 2006, respectively, as well as to the increase in average charter-rates (calculated as total sales of services from sub-sea engineering services divided by available days) of 22.5% due to types of vessels utilized by our clients.

Sales of services from drilling services. Our sales of services from drilling services increased by Baht 902.7 million, or 285.8%, from Baht 315.9 million in the financial year ended September 30, 2005 to Baht 1,218.6 million in the financial year ended September 30, 2006. This increase in sales of services from drilling services was due primarily to financial year 2006 being the first full year and nine months of operations of our tender rigs MTR-1 and MTR-2, respectively.

Sales of services from training services. Our sales of services from training services increased by Baht 4.4 million in the financial year ended September 30, 2006 from none in the financial year ended September 30, 2005 as we only commenced providing training services through MTTS in the first quarter of the financial year ended September 30, 2006.

Sales of services from unallocated services. Our sales of services from unallocated services decreased by Baht 27.1 million, or 84.7%, from Baht 32.0 million in the financial year ended September 30, 2005 to Baht 4.9 million in the financial year ended September 30, 2006. This decrease in sales of services from unallocated services was due primarily to a one-off revenue which we received in the financial year ended September 30, 2005 from conducting a training course. Beginning in the financial year ended September 30, 2006, training services revenues were reported as sales of the training services segment.

Sales of goods. Our sales of goods decreased by Baht 35.5 million, or 40.9%, from Baht 86.8 million in the financial year ended September 30, 2005 to Baht 51.3 million in the financial year ended September 30, 2006. This decrease in sales of goods was due primarily to the decrease in sales from our ships chandlery business which was partially offset by an increase in sales of safety equipment and services.

Sales of goods from safety equipment services and supply. Our sales of goods from safety equipment services and supply increased by Baht 2.9 million, or 9.2%, from Baht 31.6 million in the financial year ended September 30, 2005 to Baht 34.5 million in the financial year ended September 30, 2006. This increase in sales of goods from safety equipment services and supply was due primarily to the sales at our new subsidiary which we set up in Vietnam.

Sales of goods from ships chandlery. Our sales of goods from ships chandlery decreased by Baht 38.4 million, or 69.6%, from Baht 55.2 million in the financial year ended September 30, 2005 to Baht 16.8 million in the financial year ended September 30, 2006. This decrease in sales of goods from ships chandlery was due primarily to our decision to discontinue our ships chandlery business.

Cost of services. Our cost of services increased by Baht 1,257.6 million, or 146.0%, from Baht 861.4 million in the financial year ended September 30, 2005 to Baht 2,119.0 million in the financial year ended September 30, 2006. This increase in cost of services was due primarily to an increase in diver

and crew costs in line with an overall increase in services provided, which was partially offset by the sale of one multi-purpose offshore services vessel in March 2006.

Cost of goods sold. Our cost of goods sold decreased by Baht 18.1 million, or 34.0%, from Baht 53.2 million in the financial year ended September 30, 2005 to Baht 35.1 million in the financial year ended September 30, 2006. This decrease in cost of sales was due primarily to the decrease in sales.

Gross profit from services and sales. Our gross profit from services and sales increased by Baht 663.5 million, or 203.0%, from Baht 326.8 million in the financial year ended September 30, 2005 to Baht 990.3 million in the financial year ended September 30, 2006. Our gross profit margin from services and sales increased from 26.3% in the financial year ended September 30, 2005 to 31.5% in the financial year ended September 30, 2006 due to the higher utilization of our tender rigs in the financial year ended September 30, 2006.

Service and administrative expenses. Our service and administrative expenses increased by Baht 149.5 million, or 53.0%, from Baht 282.2 million in the financial year ended September 30, 2005 to Baht 431.7 million in the financial year ended September 30, 2006. This increase in service and administrative expenses was due primarily to an increase in staff costs in the financial year ended September 30, 2006 and due to an increase in depreciation relating to MTR-2 prior to its commencement of service and our operational headquarters in Chonburi, Thailand which we completed building in July 2005.

Other income. Other income decreased by Baht 25.6 million, or 28.5%, from Baht 90.0 million in the financial year ended September 30, 2005 to Baht 64.3 million in the financial year ended September 30, 2006. This decrease in other income was due primarily to higher gains on exchange rates of Baht 64.6 million in the financial year ended September 30, 2005 compared to the gains on exchange rates in the financial year ended September 2006, which was in turn due primarily to the net effects from changes in exchange rates and the resulting gains on our on our Baht cash and cash equivalents and accounts receivables during the year.

Operating profit. Our operating profit increased by Baht 488.4 million, or 363.1%, from Baht 134.5 million in the financial year ended September 30, 2005 to Baht 622.9 million in the financial year ended September 30, 2006.

Finance income. Our finance income decreased by Baht 3.9 million, or 62.9%, from Baht 6.2 million in the financial year ended September 30, 2005 to Baht 2.3 million in the financial year ended September 30, 2006. This decrease in finance income was due primarily to the higher cash balances that we had in our accounts in the financial year ended September 30, 2005 as a result of our increasing our share capital to partially fund the purchase of our tender rigs.

Finance cost. Our finance cost increased by Baht 145.4 million, or 331.2%, from Baht 43.9 million in the financial year ended September 30, 2005 to Baht 189.3 million in the financial year ended September 30, 2006. This increase was due primarily to the increase in loans which were used to finance our acquisition of vessels, the Mermaid Commander, Mermaid Responder and Mermaid Performer.

Net foreign exchange losses on financing activities. Our net foreign exchange losses on financing activities increased by Baht 19.3 million, or 714.8%, from Baht 2.7 million in the financial year ended September 30, 2005 to Baht 22.0 million in the financial year ended September 30, 2006. The increase was due primarily to the stronger Baht as at September 30, 2006 as compared to September 30, 2005 as well as the increase in outstanding Baht loans.

Profit before taxes. Our profit before taxes increased by Baht 319.7 million, or 339.4%, from Baht 94.2 million in the financial year ended September 30, 2005 to Baht 413.9 million in the financial year ended September 30, 2006.

Income taxes. Our income taxes increased by Baht 1.5 million, or 5.9%, from Baht 25.4 million in the financial year ended September 30, 2005 to Baht 26.9 million in the financial year ended September 30, 2006. This increase in income taxes was due primarily to our increase in income which was partially offset by MOS' BOI tax incentives. Our effective tax rate in the financial year ended September 30, 2005 was 27.0% compared to an effective rate of 6.5% in the financial year ended September 30, 2006. The lower effective tax rate in the financial year ended September 30, 2006 was due to (i) BOI privileges with respect MTR-1 Ltd. and MTR-2 Ltd. becoming effective in January 2006 and the related income that was exempt from taxation increasing significantly; and (ii) a substantial increase in sales of services from sub-sea engineering services, almost all of which were exempt from taxation under the related BOI privileges.

Profit for the year. Our profit for the year increased by Baht 318.4 million, or 463.5%, from Baht 68.7 million in the financial year ended September 30, 2005 to Baht 387.1 million in the financial year ended September 30, 2006.

Profit attributable to equity holders of the Company. Our profit attributable to equity holders of the Company increased by Baht 329.3 million, or 720.6%, from Baht 45.7 million in the financial year ended September 30, 2005 to Baht 375.0 million in the financial year ended September 30, 2006.

Profit attributable to minority interests. Our profit attributable to minority interests decreased by Baht 11.0 million, or 47.6%, from Baht 23.1 million in the financial year ended September 30, 2005 to Baht 12.1 million in the financial year ended September 30, 2006. This decrease in profit attributable to minority interests was due primarily to reduced net income in DTOL, partially offset by the increase in net income in MDL.

Financial year ended September 30, 2005 compared to financial year ended September 30, 2004

Total sales of services and sales of goods. Our total sales of services and sales of goods increased by Baht 797.7 million, or 179.8%, from Baht 443.7 million in the financial year ended September 30, 2004 to Baht 1,241.4 million in the financial year ended September 30, 2005. This increase in total sales of services and sale of goods was due primarily to a substantial increase in service income from our sub-sea engineering services business and the commencement of our drilling services business.

Sales of services. Our sales of services increased by Baht 795.7 million, or 221.7%, from Baht 358.9 million in the financial year ended September 30, 2004 to Baht 1,154.6 million in the financial year ended September 30, 2005. This increase in sales of services was due primarily to the increase in our sub-sea engineering sales of services and the commencement of our drilling services business.

Sales of services from safety equipment services and supply. Our sales of services from safety equipment services and supply increased by Baht 2.1 million, or 8.0%, from Baht 26.4 million in the financial year ended September 30, 2004 to Baht 28.5 million in the financial year ended September 30, 2005. This increase in sales of services from safety equipment services and supply was due primarily to the increase in the volume of the business.

Sales of services from ownership and operation of multi-purpose offshore services vessels. Our sales of services from ownership and operation of multi-purpose offshore services vessels increased by Baht 19.6 million, or 12.6%, from Baht 155.6 million in the financial year ended September 30, 2004 to Baht 175.2 million in the financial year ended September 30, 2005. This increase in sales of services from ownership and operation of multi-purpose offshore services vessels was due primarily to an increase in charter-rates caused by greater demand in the market for these services.

Sales of services from sub-sea engineering services. Our sales of services from sub-sea engineering services increased by Baht 436.5 million, or 262.0%, from Baht 166.6 million in the financial year ended September 30, 2004 to Baht 603.1 million in the financial year ended September 30, 2005. This increase in sales of services from sub-sea engineering services was due primarily to the increase of approximately 126.2% in the utilization days of our vessels as well as the increase in average charter-rates (calculated as total sales of services from sub-sea engineering services divided by available days) of approximately 89.3% caused by greater demand by our clients for these services, and the charter of Team Siam.

Sales of services from drilling services. Our sales of services from drilling services increased from none in the financial year ended September 30, 2004 to Baht 315.9 million in the financial year ended September 30, 2005 as we only began providing drilling services after our purchase of MTR-1 in the financial year ended September 30, 2005.

Sales of services from unallocated services. Our sales of services from unallocated services increased by Baht 21.7 million, or 210.6%, from Baht 10.3 million in the financial year ended September 30, 2004 to Baht 32.0 million in the financial year ended September 30, 2005. This increase in sales of services from unallocated services was due primarily to one-off revenue which we earned from conducting a training course from January through July 2005.

Sales of goods. Our sales of goods increased by Baht 2.0 million, or 2.4%, from Baht 84.8 million in the financial year ended September 30, 2004 to Baht 86.8 million in the financial year ended September 30,

2005. This increase in sales was due primarily to the increase in our ships chandlery business which was partially offset by a decrease in our sales from safety equipment services and supply.

Sales of goods from safety equipment services and supply. Our sales of goods from safety equipment services and supply decreased by Baht 3.3 million, or 9.5%, from Baht 34.9 million in the financial year ended September 30, 2004 to Baht 31.6 million in the financial year ended September 30, 2005. This decrease in sales of goods from safety equipment services and supply was due primarily to a decrease in the volume of sales.

Sales of goods from ships chandlery. Our sales of goods from ships chandlery increased by Baht 5.3 million, or 10.6%, from Baht 49.9 million in the financial year ended September 30, 2004 to Baht 55.2 million in the financial year ended September 30, 2005. This increase in sales of goods from ships chandlery was due primarily to sales to new clients.

Cost of services. Our cost of services increased by Baht 655.9 million, or 319.2%, from Baht 205.5 million in the financial year ended September 30, 2004 to Baht 861.4 million in the financial year ended September 30, 2005. This increase in cost of services was due primarily to the commencement of our drilling services business in the financial year ended September 30, 2005 as well as the expansion of our sub-sea engineering business.

Cost of goods sold. Our cost of goods sold decreased by Baht 1.5 million, or 2.7%, from Baht 54.7 million in the financial year ended September 30, 2004 to Baht 53.2 million in the financial year ended September 30, 2005. This decrease in cost of good sold was due primarily to our ability to get better pricing terms from suppliers for goods we sold in connection with our ships chandlery business.

Gross profit from services and sales. Our gross profit from services and sales increased by Baht 143.3 million, or 78.1%, from Baht 183.5 million in the financial year ended September 30, 2004 to Baht 326.8 million in the financial year ended September 30, 2005. Our gross profit margin from services and sales decreased from 41.4% in the financial year ended September 30, 2004 to 26.3% in the financial year ended September 30, 2005 due primarily to start-up costs associated with MTR-2, which we purchased in July 2005 and did not commence its first contract until December 2005, and the increase in our cost of services as a result of the expansion of our sub-sea engineering business.

Service and administrative expenses. Our service and administrative expenses increased by Baht 184.3 million, or 188.3%, from Baht 97.9 million in the financial year ended September 30, 2004 to Baht 282.2 million in the financial year ended September 30, 2005. This increase in service and administrative expenses was due primarily to an increase in staff costs and other administrative expenses as a result of the expansion of our sub-sea engineering business and the commencement of our drilling services business.

Other income. Our other income increased by Baht 83.8 million, or 1,351.6%, from Baht 6.2 million in the financial year ended September 30, 2004 to Baht 90.0 million in the financial year ended September 30, 2005. This increase in other income was due primarily to gains on exchange rates of Baht 64.6 million in the financial year ended September 30, 2005, the net effects from changes in exchange rates and the resulting gains and losses on our on our receivables, payables and other assets and current liabilities during the year and a penalty payment received by us for the late delivery of the Mermaid Commander by the vendor and other miscellaneous income.

Operating profit. Our operating profit increased by Baht 42.7 million, or 46.5%, from Baht 91.8 million in the financial year ended September 30, 2004 to Baht 134.5 million in the financial year ended September 30, 2005.

Finance income. Our finance income increased by Baht 5.9 million, or 1,966.7%, from Baht 0.3 million in the financial year ended September 30, 2004 to Baht 6.2 million in the financial year ended September 30, 2005. This increase in finance income was due primarily to the higher cash balances that we had in our accounts in the financial year ended September 30, 2005 as a result of our increasing our share capital to partially fund the purchase of our tender rigs.

Finance cost. Our interest expenses increased by Baht 28.4 million, or 183.2%, from Baht 15.5 million in the financial year ended September 30, 2004 to Baht 43.9 million in the financial year ended September 30, 2005. This increase in interest expenses was due primarily to the increase in our borrowings to finance the acquisition of MTR-1 and MTR-2 and the Mermaid Commander as well as for the construction of our facility in Chonburi, Thailand.

Net foreign exchange losses on financing activities. Our net foreign exchange losses on financing activities decreased by Baht 3.1 million, or 53.4%, from Baht 5.8 million in the financial year ended September 30, 2004 to Baht 2.7 million in the financial year ended September 30, 2005. The decrease was due primarily to the decrease in outstanding Baht loans due to the repayment of some of our Baht loans.

Profit before taxes. Our profit before taxes increased by Baht 23.4 million, or 33.1%, from Baht 70.8 million in the financial year ended September 30, 2004 to Baht 94.2 million in the financial year ended September 30, 2005.

Income taxes. Our income taxes increased by Baht 19.5 million, or 330.5%, from Baht 5.9 million in the financial year ended September 30, 2004 to Baht 25.4 million in the financial year ended September 30, 2005. This increase in income taxes was due primarily to the general increase in our income, as well as taxes paid on the income from our drilling services business which did not receive BOI certification (which would have exempted this income from tax) until a later date. Our effective tax rate in the financial year ended September 30, 2004 was 8.3% compared to an effective rate of 27.0% in the financial year ended September 30, 2005. The change in effective tax rate was mainly due to (i) sales of services for drilling services by MTR-1, which we acquired in April 2005, which were not yet exempted from corporate income tax under BOI; and (ii) MTR-2 having been acquired in July 2005 but not generating any sales of services for the balance of the financial year ended September 30, 2005, while incurring expenses such as depreciation that reduced our profit before tax.

Profit for the year. Our profit for the year increased by Baht 3.8 million, or 5.9%, from Baht 64.9 million in the financial year ended September 30, 2004 to Baht 68.7 million in the financial year ended September 30, 2005.

Profit attributable to equity holders of the Company. Our profit attributable to equity holders of the Company decreased by Baht 1.5 million, or 3.2%, from Baht 47.2 million in the financial year ended September 30, 2005 to Baht 45.7 million in the financial year ended September 30, 2006.

Profit attributable to minority interests. Our profit attributable to minority interests increased by Baht 5.3 million, or 29.8%, from Baht 17.8 million in the financial year ended September 30, 2004 to Baht 23.1 million in the financial year ended September 30, 2005. This increase in profit attributable to minority interests was due primarily to an increase in net income at DTOL which was partially offset by a loss at MDL.

Inventory Management

Our inventory amounted to Baht 13.3 million, Baht 23.3 million, Baht 23.6 million and nil as at September 30, 2004, 2005 and 2006 and March 31, 2007, respectively. Our inventory primarily comprises pyrotechnics, life rafts, fire extinguishers and spare parts. Our inventory management policy is to maintain the minimum amount of inventory needed to carry out our operations.

Liquidity and Capital Resources

Our primary sources of funding are cash provided by operating activities and short-term and long-term borrowings. Our primary uses of funds are working capital, capital expenditures and repayment of debt.

As of March 31, 2007, we had cash and cash equivalents of Baht 645.9 million, comprising primarily cash.

The following table sets forth a summary of our cash flows for the periods indicated.

	Financial years ended September 30,			Six months ended March 31,	
	2004	2005	2006	2006	2007
	(in Baht millions)				
Cash and cash equivalents at the beginning of the year/period	36.0	191.2	133.3	133.3	185.3
Cash flow from operating activities	115.4	(29.6)	360.4	97.1	763.8
Cash flow from investing activities	(185.3)	(3,306.1)	(542.9)	(338.6)	(148.6)
Cash flow from financing activities	224.3	3,278.4	247.7	292.1	(110.1)
Net increase (decrease) in cash and cash equivalents	154.5	(57.3)	65.2	50.6	505.1
Effects of exchange rate changes.	0.7	(0.7)	(13.1)	8.0	(44.6)
Cash and cash equivalents at the end of the period.	191.2	133.3	185.3	191.9	645.9

Cash flow from operating activities

Cash flow from operating activities reflects our profit adjusted for certain non-cash items, including depreciation, amortization, profit attributable to minority interests and other activities.

Cash provided by operating activities in the six months ended March 31, 2007 was Baht 763.8 million compared to Baht 97.1 million in the six months ended March 31, 2006. This increase was due primarily to higher profit before taxes of Baht 344.9 million in the six months ended March 31, 2007 compared to profit before taxes of Baht 86.3 million in the six months ended March 31, 2006, a decrease in trade accounts receivable and an increase in accrued expenses. These factors were partially offset by an increase in other current assets and a decrease in trade accounts payable.

Cash provided by operating activities in the financial year ended September 30, 2006 was Baht 360.4 million compared to cash used of Baht 29.6 million in the financial year ended September 30, 2005. This increase was primarily due to higher profit before taxes of Baht 413.9 million in the financial year ended September 30, 2006 compared to profit before taxes of Baht 94.2 million in the financial year ended September 30, 2005 as well as an increase in trade accounts payable and current assets. These factors were partially offset by an increase in trade accounts receivable and spare parts and supplies.

Cash used in operating activities in the financial year ended September 30, 2005 was Baht 29.6 million compared to cash provided from operating activities in the financial year ended September 30, 2004 of Baht 115.4 million. This decrease was primarily due to an increase in other current assets of Baht 181.7 million, an increase in inventories, supplies and spare parts of Baht 42.1 million and an increase in trade accounts receivable in the financial year ended September 30, 2005. These factors were partially offset by higher profit before taxes of Baht 94.2 million in the financial year ended September 30, 2005 compared to profit before taxes of Baht 70.8 million in the financial year ended September 30, 2004 and an increase in trade accounts payable, income tax payable, accrued expenses and other current liabilities.

Cash flow from investing activities

The principal items affecting cash flow from investing activities have been capital expenditures for the purchase of property and equipment for our tender rigs and supply and support vessels.

Cash used in investing activities was Baht 148.6 million in the six months ended March 31, 2007, of which cash of Baht 249.1 million was provided by the proceeds from disposals of equipment consisting of the sale of two multi-purpose offshore service vessels, the “Nico Sattahip” and “Nico Bangkok”, less the dry docking, insurance and bunker costs, Baht 30.9 million was provided from the disposal of our investment in our subsidiaries Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd., Baht 427.1 million was used for the payments for the purchase of our Anchor Handling, Tug and Supply (“AHTS”) vessel as well as for a new crane boom on MTR-1 and for dry docking and SPS for MTR-1.

Cash used in investing activities was Baht 542.9 million in the financial year ended September 30, 2006, of which Baht 574.0 million was used for the purchase of PPE, mainly the Mermaid Performer and payment for our new AHTS vessel, and Baht 18.0 million was used for purchase of intangible assets, namely accounting software. These uses were offset by Baht 49.1 million of cash provided by the proceeds from the sale of a multi-purpose offshore service vessel.

Cash used in investing activities was Baht 3,306.1 million in the financial year ended September 30, 2005, of which Baht 2,520.0 million was used for the purchase of PPE, namely MTR-1, MTR-2 and our land and building at Chonburi, Thailand, and Baht 885.9 million was used for payments on deposit and prepayment for support vessels. Baht 100.2 million of cash was provided by the release of restricted cash at financial institutions that was pledged to financial institutions in connection with certain letters of guarantees issued by such institutions.

Cash used in investing activities was Baht 185.3 million in the financial year ended September 30, 2004. Cash of Baht 119.4 million was used for the purchase of PPE, mainly a supply and support vessel, and Baht 91.1 million was pledged to financial institutions in connection with their issuance of certain letters of guarantees. These uses were partially offset by cash provided of Baht 23.4 million from the sale of certain PPE.

Cash flow from financing activities

The principal items which contributed to cash flow from financing activities have been primarily increases and decreases in loans.

In the six months ended March 31, 2007, cash used in financing activities was Baht 110.1 million, primarily as a result of the repayment of short-term and long-term loans from financial institutions of Baht 60.0 million and Baht 91.7 million, respectively, as well as the payment of interest of Baht 94.2 million and dividends to minority interests of Baht 29.1 million. This was partially offset by the proceeds from short-term and long-term loans from financial institutions of Baht 72.7 million and Baht 115.3 million, respectively.

In the financial year ended September 30, 2006, cash provided by financing activities was Baht 247.7 million, primarily as a result of proceeds from short-term and long-term loans from financial institutions of Baht 276.4 million and Baht 467.7 million, respectively, partially offset by the repayment of short-term and long-term loans from financial institutions of Baht 217.6 million and Baht 106.9 million, respectively, and the payment of interest of Baht 204.8 million.

In the financial year ended September 30, 2005, cash provided by financing activities was Baht 3,278.4 million, primarily as a result of proceeds from long-term loans from financial institutions of Baht 2,214.6 million and share premium of Baht 892.6 million. The loans financed the purchase of the tender rigs MTR-1 and MTR-2 and the purchase of land and construction of buildings at Chonburi, Thailand. The proceeds from share premium resulted from the issue of additional Shares by us in the financial year ended September 30, 2005. The cash provided from financing activities was offset by the repayment of short-term and long-term loans from financial institutions of Baht 252.3 million and Baht 62.0 million, respectively, and the payment of interest of Baht 19.9 million.

In the financial year ended September 30, 2004, cash provided by financing activities was Baht 224.3 million, primarily as a result of the sale of Baht 333.8 million of additional Shares. The cash provided from financing activities was partially offset by cash payments of Baht 124.5 million in dividends, the repayment of short-term and long-term loans from financial institutions of Baht 49.4 million and Baht 63.0 million and the payment of interest of Baht 16.7 million.

Working Capital and Indebtedness

We fund our short-term working capital requirements primarily through cash flow from operations, working capital facilities and borrowings. Our Controlling Shareholder, TTA has provided us with loans in the past. We have discontinued such transactions with TTA. As of March 31, 2007, we had cash and bank balances of Baht 645.9 million, and total current assets of Baht 1,651.1 million.

We generally fund our capital expenditures for assets such as tender rigs and vessels with a combination of cash and debt.

The following table sets forth our loan funds excluding finance leases as of the dates indicated:

	As of September 30, 2004	As of September 30, 2005	As of September 30, 2006	As of March 31, 2007 (unaudited)
	(in Baht millions)			
Bank overdrafts	—	—	38.5	21.3
Short-term loans from financial institutions	—	105.3	160.0	172.0
Long-term loans from financial institutions (including current portion)	<u>173.7</u>	<u>2,295.4</u>	<u>2,480.3</u>	<u>2,363.6</u>
Total loan funds	<u>173.7</u>	<u>2,400.7</u>	<u>2,678.8</u>	<u>2,556.9</u>

In addition to the loan funds set forth above, from time to time, we borrow funds from our parent, TTA. We had loans outstanding to a shareholder in DTOL, Nico Middle East Limited, of Baht 38.4 million as at September 30, 2004 and no loans outstanding as at September 30, 2005 and 2006. These loans were fully repaid in the financial year ended September 30, 2005. We also borrowed amounts from TTA in the foregoing periods that we repaid within such period. See “Interested Person Transactions and Conflicts of Interest”.

A description of our material loan facilities is set forth in “Description of Material Indebtedness”. Many of our loan facilities contain financial covenants with which we have to comply, and these are also described in “Description of Material Indebtedness”.

Substantially all of our loans above are secured by all or a portion of our immovable and movable properties, including plant and machinery, present and future movable properties and book debts. In addition, some of these loans are made available at our subsidiary company level and provide that amounts cannot be distributed out from these subsidiaries without meeting certain conditions, such as the proper and timely servicing of the loans.

As of March 31, 2007, our loans (other than finance leases in the amount of Baht 10.9 million) were denominated in Baht and U.S. dollars, with Baht 364.5 million, or 15.4% of total loans, denominated in Baht and the remaining Baht 1,999.1 million, or 84.6% of total loans, denominated in U.S. dollars.

As of March 31, 2007, interest on our long-term loans (other than finance leases) ranged between 6.0% and 8.125%, while interest on short-term loans ranged between 6.0% and 7.75%.

The following table sets forth the maturity profile of our loan funds (other than finance leases) as of September 30, 2006.

<u>Payments due</u>	(in Baht millions)
Within one year	272.9
After one year and up to two years	688.9
After two years and up to five years	997.0
After five years	<u>521.7</u>
Total	<u>2,480.3</u>

As at the Latest Practicable Date, we had total outstanding debt of Baht 2,346.1 million of which Baht 1,114.2 million was in long-term loans from The Export Import Bank of Thailand, Baht 452.5 million was in long-term and short-term loans from Kasikornbank PCL, Baht 430.7 million was in long-term loans from Bank Thai Public Company Limited and Baht 348.6 million was in long-term loans from TMB Bank PCL.

As at the Latest Practicable Date, we had unused and available credit in an amount of US\$2.6 million under our long-term loan facilities from TMB Bank PCL, US\$2.0 million under our short-term facilities from The Export Import Bank of Thailand, and Baht 40.0 million under our short-term facilities and Baht 90.0 million under our overdraft facilities from various other financial institutions.

Our Directors are of the opinion, after taking into account our present banking facilities, our existing cash and cash equivalents and the cash flows generated from our operations, that we have, as at the Latest Practicable Date, adequate working capital for our present requirements.

Historical and Planned Capital Expenditures

The table below sets forth our significant capital expenditures for the historical periods indicated and planned capital expenditures for 2007 as at the Latest Practicable Date.

	Financial year ended September 30,			Six months ended March 31, 2007	Financial year ended September 30, 2007 (planned)
	2004	2005	2006	(in Baht millions)	
Land	—	17.3	—	—	—
Building and building improvements	0.4	150.5	29.9	0.9	—
Tools and factory equipment	38.4	148.7	99.1	21.6	177.5
Office equipment	1.3	10.9	2.8	1.9	1.9
Motor vehicles	2.6	24.3	5.5	1.6	1.6
Vessels (support vessel)	2.2	139.4	1,027.9	19.7	355.9
Tender rigs	—	2,061.4	34.0	166.9	44.6
Computer software	—	4.8	18.0	1.5	—
Construction in progress	77.5	56.6	251.3	215.7	—
Total	<u>122.4</u>	<u>2,613.9</u>	<u>1,468.5</u>	<u>429.8</u>	<u>582.4</u>

We intend to finance the above capital expenditures out of our working capital and bank facilities.

With respect to the period from April 1, 2007 to the Latest Practicable Date, we had total capital expenditures of Baht 256.2 million consisting of Baht 15.7 million for tools and factory equipment, Baht 1.8 million for office equipment, Baht 2.7 million for motor vehicles, Baht 7.0 million for tender rigs and Baht 229.0 million for construction in progress. This information is calculated under Thai GAAP and may differ from that calculated in accordance with IFRS. See “Summary of Certain Differences Between IFRS and Thai GAAP” for a discussion of these differences.

Schedule of Obligations and Contingent Liabilities

The following table of material contractual obligations outstanding at March 31, 2007 summarizes the effect these obligations are expected to have on our cash flows in the future periods shown:

Contractual obligations	Total	Less than 1 year	Payment due by period		5 years and above
			From 1 year and up to less than 3 years	From 3 years and up to less than 5 years	
			(in Baht millions)		
Vessel charter contract	570.5	292.3	278.2	—	—
Operating leases ⁽¹⁾	9.7	3.5	4.8	1.4	—
Purchase of capital equipment ⁽²⁾	<u>212.7</u>	<u>212.7</u>	—	—	—
Total	<u>792.7</u>	<u>508.5</u>	<u>283.0</u>	<u>1.4</u>	<u>—</u>

Notes:

(1) Includes office rental.

(2) Includes the purchase of new ROVs (including one ROV already delivered in July 2007) and new build AHTS. See “Business — Sub-sea Engineering Services — New assets” for more details.

We have entered into an agreement for a charter of a new DP DSV vessel. Under the terms of the agreement, the vessel is expected to be delivered in June 2009 and the charter term is 10 years from the date of such delivery. We have an option to purchase the vessel on and after the third anniversary of such delivery. The agreement contemplates minimum annual charter payments of approximately US\$13.1 million in the first five years of the charter and US\$13.7 million in the subsequent five years of the charter.

We intend to finance the above obligations out of our working capital and bank facilities. As of March 31, 2007, we had outstanding letters of guarantees issued by banks in the normal course of business in the amount of Baht 21.3 million and US\$0.4 million.

Contingent Liabilities

There has not been any material change in our material contractual obligations or contingent liabilities between March 31, 2007 and the Latest Practicable Date.

Taxes

We and each of our consolidated entities are taxed separately and we do not file a consolidated tax return. Accordingly, tax attributes and allowances are unique to us and each of our consolidated entities and cannot be aggregated. The corporate tax rate in Thailand applicable to our Group is 30.0%. Currently, MOS enjoys certain tax benefits under Thai laws as it has obtained a BOI certificate. These benefits include exemption from corporate income taxes for the provision of certain services for eight years from the date when MOS' income is first earned after approval is given by BOI and the exemption of import duties on imported machinery. MTR-1 Ltd. and MTR-2 Ltd. have also obtained BOI certificates and have benefits similar to MOS that continue until eight years from the date when their income is first earned after approval is given by BOI. The services that are entitled to BOI privileges are those stipulated in the relevant investment promotion certificate. MOS is entitled to provide the following services exempt from corporate income tax: inspection of underwater structures and equipment; inspection of sea water pollution; and testing and exploring service for drilling platforms and environmental inspection in petroleum exploration and drilling industry. MTR-1 Ltd. and MTR-2 Ltd. may provide drilling services as part of maritime transportation services exempt from corporate income tax. The purchase of the Mermaid Supporter and Mermaid Performer were exempted from import duties of 20.0% and 1.0% of the purchase price respectively pursuant to BOI incentives as MOS had obtained a BOI certificate. We were also exempted from the payment of import duties of 1.0% of the purchase price for the purchase of our other vessels and rigs pursuant to a regulation relating to the import of vessels of gross tonnage higher than 1,000 tons. Accordingly, most of the income earned by us is currently exempt from corporate income taxes in Thailand. However, as contracts entered into in connection with our drilling business are long-term in nature, MTR-1 Ltd. and MTR-2 Ltd. are at times deemed to have permanent establishments based on the duration of their presence and the activity conducted by them, and pay taxes, in the countries in which they conduct their operations.

Market Risks

We are exposed to various types of market risk in the ordinary course of business, including fluctuations in interest rates and foreign exchange rates.

Exchange Rate Risk

Substantially all of our sales are paid in U.S. dollars. However, some of our costs are in other currencies such as the Baht, Malaysian Ringgit and Indonesian Rupiah. As a result, we are exposed to currency fluctuations and exchange rate risks. Save as disclosed below, we do not have any specific hedging policy to manage our foreign exchange risks. Our business operations have a natural partial hedge as some of our sales and costs are in the same currency. For example, as substantially all of our sales are in U.S. dollars, we contract many of our personnel-related costs in U.S. dollars. To minimize our risks, we attempt to match the currency of our operating costs with the currency of our sales. We also enter into forward contracts for U.S. dollars and Baht from time to time but these contracts typically do not extend for a period beyond six months. See Note 10 of the unaudited condensed consolidated interim financial information as of March 31, 2007 and for the six-month period ended March 31, 2007 and 2006 for more information about these contracts. We do not speculate on currency movements. Any fluctuations in the value of the applicable foreign currencies could adversely affect our sales and expenses. Our financial reporting currency is the Baht. The Baht could fluctuate significantly against the U.S. dollar and other currencies and has recently appreciated significantly against the U.S. dollar and this could adversely affect our results of operations. See "Exchange Rate Information" for further information on exchange rates.

Interest Rate Risk

We borrow at both fixed and floating interest rates to finance our investments and operations. We are exposed to market risk due to changes in interest rates. Our total long-term debt outstanding of Baht 2,480.3 million at September 30, 2006 (including current maturities of Baht 272.9 million) and of Baht 2,363.6 million at March 31, 2007 (including current maturities of Baht 379.8 million) was at floating rates and subject to interest rate fluctuations. An increase in the interest rates on our long-term floating

rate debt based on a 10.0% change in the base rates at September 30, 2006 and March 31, 2007 would increase the interest rates on our long-term floating rate debt to between 7.0% and 8.8% and between 6.8% and 8.7%, respectively, which would not have a material effect on our operating results.

In addition to long-term debt, we had floating interest rate short-term debt with a balance of Baht 160.0 million at September 30, 2006 and Baht 172.0 million at March 31, 2007 and amounts outstanding under our bank overdraft facilities of Baht 38.5 million at September 30, 2006 and Baht 21.3 million at March 31, 2007. The short-term debt is predominantly held with commercial banks and the interest rates are generally based on the minimum loan rate ("MLR") (7.75-8.25% as at March 31, 2007) minus a varying margin. The bank overdraft facilities are held with commercial banks and subject to interest rates at minimum overdraft rate. An increase in the interest rates on our short-term floating rate debt based on a 10.0% change in the base rates at September 30, 2006 and March 31, 2007 would increase the interest rates on our short-term floating rate debt to between 7.0% and 8.8% and between 6.5% and 9.8%, respectively, which would not have a material effect on our operating results.

We do not currently use any derivative instruments to manage our interest rate risk.

Trend Information

The continuing activity in the oil and gas sector since March 31, 2007 has continued to lead to high demand for equipment and spare parts resulting in longer order lead times and higher repair and maintenance costs. This activity has also resulted in shortage of facilities for docking, as well as increases in costs of docking. The high demand for skilled personnel in our industry since March 31, 2007 has also continued to result in an inflationary pressure on the hiring, training, retention and salary costs for such personnel.

This continuing activity in the industry has also resulted in our vessels continuing to achieve high utilization rates.

Inflation

According to the BOT, Thailand's annual overall inflation rate as measured by the general consumption price index was approximately 2.7% in 2004, 4.5% in 2005 and 4.7% in 2006. As a result, inflation in Thailand has not had a significant impact on our results of operations.

Adoption of Certain Changes in Accounting Principles

This document contains our separate audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006, and our unaudited condensed consolidated interim financial information as of March 31, 2007 and for the six-month periods ended March 31, 2006 and 2007, which have been prepared in accordance with IFRS. This document also contains our separate audited consolidated financial statements as of and for the financial years ended September 30, 2004, 2005 and 2006, and our unaudited interim consolidated and company financial statements as of March 31, 2007 and the three-month and six-month periods ended March 31, 2006 and 2007, which have been prepared in accordance with Thai GAAP. In the future, we intend to prepare and report our financial statements only in accordance with Thai GAAP. We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods. Notwithstanding the foregoing, beginning in the financial year ending September 30, 2007, we intend to apply certain principles which are more consistent with IFRS to certain financial information where Thai GAAP permits such treatment. These items relate to PPE and revenue recognition. We do not intend to restate our prior financial year financial statements prepared under Thai GAAP to reflect the application of such principles for such items unless we are required to under any new promulgations under Thai GAAP. Accordingly, our financial statements for the financial year ending September 30, 2007 and subsequent years may not be comparable to our financial statements included in this document. In addition, we expect the application of these principles to have an adverse effect on our results of operations as reported under Thai GAAP. We describe below the current Thai GAAP treatment of these items and the IFRS treatment that we intend to adopt. In addition, amendments and supplements to numerous accounting standards under Thai GAAP have been proposed and are currently in the process of public hearing. The proposed amendments and supplements attempt to bring Thai GAAP more in line with IFRS. There can be no assurance as to when or if any of these proposed amendments and supplements will be adopted or become effective. During the process of public hearing, the proposed amendments and supplements may be revised or amended to

reflect comments from concerned parties, and the final amendments and supplements may not necessarily be the same as the drafts. Our financial statements for the financial year ending September 30, 2007 and subsequent years may be affected by these proposed amendments.

PPE

Thai GAAP does not require each component of large items of PPE with a cost significant to the total cost to be separately identified and depreciated. Therefore cost of each PPE acquired is recognized and depreciated as a single item without the consideration of component approach. In addition, under Thai GAAP, the Group recorded dry-docking as other assets and amortized this item to the statement of income on a straight line basis over the period ending on the next estimated dry-docking date.

Under IFRS, the component approach is required by IAS 16: Property Plant and Equipment, for the recognition and depreciation of PPE. The component approach requires each element of a larger item of PPE with a cost significant to the total cost to be separately identified and depreciated. Once components have been identified and useful lives established, salvage values must be determined and depreciation methods chosen. If some of the separate elements have similar useful lives, they will be grouped for depreciation purposes. Upon acquisition of vessel and rig, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. When significant specific dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Mobilization Fee

For our drilling business, mobilization activities are linked to underlying contracts. Certain contracts include mobilization fees at the start of the contracts. Mobilization fees normally comprise the following: a) a general upgrade of a rig or equipment, b) specific upgrades or equipment specific to the contract and c) specific operating expenses at the start up of the contract. Thai GAAP does not specifically address accounting for mobilization revenue arrangements. The mobilization fee is recognized when mobilization activities are completed.

Under IFRS, the revenue recognition policy for the mobilization fee is applied to reflect substance of revenue. In cases where the mobilization fee covers a general or specific upgrade of a rig or equipment, the fee is recognized as revenue over the contract period. In cases where the fee covers specific operating expenses at the start up of the contract, the fee is recognized in the same period as the expenses.

Recent IFRS Pronouncements

The following new standards, amendments and interpretations to existing standards, which are relevant to the Group, that are not yet effective and have not been early adopted by the Group:

IAS 1 (Amendment), Presentation of Financial Statements — Capital Disclosures (effective for annual periods beginning on or after January 1, 2007)

This introduces new disclosure of qualitative information relating to an entity's objectives, policies and processes for managing capital. Our Group will apply the amendment to IAS 1 from October 1, 2007, but it is not expected to have any impact on our Group's consolidated financial statements other than additional disclosures.

IFRS 7, Financial Instruments: Disclosures (effective for annual periods beginning on or after January 1, 2007)

This introduces new disclosure relating to financial instruments. Our Group will apply IFRS 7 from October 1, 2007, but it is not expected to have any impact on our Group's consolidated financial statements other than additional disclosures.

IFRS 8, Segment Reporting (effective for annual periods beginning on or after January 1, 2009)

This introduces new requirements for segment reporting and will supersede the existing standard IAS 14, Segment Reporting. Our Group will apply IFRS 8 from October 1, 2009, but it is not expected to have any impact on our Group's consolidated financial statements other than additional disclosures.

IFRIC 11, IFRS 2 — Group and Treasury Shares Transactions (effective for annual periods beginning on or after 1 March 2007)

This addresses how to apply IFRS 2, Share-based Payment, to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (eg equity instruments of its parent). It requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent, should be accounted for as cash-settled or equity-settled in the entity's financial statements. Our Group will apply IFRIC 11 from October 1, 2007 but it is not expected to have any impact on our Group's consolidated financial statements.

IFRIC 14, IAS-19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008)

This provides general guidance on how to assess the limit in IAS 19, Employee Benefits, on the amount of the surplus that can be recognized as an asset. It also explains how pension assets or liabilities may be affected when there is a statutory or contractual minimum funding requirement. This will standardize practice and ensure that entities recognize an asset in relation to a surplus on a consistent basis.

No additional liability need be recognized by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. Our Group will apply IFRIC 11 from October 1, 2008 but it is not expected to have any impact on our Group's consolidated financial statements.

Recent Thai GAAP Pronouncements

On May 2, 2007, the Federation of Accounting Professions announced the amendments to Thai Accounting Standards ("TAS") as follows:

TAS 25 "Cash flow statement"

TAS 33 "Borrowing costs"

TAS 44 "Consolidated financial statements and separate financial statements"

TAS 45 "Investments in associates"

TAS 46 "Interests in joint ventures"

TAS 49 "Construction contracts"

The effective date for the revised TAS 44 "Consolidated financial statements and separate financial statements", TAS 45 "Investments in associates" and TAS 46 "Interests in joint ventures" is for the accounting periods beginning on or after January 1, 2007. The revised standards require the change from equity method of accounting to cost method of accounting for investments in subsidiaries and associates presented in separate financial statements. Under the cost method, income from investments will be recorded when dividends are declared. The change in the accounting policy impacts the separate financial statements only and does not impact the consolidated financial statements. In addition, a parent company is mandated to present its separate financial statements in accordance with the revised standards.

TAS 25 "Cash flow statement", TAS 33 "Borrowing costs" and TAS 49 "Construction contracts" will be effective for the accounting periods beginning on or after January 1, 2008. However, our management has assessed and determined that the revised standards will not significantly impact our financial statements.

INDUSTRY

Certain data presented in this section have been taken from various reports and data produced by BP and RS Platou. BP did not prepare these reports or data for the purposes of incorporation in this document, nor have they consented to the inclusion of the information for the purposes of Section 249 of the Securities and Futures Act and are not liable for the information under Sections 253 and 254 of the Securities and Futures Act. RS Platou has advised that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, RS Platou has advised that: (i) certain information in its database is derived from estimates or subjective judgments; (ii) the information in the databases of other data collection agencies may differ from the information in its database; (iii) whilst RS Platou has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors; (iv) RS Platou, its agents, officers and employees do not accept liability (save for statutory liabilities under Sections 253 and 254 of the SFA) for any loss suffered in consequence of reliance on such information or in any other manner; and (v) the provision of such data, graphs and tables does not obviate the need to make appropriate further inquiries. RS Platou provided the information attributed to them below for purposes of inclusion in this document. We believe that the sources used are reliable. However, we cannot ensure the accuracy of the information, and none of us, the Managers or any of its respective affiliates or advisors have independently verified this information. You should not assume that the information and data contained in this section is accurate as of any date other than the date of this document, except as otherwise indicated. You should also be aware that since the date of this document, there may have been changes in the industry and the various sectors therein which could affect the accuracy or completeness of the information in this section. RS Platou provided brokerage services to our Group in connection with our purchase of MTR-1 and MTR-2 and may provide similar and other services to us in the future.

Other than factors disclosed in this section and factors in the sections entitled "Risk Factors", the Directors are not aware of any other trend, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause the financial information in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

Overview

The demand for drilling and sub-sea engineering services is driven primarily by investments and level of activity in exploration, development and production of crude oil and natural gas. The investment level depends on oil companies' cash flow and revenues, areas available for exploration and development, and oil and gas prices.

Oil and gas companies have until recently been reluctant to increase exploration and production spending. However, their recent aggressive plans to increase production, reserves and market share have translated into increased exploration and production spending for these companies. A number of field development projects which had been previously delayed or postponed have been resumed. The low drilling activity in the last few years has resulted in the increase in demand for such services today. Based on client indications, we believe that exploration and production budgets are increasing and should lead to sustained levels of activity in the drilling and sub-sea engineering services markets.

The Asian market for drilling and sub-sea engineering services offers the potential for high utilization and favorable day-rates as a result of: (i) stronger demand for oil and gas in the region; (ii) significant growth in regional economies, especially in China and India; and (iii) new projects planned by exploration and production companies in Asia, according to RS Platou.

The market for drilling services is both cyclical and volatile, ranging from the highly volatile exploration sector to the more stable oil and gas production services market. Tender rig drilling and sub-sea engineering services cater to the more stable niche of the oil and gas production market.

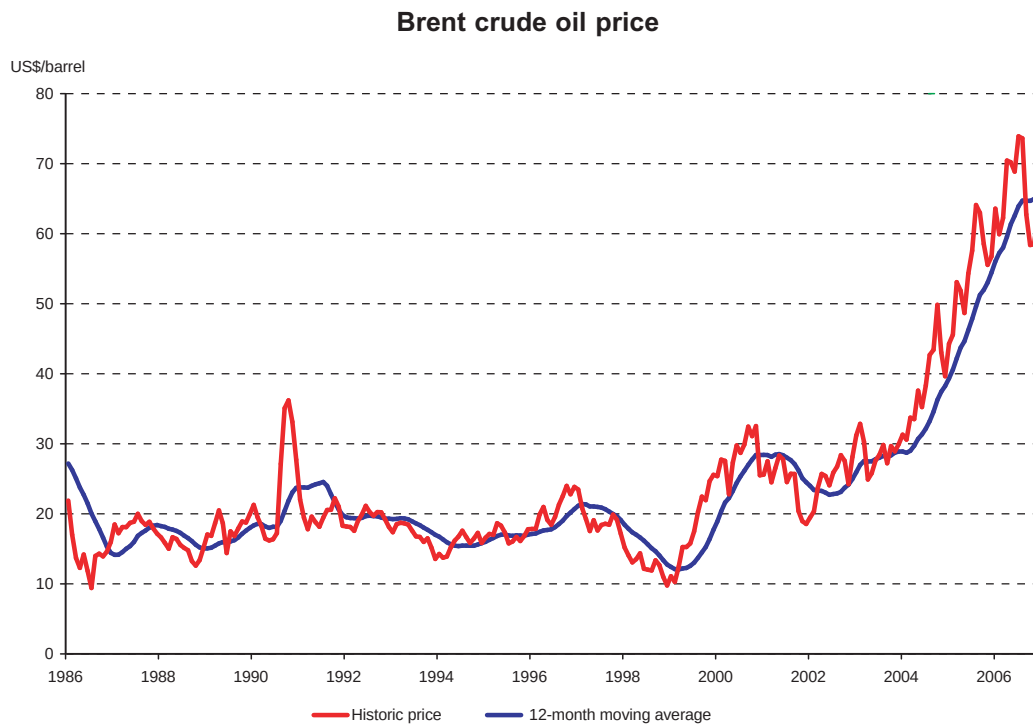
Oil and gas prices

Oil and gas prices are at the top end of their historical range and are well above the hurdle rates that oil and gas companies have established for both their committed and uncommitted development projects to be economically viable. According to RS Platou, the major oil and gas companies have increased their hurdle rates to an average US\$30 per barrel today, from US\$16 per barrel in 2000.

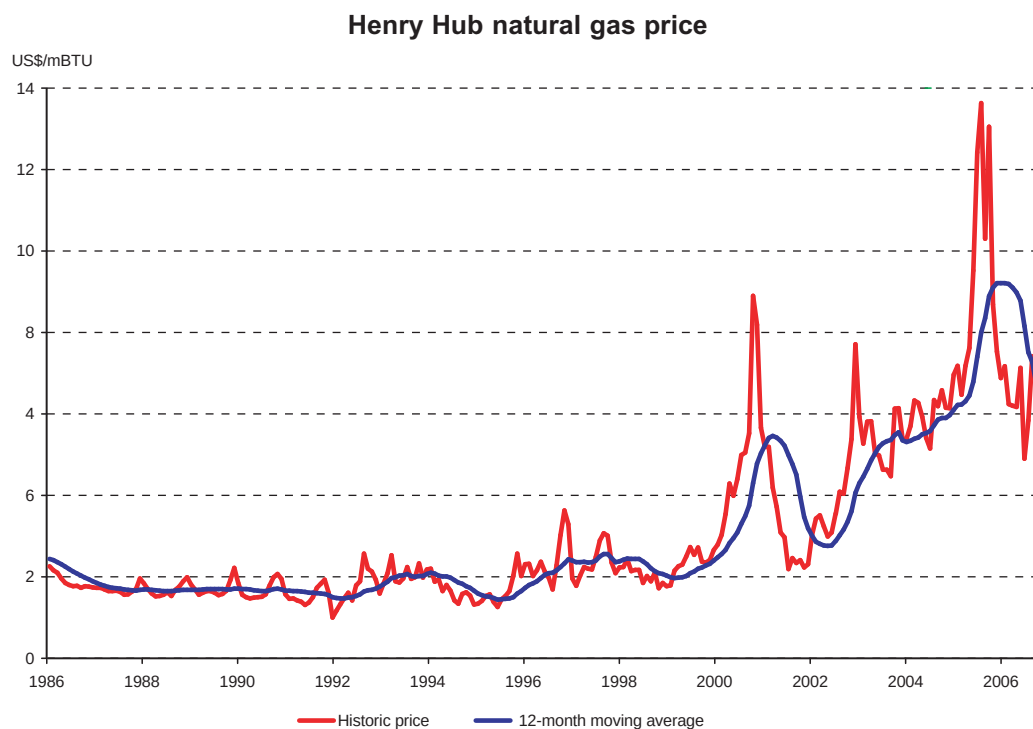
Factors such as increased global demand, declining production levels, extreme weather conditions and political instability in some oil and gas producing countries have contributed to rising oil and gas prices.

In 2006, the annual average price measured in nominal terms for a barrel of Brent crude oil exceeded US\$60 per barrel for the first time, representing an increase of more than 15.0% over the 2005 figure. Further, on August 7, 2006, the price of a barrel of Brent crude oil touched a high of US\$77.05 per barrel.

The charts below illustrate historical and forecasted oil and gas prices.



Source: RS Platou



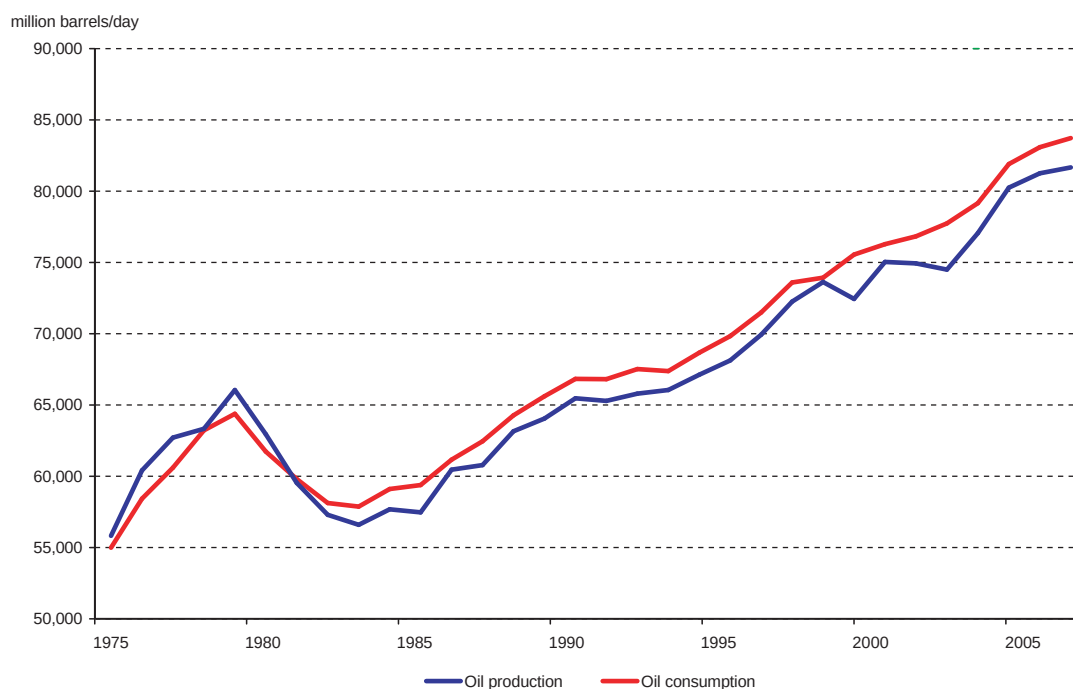
Source: RS Platou

Oil and gas production and consumption

From 1995 to 2006, consumption of oil increased from 69,830 to 83,719 million barrels per day, while production of oil increased from 68,125 to 81,663 million barrels per day. Similarly, from 1995 to 2006, consumption of gas increased from 208 to 276 billion cubic feet per day, while production of gas increased from 207 to 277 billion cubic feet per day⁽¹⁾.

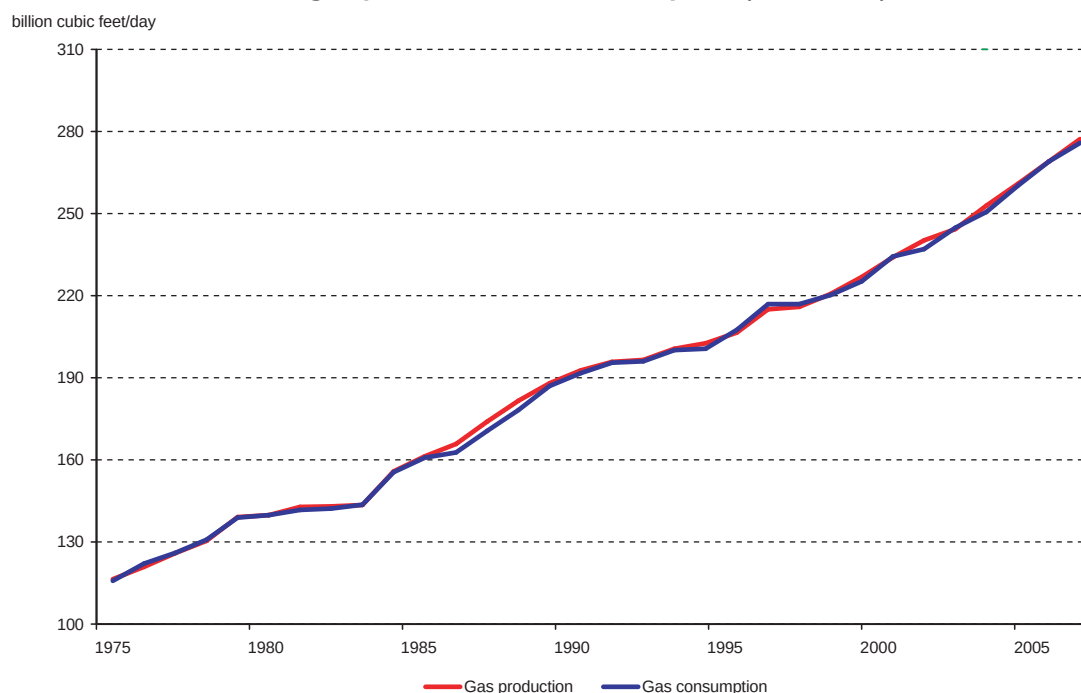
The charts below illustrate global oil and gas production and consumption for the periods indicated.

World oil production and consumption (1975-2006)



Source: BP Statistical Review of World Energy June 2007

World gas production and consumption (1975-2006)



Source: BP Statistical Review of World Energy June 2007

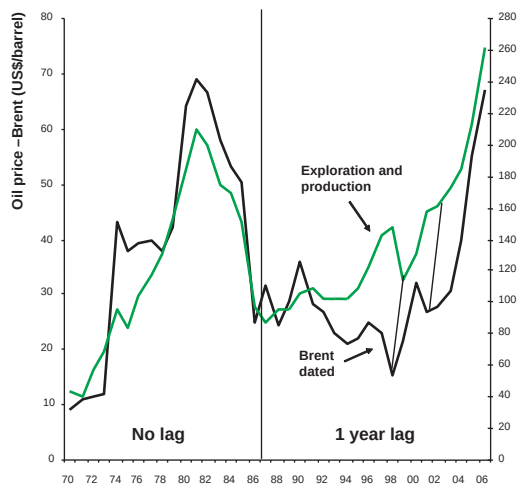
(1) The information in this paragraph is adapted or extracted from BP Statistical Review of World Energy June 2007. The information has not been verified by us or the Managers. BP has not consented to the inclusion of the information for the purposes of Section 249 of the Securities and Futures Act and is not liable for the information under Section 253 and 254 of the Securities and Futures Act.

In order to meet the rising global oil demand and as a result of depleting onshore reserves, there has been a greater focus on offshore exploration and production. Offshore oil production is still dominated by shallow water drilling and resources. Deepwater areas represent the new growth areas of offshore exploration and production. In recent years, there has been increased emphasis on exploration and production in deeper waters. This is in part due to technological developments that have made exploration more feasible and cost effective.

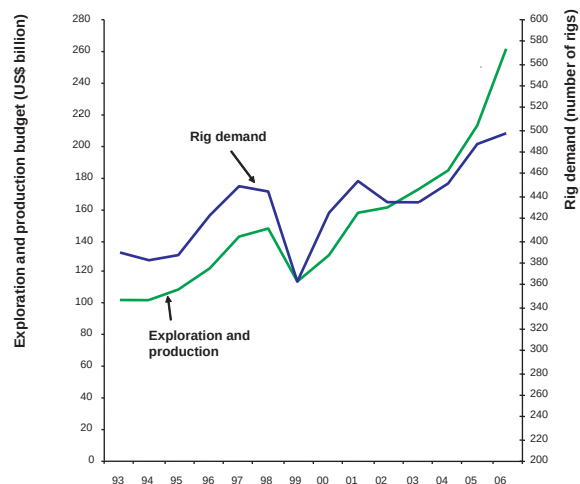
Exploration and production spending

According to RS Platou, exploration and production spending globally is estimated to increase annually by 25.0% in 2007 and 20.0% in 2008. Exploration and production spending has historically been driven by oil and gas prices. In turn, exploration and production spending is a driver of drilling and sub-sea engineering services. The charts below illustrate global exploration and production spending as a function of oil and gas prices, and rig demand.

Exploration and production spending and oil prices — Deflated



Exploration and production spending and rig demand



Source: RS Platou

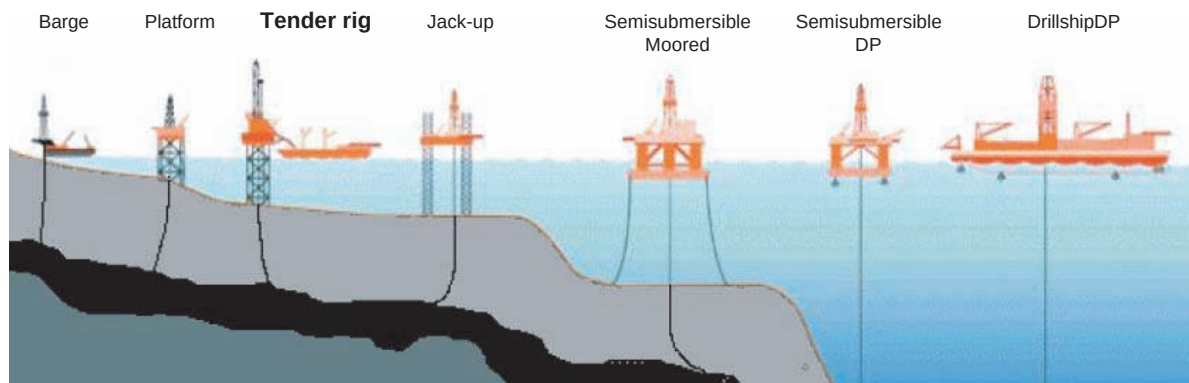
Drilling services industry

The drilling services industry is highly competitive. Demand for drilling and related services is influenced by a number of factors, including the current and expected prices of oil and gas, as well as the level of activity in oil and gas exploration and production.

Drilling operations are geographically dispersed in oil and gas exploration and production areas throughout the world. Rigs can be moved from one region to another, but the cost of moving a rig and the availability of rig-moving vessels may cause the supply and demand balance to vary between regions. However, significant variations between regions generally do not exist in the long-term because of rig mobility.

Types of drilling units

The diagram below illustrates the types of drilling units available for the offshore production of oil and gas.



Source: RS Platou

Tender rigs

A tender rig is a barge moored alongside a platform and contains crew quarters, mud tanks, mud pumps, and power generation systems. The only equipment transferred to the platform for drilling operations is the Drilling Equipment Set. A tender rig carries its own drilling equipment and has a crane capable of erecting the derrick on the platform, thereby eliminating the need for a separate derrick barge and related equipment.

The tender rig was developed for production from a central platform, which serves a number of smaller wellhead platforms. A tender rig moves from platform to platform using its own Drilling Equipment Set. A typical tender barge has dimensions of 300 feet by 80 feet with a gross tonnage of about 4,500 tons. Typical water depths it can operate in are between 30 to 400 feet. Tender rigs can also be moored in up to 6,500 feet by use of a pre-laid mooring arrangement. Accommodation is in excess of 100 beds.

Jack-up rigs

A jack-up rig is a mobile self-elevating drilling platform equipped with legs that can be lowered to the ocean floor until a foundation is established to support the platform. Once a foundation is established, the drilling platform is then elevated up the legs so that it is above the highest expected waves. When the rig is relocating, the platform is lowered to sea level and towed by a supply vessel to its next location.

A modern jack-up rig will normally have the ability to move its drill floor aft of its own hull (cantilever), so that multiple wells can be drilled without re-positioning the rig. Ultra premium jack-up rigs have capabilities enabling them to work in water depths in excess of 300 feet.

Semi-submersible rigs

A semi-submersible rig is a floating vessel that can be submerged by a water ballast system such that the lower hulls are below the water surface during drilling operations. This reduces the rig's exposure to ocean conditions (waves, winds, and currents) and increases its stability. A semi-submersible rig is capable of maintaining its position over the well through the use of an anchoring system or a computer controlled dynamic positioning ("DP") thruster system. Some semi-submersible rigs are self-propelled and move between locations under their own power, although most rigs are relocated by supply vessels.

Drillships

Drillships are generally self-propelled and shaped like conventional vessels, and are the most mobile of the major rig types. Drilling operations are conducted through openings in the hull ("moon pools"). Drillships normally have a higher load capacity than semi-submersible rigs and are well suited to offshore drilling in remote areas due to their mobility and high load capacity. Like semi-submersible rigs, drillships can be equipped with conventional mooring systems or DP systems to maintain position over a well.

Global mobile offshore drilling market

The utilization of mobile offshore drilling units ("MODUs") is at historical high levels. Day-rates for these MODUs have also continued to climb to new highs. As a result of limited rig availability, oil and gas companies are now entering into contracts for rig capacity well ahead of contract commencement. Industry consensus suggests that utilization level of MODUs should remain relatively high for at least the next five years. This is supported by the fact that oil and gas companies are now securing MODU capacities for long-term periods of up to three to five years.

The global MODU fleet consists of 599 units as of April 2007 of which 389 are jack-ups rigs, 153 are semi-submersible rigs, 34 are drillships and 23 are tender rigs, according to RS Platou.

Global MODU fleet (inclusive of new builds and conversions) as of April 2007

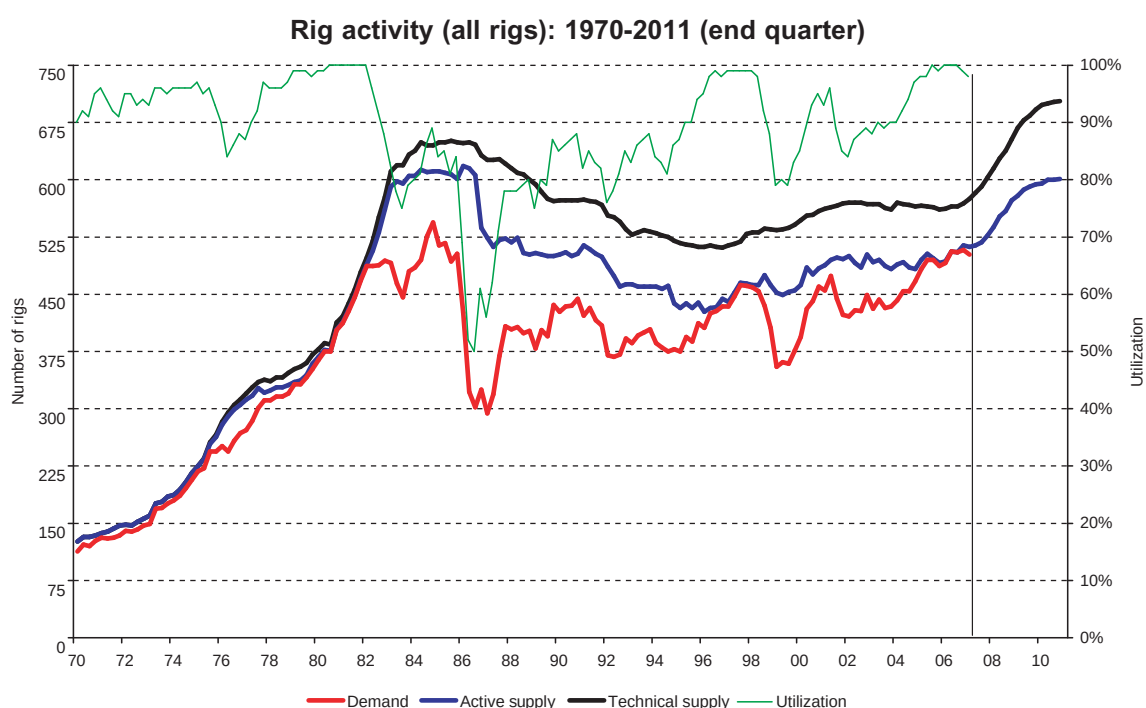
	Jack-ups	Semi-submersibles	Drillships	Tender rigs	Total
Areas:					
North Atlantic	37	40	1	0	78
Gulf of Mexico	125	40	6	0	171
South America	6	21	7	0	34
West and South Africa	27	21	9	6	63
South East Asia, Australia and China	57	20	4	17	98
India, Middle East, East Africa, Mediterranean, North Africa, Black Sea	137	11	7	0	155
Total (existing)	389	153	34	23	599
New builds	63	35	14	2	114
Under conversion	5	9	0	0	14
Total	<u>457</u>	<u>197</u>	<u>48</u>	<u>25</u>	<u>727</u>

Source: RS Platou

According to RS Platou, the worldwide active MODU fleet was almost at full utilization as of April 2007.

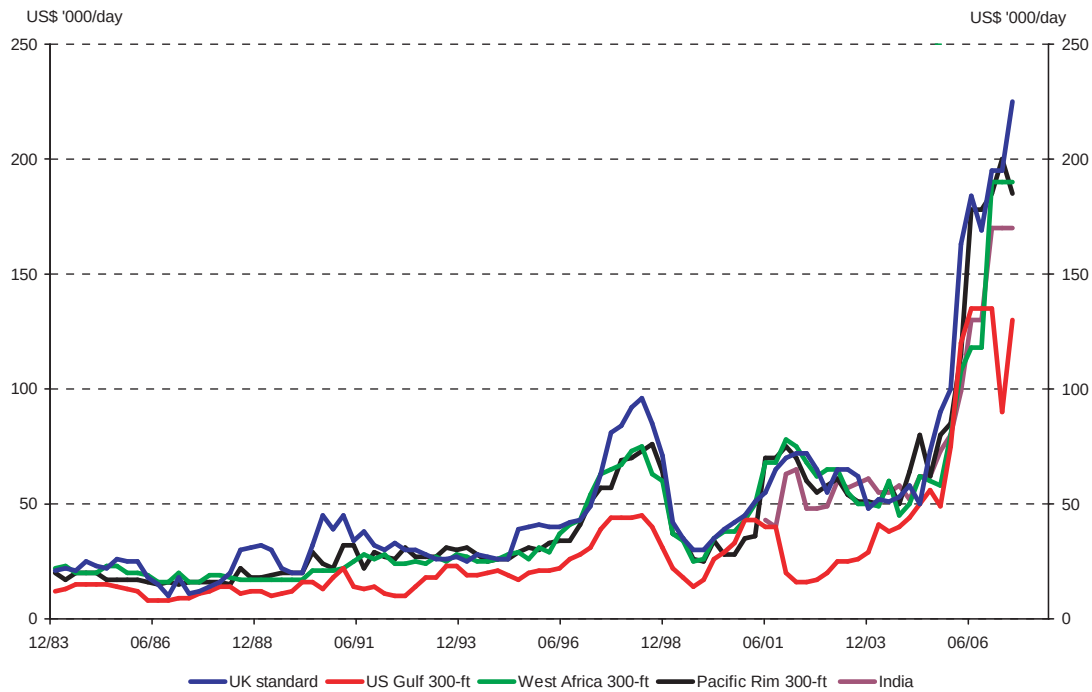
A total of 114 new build MODUs are presently under construction and will be available for delivery between late 2007 and early 2010, according to RS Platou. This represents a fleet renewal growth of approximately 6.0% annually over the next three years. Most new build MODUs have secured contracts commencing upon their delivery, with the remaining expected to obtain contracts six to 12 months prior to delivery. Market indications suggest that new build MODUs will be absorbed into the market with no apparent negative impact to day-rates and contract periods.

The charts below illustrate rig activity of MODUs.



Source: RS Platou

Historical jack-ups day rates (quarterly)



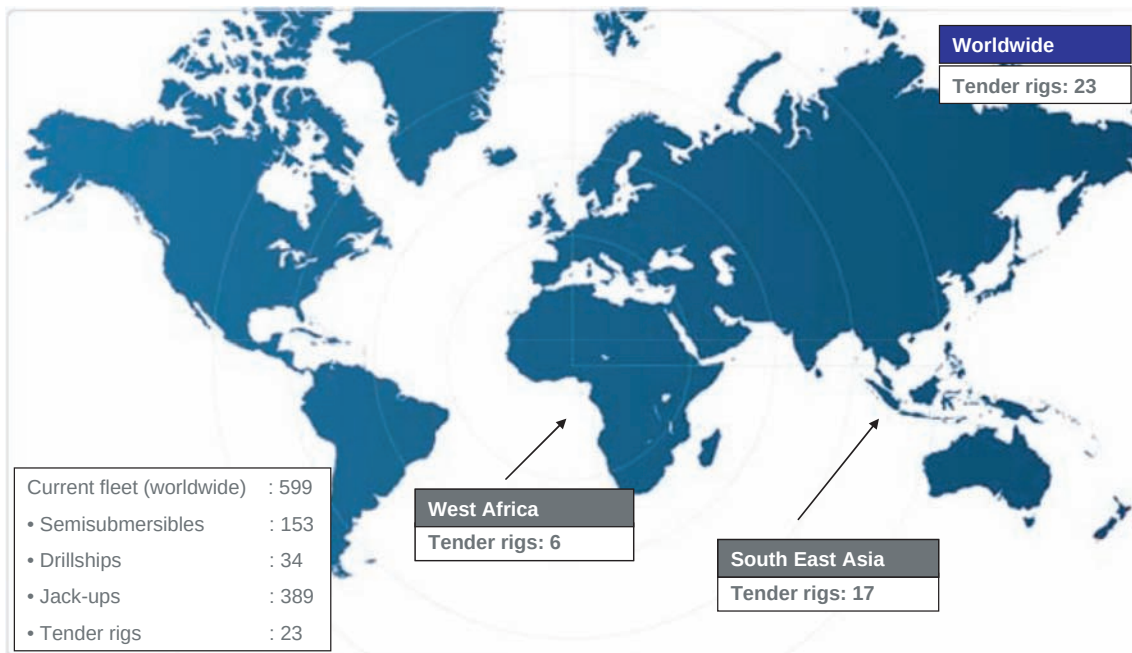
Source: RS Platou

Drilling contracts are typically awarded on a competitive bid or negotiated basis. Price is often the primary factor in determining the award for a drilling contract. Rig availability and each contractor's safety performance record and reputation for quality are also key factors in the selection process.

Tender rig market

According to RS Platou, the global fleet of tender rigs comprises 25 units, including two new builds under construction, as of April 2007. The majority of these operates in South East Asia and has been contracted for the next one to three years by oil and gas companies in the region.

Worldwide fleet of MODUs



Source: RS Platou

The market for tender rigs is a niche market that generally goes through the same cycles as the market for other MODUs in general, and with jack-ups in particular.

However, tender rigs are normally preferred by oil and gas companies that have oil platforms which are able to accommodate both tender rigs and jack-up rigs. The use of tender rigs tend to reduce costs for oil and gas companies as tender rigs lighten the weight of the oil platform, shorten the construction period by reducing the complexity of the oil platform and, as a result, reduce construction risk.

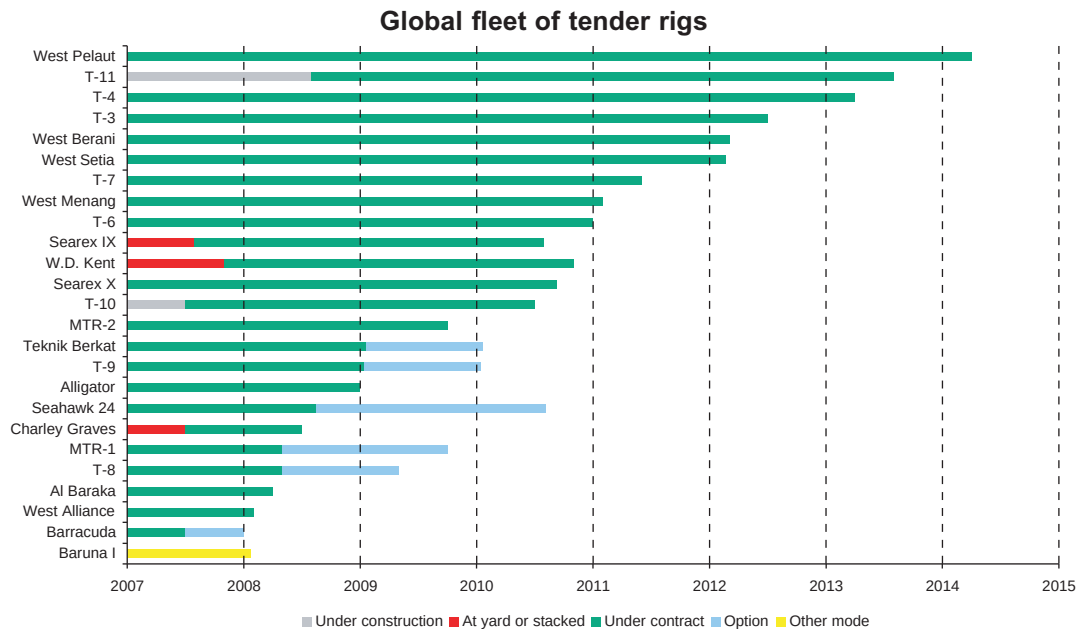
While tender rigs have their own niche in water depths where jack-ups cannot be used, high jack-up day-rates create more opportunities for tender rigs that can perform the same tasks at lower day-rates. As such, as jack-up rig utilization increases and day-rates rise, tender rig demand should also grow.

South East Asia is the biggest market for tender rigs, followed by West Africa. The level of activity for tender rigs in South East Asia has remained high, with industry consensus suggesting that this relatively high level of activity will continue for at least the next one to three years.

World fleet of tender drilling rigs

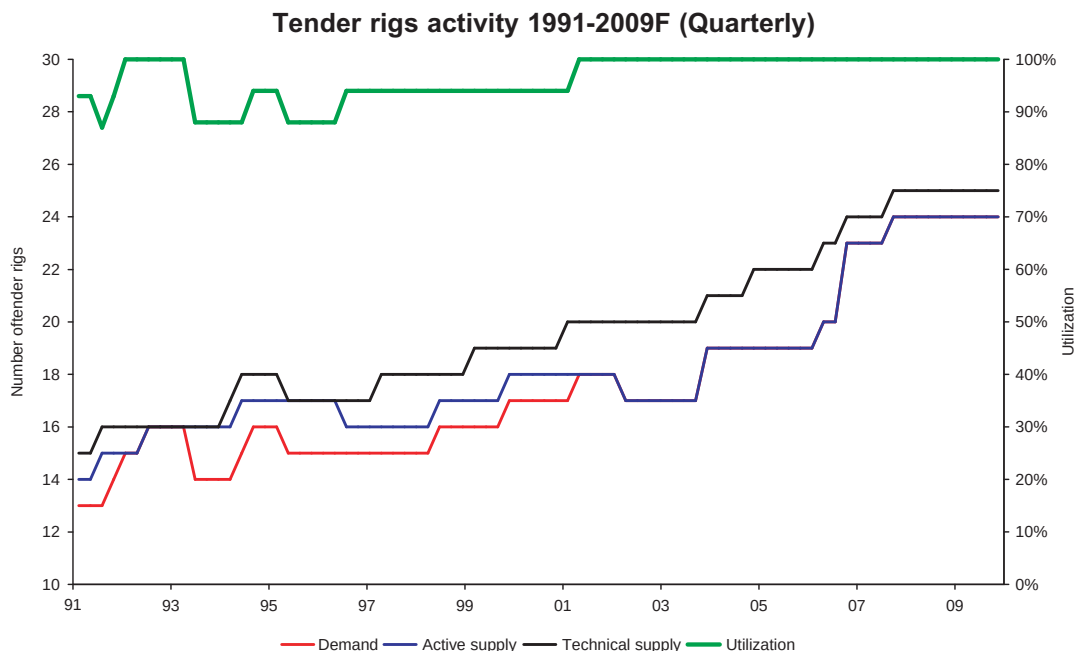
Tender rig	Rated water depth (ft.)	Manager	Free date	Option end date	Operator	Status	Region	Country
T-3	400	Sea Drill	2Q 2012	3Q 2012	PTTEP	Drilling	South East Asia	Thailand
T-4	400	Sea Drill	1Q 2013	1Q 2013	Chevron	Drilling	South East Asia	Thailand
T-6	400	Sea Drill	4Q 2010	4Q 2010	CPOC	Drilling	South East Asia	Thailand
T-7	400	Sea Drill	2Q 2011	2Q 2011	Chevron	Drilling	South East Asia	Thailand
T-8	400	Sea Drill	2Q 2008	2Q 2009	Total	Drilling	South East Asia	Congo
T-9	400	Sea Drill	1Q 2009	1Q 2010	ExxonMobil	Drilling	South East Asia	Malaysia
T-11	400	Sea Drill	3Q 2013	3Q 2013	Chevron	Under construction	South East Asia	Thailand
T-10	400	Sea Drill	2Q 2010	2Q 2010	CTOC	Under construction	South East Asia	Malaysia
Teknik Berkat	400	Sea Drill	1Q 2009	1Q 2010	CTOC	Drilling	South East Asia	Malaysia
West Alliance	2625	Sea Drill	1Q 2008	1Q 2008	Shell	Drilling	South East Asia	Malaysia
West Berani	2625	Sea Drill	1Q 2012	1Q 2012	Cabinda Gulf	Drilling	West Africa	Angola
West Menang	800	Sea Drill	1Q 2011	1Q 2011	Total	Drilling	West Africa	Congo
West Pelaut	600	Sea Drill	1Q 2014	1Q 2014	Shell	Drilling	South East Asia	Brunei
West Setia	2625	Sea Drill	1Q 2012	1Q 2012	ConocoPhillips	Drilling	South East Asia	Indonesia
Charley Graves	500	KCA Deutag	2Q 2008	2Q 2008	Chevron	Drilling	South East Asia	Thailand
Searex X	450	KCA Deutag	3Q 2010	3Q 2010	Petronas Carigali	Drilling	South East Asia	Malaysia
W.D. Kent	400	KCA Deutag	3Q 2010	3Q 2010	Chevron	Shipyard	South East Asia	Thailand
Searex IX	460	KCA Deutag	4Q -2010	4Q 2010	Petronas Carigali	Shipyard	South East Asia	Malaysia
Barracuda	330	Pride	3Q 2007	4Q 2007	Eni	Drilling	West Africa	Congo
Al Baraka	650	Pride	2Q 2008	2Q 2008	CNR International	Drilling	West Africa	Cote d'Ivoire
Alligator	330	Pride	4Q 2008	1Q 2009	Cabinda Gulf	Drilling	West Africa	Angola
MTR-1	600	Mermaid Drilling	2Q 2008	4Q 2009	Hess	Drilling	South East Asia	Indonesia
MTR-2	330	Mermaid Drilling	4Q 2009	4Q 2009	Chevron	Drilling	South East Asia	Indonesia
Seahawk 24	600	Atwood	3Q 2008	3Q 2010	Amerada Hess	Drilling	West Africa	Equatorial Guinea
Baruna I 25	600	Patra	Out of drilling service			Shipyard	South East Asia	

Source: RS Platou



Source: RS Platou

The tender rigs in the market are operating at near full utilization as of May 2007, with client indications suggesting that utilization is expected to continue at high levels for at least the next one to three years.

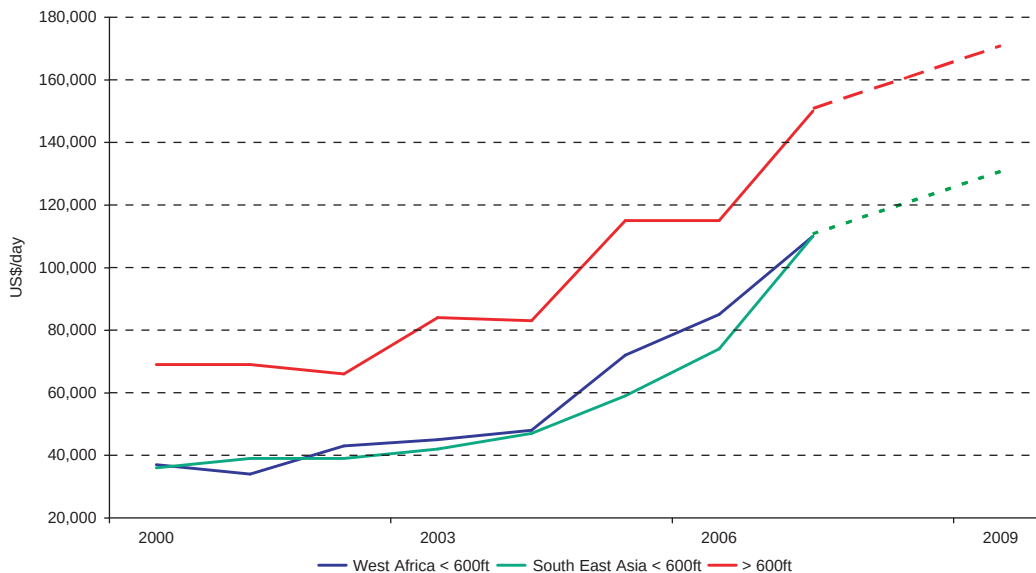


Source: RS Platou

Contracts for tender rigs can range between six months to three years. As a result, there is typically a large variance in contracted day-rates depending on when contracts were entered into. In addition, geographic location may also affect contracted day-rates.

Notwithstanding this, contracted day rates in the tender rig market generally track rates in the jack-up market, as both these market segments are driven by cycles in the oil and gas industry. According to RS Platou, current rates in the tender rig market range between US\$50,000-120,000/day, depending on the location and rig specifications. In South East Asia, day-rates for tender rigs currently stand at approximately US\$85,000/day. The following diagram shows the day-rate of new contracts entered into.

Day-rate development of tender rigs



Source: RS Platou

Sub-sea engineering service industry

The sub-sea engineering industry with respect to oil and gas exploration covers a wide range of activities that encompass all offshore developments from 'cradle to grave'. Whilst there is currently a large focus on the buoyant exploration and production activity, this is only one element in the life of an offshore oil or gas field. Once installed, ongoing repair and maintenance, in addition to upgrades and planned inspection programs, provide an ongoing requirement for sub-sea work for the life of a field, and eventual decommissioning (it is usual for oil and gas companies to be liable for the complete removal of all offshore facilities at end of life), provide regular and ongoing work programs. Further, sub-sea engineering services also include emergency repair and call out services using a combination of air/saturation diving and ROV services. Typical work undertaken would include:

- inspection and non-destructive testing of submerged parts of offshore structures and vessels;
- inspection of oil and gas pipeline systems on the seabed;
- repair of any underwater sub-sea pipe system and structure;
- offshore tie-ins;
- salvage and underwater repairs; and
- cleaning and marine growth removal.

Sub-sea work in the oil and gas industry has a relatively short history with major developments dating back to the early development of the North Sea oil and gas fields in the 1960s.

Some of the key value drivers for the sub-sea market going forward are expected to be relatively robust oil and gas prices, development of new facilities in mid to deep water, expansion of existing installations, and increased maintenance activity on ageing offshore oil and gas fields.

Whilst data relating to volume and geographical location of exploration and production activities is available from various market sources, 'in-service', decommissioning and particularly repair costs, which are the main indicators of the size of the sub-sea engineering services market, are less readily available, although there is an obvious link between increased exploration and production and these activities.

With respect to the South East Asian market (notably Thailand), it should also be noted that production of gas is far more predominant than oil production and therefore, far less exposed to

dramatic price fluctuations such as those experienced in oil production. This is partly attributable to gas being less of a global commodity, being more difficult to transport for long distances than oil, with more localized consumption and less exposure to regional political volatility.

To illustrate this in the single local market of Thailand, the largest gas producer, Chevron, has firm commitments to install at least 10 platforms per year for the next eight to 10 years to keep pace with PTT (Thailand's national petroleum energy company), requirements for increased energy consumption. To support this, EPIC contractor, CUEL Limited, partly owned by Chevron, is increasing production capacity for offshore platforms built in Thailand. PTT Exploration and Production PCL, the second largest producer, is currently developing the Arthit gas field in Southern Thailand which over the next seven years will more than double capacity produced by the current Bongkot field.

Charter rates for sub-sea engineering vessels have been on the uptrend. Based on client indications, demand for sub-sea engineering services is expected to continue to remain strong for at least the next one to three years.

BUSINESS

Overview

We are a leading provider of drilling and sub-sea engineering services for the oil and gas industry in South East Asia. Over the last five years we have grown significantly in the areas of sub-sea engineering, and, more recently, drilling services for the offshore oil and gas industry as well as in training and technical services. We have established ourselves as a company recognized by the industry for high quality services, delivered safely and efficiently. We have developed a strong blue chip client base that includes some of the world's largest oil and gas-related companies. Clients such as Chevron, CUEL and PTT Exploration and Production PCL accounted for 5.0% or more of our sales in any one of the periods under review. Some of our other clients include BP, Shell, ExxonMobil, Saipem, Transocean, Petronas and Amerada Hess. We operate throughout South East Asia, primarily in Thailand, Indonesia, Malaysia and Vietnam.

We provide drilling services through our majority-owned (95.0%) subsidiary, Mermaid Drilling Ltd. ("MDL"), which currently has two tender rigs. We provide sub-sea engineering services through our wholly owned subsidiary, Mermaid Offshore Services Ltd. ("MOS"). MOS provides sub-sea inspection, repair and maintenance services, light construction services and emergency repair and call out services in South East Asia. MOS' fleet consists of four vessels which it owns, in addition to one DP construction vessel and one ROV/air dive support vessel, both of which it charters. The flagship vessel in its fleet is the DP DSV Mermaid Commander, which has an in-built saturation diving system and rough weather capabilities. In addition, MOS owns one portable saturation diving system, seven air diving systems and seven ROVs.

We have built and now operate a world class facility at our operational base in Chonburi, Thailand. This facility allows us to control our own maintenance and refurbishment requirements of equipment and more importantly, the facility's geographical location allows us to mobilize expeditiously and efficiently to our clients' locations. We have also established shore base support functions in (i) Kuala Lumpur, Malaysia; (ii) Songkhla, Thailand; and (iii) Jakarta, Indonesia to support our geographical expansion. To support our mobile operations, these shore base support functions can be moved at short notice.

During the development into the tender rig drilling and sub-sea engineering markets, we identified opportunities that demanded local presence in some countries. Recognizing this, we reacted and appointed local agent representatives that hold the required licenses and permits, thereby increasing our market opportunities outside Thailand. To date, this has proven successful with operations performed or ongoing in Indonesia, Malaysia and Vietnam.

For the financial years ended September 30, 2004, 2005 and 2006 and the six-month period ended March 31, 2007, our sales were Baht 443.7 million, Baht 1,241.4 million, Baht 3,144.4 million and Baht 1,931.5 million, respectively. For the six-month period ended March 31, 2007, drilling services and sub-sea engineering services contributed 35.0% and 64.1% of our sales, respectively.

History

We were incorporated in Thailand in 1983 as "Mermaid Marine Services Ltd." by a group of Danish marine professionals to provide offshore marine services. Our business initially consisted of marine safety-related services, such as life raft and firefighting maintenance services.

In 1995, we merged with Thoresen Laem Chabang Ltd., a subsidiary of TTA, and were renamed "Mermaid Maritime Ltd.". We received certain tax and other privileges for investments in the offshore oil and gas services industry from the Board of Investment in Thailand ("BOI") in the same year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Taxes".

In 2003, we underwent an expansion of our sub-sea engineering services. Since 2003, we have purchased four vessels: the Mermaid Supporter (in August 2003), the Mermaid Responder (in September 2005), the Mermaid Commander (in October 2005) and the Mermaid Performer (in January 2006).

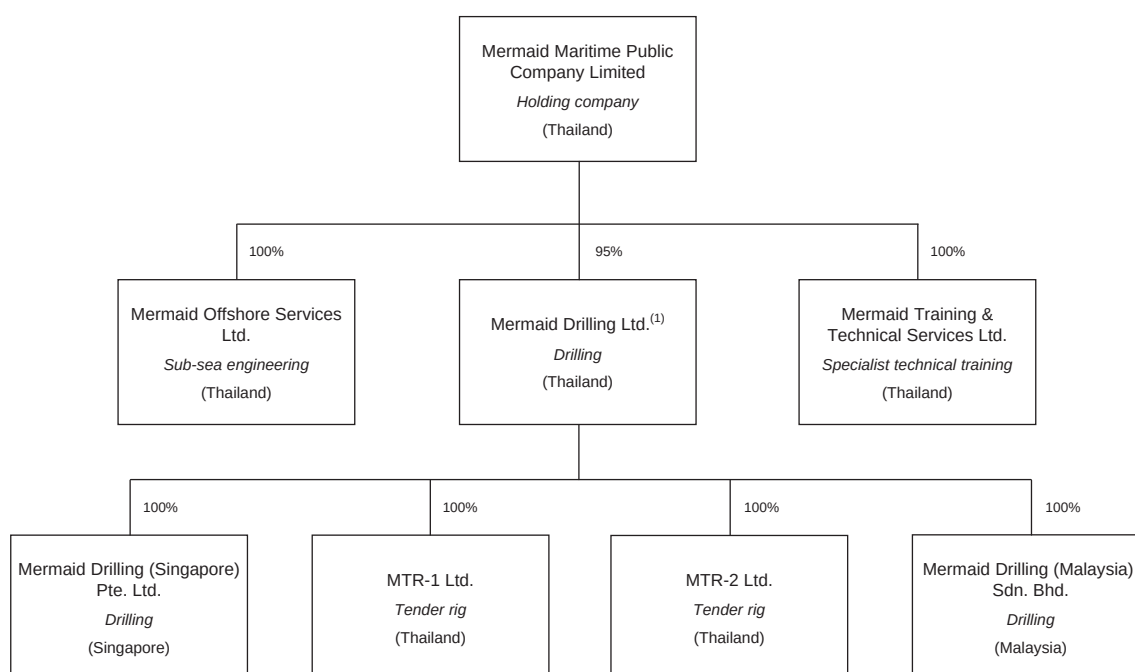
In early 2004, our Board of Directors reviewed our various business operations with a view to developing a long-term strategy. In line with the declared strategy, a feasibility study was undertaken to assess our entrance into the tender rig drilling business. Historically, this sector has been dominated by three major players — Smedvig ASA, Transocean Inc. and Pride International, Inc. The feasibility study concluded that opportunities existed for an Asian-based operator to enter this sector. Consequently in 2005, MDL acquired two tender rigs and commenced offering drilling services in the same year.

We also provide training and technical services through our subsidiary MTTs to engineering and inspection personnel.

As part of our strategy to focus our attention on our growing tender rig drilling and sub-sea engineering services business, we decided to dispose of our safety services, ships chandlery services and our majority-owned subsidiary DTOL. In 2006, we sold our former subsidiaries Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. to Mermaid Safety Services Ltd.'s management for a consideration of Baht 36.1 million. As a result, we no longer engage in providing marine safety services. We ceased our ships chandlery services in the second quarter of the financial year ending September 30, 2007, sold our former subsidiary that conducted this business, Mermaid Supply Ltd., in August 2007, and we are in the process of dissolving DTOL. We sold the three vessels owned by DTOL (in March 2006, November 2006 and April 2007) for a total consideration of US\$8.6 million.

Corporate Structure

Our corporate structure is as follows:



Note:

- (1) We hold 95.0% of MDL. The remaining 5.0% of MDL is held by Tender Rig Drilling Asia Limited, a company in which one of our Executive Officers, Svein Nodland, is a shareholder. See "Interested Person Transactions and Conflicts of Interest".

Competitive Strengths

We believe our competitive strengths are as follows:

Established operational track record in South East Asia. We are one of the largest sub-sea engineering services providers operating in South East Asia. We have over 10 years of experience in providing sub-sea engineering services and over 25 years experience in servicing the oil and gas industry in South East Asia. In 2005, we commenced the provision of drilling services to the South East Asian market. We have successfully built a client base of independent and national oil and gas companies providing repeat business in Thailand, Indonesia, Malaysia and Vietnam. Our geographical base in South East Asia allows us to respond in a timely and efficient manner to our clients' needs. We believe our emphasis on quality and safety and our operational track record provide us with a competitive advantage in our business.

Strong client relationships and reputation. We have built a reputation with our client base in South East Asia as a leader in providing sub-sea engineering services, by consistently delivering high quality services, safely and efficiently. Our efficient tender rigs and experienced personnel with strong technical expertise and commitment to safety have also enabled us to develop strong relationships with

major oil and gas companies operating in South East Asia. We believe our relationships and reputation will result in continued demand for our services.

Superior service and cost effectiveness through ownership of assets and facilities. We own and operate two tender rigs, four support vessels (one of which has its own saturation diving system), including one DP DSV, air and saturation dive systems and a fleet of ROVs. We have built and operate a world class facility at our operational base in Chonburi, Thailand. This facility allows us to control our own maintenance and refurbishment requirements of equipment, and, more importantly, the facility's geographical location allows us to mobilize expeditiously and efficiently to our clients' locations. We believe the ownership of our sub-sea engineering assets as opposed to chartering gives us the ability to: (i) provide superior and customized services to our clients; (ii) maintain better control of our operating costs; and (iii) provide competitive market pricing. Asset ownership also results in client recognition that we are a committed sub-sea engineering services provider. This allows for longer-term relationships with our clients.

However, under certain market conditions, chartering vessels may be financially attractive. By chartering vessels, we are able to increase our capacity without incurring additional capital expenditure. Further, in periods of excess capacity, we would also be able to reduce any unnecessary capacity by terminating such charter arrangements, subject to contractual terms. We operate one DP construction vessel and an additional ROV/air dive support vessel under charters.

Our two principal business operations reduce our earnings volatility. Our drilling business services the upstream sector whilst the sub-sea engineering business typically services the downstream sector. By servicing both the upstream and downstream sectors, we seek to reduce the volatility in our earnings. Our drilling services contracts are generally longer-term in nature while our sub-sea engineering contracts are generally shorter-term in nature. By having a mix of both longer and shorter-term contracts we seek to reduce the volatility in our sales and maximize our profits by locking in longer-term contracts when rates are favorable, particularly in relation to our drilling contracts, and using shorter-term contracts when they are not.

Experienced management. Our senior management has an average of over 20 years of experience in providing drilling or sub-sea engineering services around the world. Members of our senior management have extensive operational experience with recognized industry leaders operating in all major offshore oil and gas locations. Our management and employees have undergone extensive training and development programs in order for us to meet our clients' needs and provide safe and efficient drilling and sub-sea engineering services.

Our management has a proven track record of growing businesses through acquisitions and organically. Our management has overseen the acquisition and successful integration of our two tender rigs and four support vessels. As a result, our sales have grown significantly from Baht 443.7 million in the financial year ended September 30, 2004 to Baht 3,144.4 million in the financial year ended September 30, 2006 and Baht 1,931.5 million in the six months ended March 31, 2007.

Focus on niche tender rig drilling services. Our drilling segment is focused on serving clients in the niche tender rig drilling market primarily in South East Asia. We believe our primary focus on, and commitment to, South East Asia will enable us to maintain our competitive position in the market.

Strategies and Key Objectives

Our long-term strategy is to grow our drilling and sub-sea engineering businesses by acquiring assets and expanding the scope of our services geographically. The principal elements of this strategy are as follows:

Further expand our tender rig drilling operations. We commenced our tender rig drilling services business in 2005 with the acquisition of two tender rigs. We plan to continue to expand our fleet through acquisitions if appropriate opportunities arise and/or the construction of new build tender rigs, as market conditions warrant. MDL has entered into discussions with tender rig builders for the potential new building of two tender rigs, although no contract has yet been awarded. Should a contract award be made, MDL expects to take delivery of one new build tender rig at the earliest by the end of 2009. Further, if MDL exercises its proposed option for the second new build under the above-mentioned potential contract, it expects to take delivery of this new build by around the middle of 2010. Both tender rigs are to be deployed for work in South East Asia and MDL intends to enter into a client contract at around the same time as it awards the contract for the first new build. The estimated combined cost for the new tender rigs is approximately US\$250-300 million, which is contemplated to be funded through a combination of debt and proceeds from the Offering.

Further expand our sub-sea engineering operations. We plan to continue to expand our sub-sea engineering operations through the expansion of our fleet by acquisitions if appropriate opportunities arise and/or the construction of new vessels. MOS has entered into discussions with shipyards for the new building of a DP vessel, although no contract has yet been awarded. Should a contract award be made, MOS expects to take delivery of the vessel by early 2009. The estimated cost for the new vessel is approximately US\$25-30 million, which is contemplated to be funded through a combination of debt and proceeds from the Offering.

MOS has also entered into a contract with a ship owner to charter a new DP DSV vessel due for delivery in 2009. This vessel has been designed for specific client demand in Malaysia, but the specifications provide us flexibility to use it to service our other sub-sea engineering clients in other jurisdictions. MOS has an option to purchase this vessel following three years of charter. Based on client indications and our market assessments, we expect high demand for this vessel's capabilities and believe we will achieve high utilization. We have also recently purchased two new ROV systems, one of which was delivered in July 2007 and the other one of which is a new advanced work class ROV system that is expected to be delivered in December 2007, for use in our long-term charter vessel Binh Minh. For further information on the acquisition of additional sub-sea engineering assets, see "Business — Sub-sea Engineering Services — New assets".

MOS intends to acquire a stake in a sub-sea engineering company in South East Asia.

Exploit opportunities outside our primary focus area. Although our primary focus is on the South East Asian countries of Thailand, Indonesia, Malaysia and Vietnam, MDL and MOS are well placed to take advantage of global market opportunities as they arise. We have an established reputation with our existing client base, many of which are blue chip companies who operate globally. MOS also plans to continue to expand the geographic focus of its operations from the markets it currently serves, to other regions in Asia, including Cambodia, Brunei, China and India. In furtherance of this strategy, we secured the charter of Binh Minh, an ROV/air dive support vessel. We believe that securing the Binh Minh has strengthened MOS' access to the markets in Vietnam and South China.

Continue to develop strong client relationships. Our objective is to be a preferred provider of drilling and sub-sea engineering services to our clients. We will continue to focus on consistently delivering high quality services, safely and efficiently. Contracts with major oil and gas companies constitute the majority of our business. We continually monitor our clients' current and future needs and seek to recognize opportunities to capitalize on our strengths.

Optimize mix of longer-term and shorter-term contracts in our portfolio. We believe that longer-term contracts provide us greater stability and utilization rates in our operations. Entering into longer-term contracts, however, also poses the risk of locking into below-market rates if market rates continue to rise. As a result, we will seek to actively manage our portfolio of client contracts by entering into both longer-term and shorter-term contracts, thus enabling us to benefit from changes in the cyclical nature of our business. When rates approach higher levels that we believe provide favorable returns, we will seek to obtain longer-term contracts, which provide us with more predictable cash flow. When rates approach lower levels, we will seek shorter-term contracts, so we will be well positioned to benefit from increasing rates in favorable market cycles. We believe this strategy will allow us to maintain high fleet utilization levels and strong financial performance in down cycles, while taking advantage of improving markets and rates during up cycles.

Principal Businesses

Our principal services are: offshore drilling services and sub-sea engineering services. The following table sets forth a breakdown of our sales by each of our business segments for the periods indicated.

<u>Segment</u>	Financial year ended September 30,						Six months ended March 31,					
	2004		2005		2006		2006		2006		2007	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)	(S\$ millions)		(unaudited) (Baht millions)	(%)	(unaudited) (Baht millions)	(%)
Offshore drilling services	NA	NA	315.9	25.4	1,218.6	38.8	52.4		495.6	41.5	676.4	35.0
Sub-sea engineering services . . .	166.6	37.5	603.1	48.6	1,717.4	54.6	73.8		574.7	48.1	1,237.2	64.1
Training services	NA	NA	NA	NA	4.4	0.1	0.2		NA	NA	8.3	0.4
Other services ⁽¹⁾	277.1	62.5	322.4	25.9	203.9	6.5	8.8		124.7	10.4	9.8	0.5
Total	<u>443.7</u>	<u>100</u>	<u>1,241.4</u>	<u>100</u>	<u>3,144.4</u>	<u>100</u>	<u>135.1</u>		<u>1,195.1</u>	<u>100</u>	<u>1,931.5</u>	<u>100</u>
												<u>83.0</u>

Note:

- (1) Other services comprise safety equipment services and supply, the ownership and operation of multi-purpose offshore service vessels, ships chandlery and unallocated services. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview".

Drilling Services

Rig fleet

MDL currently has two tender rigs, MTR-1 and MTR-2. A tender rig is a purpose built self-erecting drilling tender barge with a flat bottom raked stern and raked bow hull shape. The self-erecting tender rig is designed as a cost-efficient and flexible drilling system for development scenarios involving multiple well slot fixed platforms whereby the rig moves from platform to platform using its own Drilling Equipment Set which is lifted onto the oil platform by its own crane. Lifting operations can be made onto platforms up to a height of 90 feet above mean sea level.

The rig first pulls up alongside the platform on which it will erect its derrick set and uses eight-point mooring to moor the rig alongside the platform. Drilling Equipment Set assembly is then accomplished in a series of steps, consisting of 32 lifts for MTR-1 and three rapid lifts for MTR-2. For MTR-2, the first lift places the Drilling Equipment Set base in position. The remaining two sections of the Drilling Equipment Set are then placed above the base, leaving the rest of the platform clear. The derrick's own hydraulic system raises the mast to its final position approximately 35 meters above the derrick set base. The Drilling Equipment Set rests on skid beams, which provide movement in all directions between drilling slots. Drilling Equipment Set assembly for MTR-2 is complete in generally less than three hours and drilling operations can commence less than 12 hours after the first lift from the rig's deck.

Drilling Equipment Set assembly for MTR-1 is similar to that of MTR-2 but involves more lifts. The mast of MTR-1 in its final position is approximately 35 meters above the Drilling Equipment Set base. Drilling Equipment Set assembly for MTR-1 is complete in generally less than 24 hours and drilling operations can commence 10 days after the first lift from the rig's deck. MTR-1 has a static hook load of one million pounds and MTR-2 has a static hook load of 500,000 pounds.

After Drilling Equipment Set assembly, the rig remains in position alongside the platform, acting as a supply ship and helipad. From the rig, power, mud, drill pipes and other drilling items are transferred to the platform. In addition to storage facilities for the supplies required for drilling, the tender rigs also have other extensive onboard facilities, such as a clinic, gym, recreation room, dining area and galley, and have accommodation facilities for 112 persons in the case of MTR-1 and 115 persons in the case of MTR-2.

The following table sets forth certain information on MDL's two tender rigs as of March 31, 2007.

<u>Rig</u>	<u>Year built/Upgraded</u>	<u>Last dry-docked for SPS</u>	<u>Water depth rating⁽¹⁾ (meters)</u>	<u>Drilling depth rating (meters)</u>	<u>Flag state⁽²⁾</u>	<u>Class society</u>
MTR-1 ⁽³⁾	1978/1998	Fourth quarter 2006	100	6,100	Thailand	ABS
MTR-2 ⁽⁴⁾	1981/1997	Third quarter 2007	100	5,900	Thailand	BV

Notes:

- (1) Tender rigs can be moored in up to 6,500 feet by use of a pre-laid mooring arrangement.
- (2) Following our proposed restructuring as described in "Corporate Structure", the flag state of MTR-1 and MTR-2 will be changed.
- (3) MTR-1 was purchased in April 2005 and commenced operations at the same time.
- (4) MTR-2 was purchased in July 2005 and did not commence its first contract until December 2005.

Drilling contracts and clients

MDL's drilling contracts are awarded through competitive bidding or on a negotiated basis. The contract terms vary depending on competitive conditions, the geographical area, the geological formation to be drilled, the equipment and services to be supplied, the on-site drilling conditions and the anticipated duration of the work to be performed. Drilling contracts are either for a fixed time period or a fixed number of wells. MDL currently has drilling contracts with each of Amerada Hess (Indonesia-Pangkajene) Ltd. and Chevron Thailand. MDL's drilling contracts are typically either well-driven or date driven. MTR-2 is fully committed under contract until the third quarter of 2009. MTR-1 is fully committed until the second quarter of 2008.

The following table sets forth the range of MDL's operating day-rates:

Rig	Effective day-rate range⁽¹⁾ (US\$/day)
MTR-1	70,000 – 77,000
MTR-2	64,000 – 72,000

Note:

- (1) Day-rates can vary over a contract term for several reasons including, among other things, water depth and whether a firm or option well is being drilled. The effective day-rate takes into account lump sum payments which MDL receives at specified stages of the contract term.

Generally, drilling contracts specify a basic rate of compensation computed on a day-rate basis. All of MDL's contracts with our clients are on a day-rate basis. Pursuant to these contracts, MDL will drill for oil and/or gas in accordance with the drilling schedules provided by the clients. Under day-rate contracts, MDL charges the client a fixed amount per day regardless of the number of days needed to drill the well. In addition, day-rate contracts usually provide for a reduced day-rate for mobilizing the rig to the well location, demobilizing the rig from the well location, or when drilling operations are interrupted or restricted by equipment breakdowns, adverse weather conditions or other *force majeure* conditions beyond MDL's control. From time to time, MDL also enters into contracts which provide for fixed fees payable for the mobilization and demobilization of the tender rigs. MDL's day-rate contracts also provide for a reduced day-rate while MDL's rig is on standby awaiting a client's directions or client-furnished materials or services. MDL's reduced day-rates range from between 74.0% to 100.0% of its normal day-rates. MDL's day-rate contracts also provide for lump sum payments which MDL receives at specified stages of the contract term. MDL invoices its clients on a monthly basis and provides credit terms of 30 days.

These contracts may generally be terminated by the client early in the event the rig is destroyed or lost or if drilling operations are suspended for a period of time as a result of a breakdown of equipment, the failure to mobilize drilling equipment within a certain time-frame, the failure to meet minimum performance criteria, the commencement of insolvency proceedings against us, the breach of safety requirements, or, in some cases, due to other events beyond the control of either party, such as *force majeure* or work stoppage that continues beyond a stated period. MDL's drilling contracts are generally not terminable by the clients without cause, without penalty or without early termination payments. In some instances, the day-rate contract term may be extended upon mutual agreement or by the client exercising options for the drilling of additional wells or for an additional length of time at fixed or mutually agreed terms, including day-rates.

Some of MDL's day-rate contracts are assignable by the client without MDL's consent, while others require MDL's prior consent, such consent not to be unreasonably withheld. In addition, MDL's day-rate contracts generally provide that MDL may assign the contract only with the prior consent of the client.

In jurisdictions where we do not have a local presence and regulations require a local company to carry out drilling services, MDL operates through local agents who have the necessary licenses to provide these services. These agents are the primary contract holders with a back-to-back arrangement with MDL to perform the required drilling services.

MTR-1 was last dry-docked for SPS in the fourth quarter of 2006 and will be due for dry-docking next in the beginning of 2012. SPS typically requires our tender rigs to be dry-docked for approximately five weeks. MTR-2 is currently in dry-dock for SPS, as discussed below, and will be due for dry-docking next in end of 2012.

In September 2006, we experienced a crane boom incident on MTR-1, which resulted in downtime of MTR-1 for approximately two months (including the dry-docking for SPS of MTR-1). Further, we had to shorten the contract period with our client and reduce our scope of work. In June 2007, there was an incident of fire on MTR-1 which resulted in further downtime of MTR-1. MTR-1 resumed operations in early

September 2007. MTR-2 is experiencing a period of downtime that commenced in July 2007 as a result of an agreement with Chevron Thailand to meet certain technical specifications upon the transfer of MTR-2 from its previous client. To meet these specifications, we relocated MTR-2 to inland facilities. In addition to completing these specifications for MTR-2, we also decided to bring forward the dry-docking and SPS of MTR-2. MTR-2 is expected to resume operations in November 2007. The incidents on MTR-1 in September 2006 and June 2007, as well as the current downtime of MTR-2 have adversely affected and will adversely affect the utilization rates of our tender rigs.

Upon completion of dry-docking for SPS for MTR-2, we expect to return to Chevron Thailand under our existing contract. Prior to start-up, we will, with Chevron Thailand, review the remaining term of the contract. Both parties have agreed that, if we cannot reach an agreement on the term, either party will be free to terminate the drilling contract with no immediate or continuing liabilities to each other. In the event the drilling contract is terminated with Chevron Thailand, we would seek to contract MTR-2 with another client under the prevailing market day-rates.

The following table sets out details of MDL's average accounts receivable turnover days and average accounts payable turnover days.

	For the financial year ended September 30,			Six months ended March 31,	
	2004	2005	2006	2006	2007
Average accounts receivable turnover days ⁽¹⁾	—	9	51	40	77
Average accounts payable turnover days ⁽²⁾	—	—	32	23	28

Notes:

- (1) Average accounts receivable turnover days is calculated by dividing the number of days in the relevant financial year or period, by the quotient of the total sales in respect of the financial year or period and the average trade receivables at the end of the financial year or period.
- (2) Average accounts payable turnover days is calculated by dividing the number of days in the relevant financial year or period, by the quotient of the cost of services in respect of the financial year or period and the average trade payables at the end of the financial year or period.

Our average accounts receivable turnover days was lower in the financial year ended September 30, 2005 as we only commenced our drilling services in the last quarter of the financial year ended September 30, 2005.

Our average accounts receivable turnover days was higher in the six months ended March 31, 2007, due to a delay in payment arising as a result of the crane boom incident on MTR-1 in September 2006.

Marketing and tendering

MDL's marketing strategy is focused on ensuring that MDL is invited to bid on all projects that are consistent with MDL's strategy and where it has a competitive advantage on the basis of its tender rigs or its expertise. MDL uses its industry knowledge and relationships with its clients to ensure that it is aware of all projects in its markets that fit these criteria.

Most of MDL's work is obtained through a competitive tendering process. When a target project is identified by its market intelligence, the decision to prepare and submit a competitive bid is taken by a collaborative effort of MDL's management team. The bid may then be prepared and submitted either solely by MDL or in collaboration with its agents, when the drilling services are to be carried out in Indonesia and Malaysia. MDL's agents and marketing personnel help maintain close contact with its clients to ensure that MDL's relationship with its clients remains strong and that it is kept aware of projects in its markets.

Competition

MDL's primary competitors are Seadrill Limited, Marlin Offshore International Ltd. and Pride International, Inc., each of which operates tender rigs. For further information on the drilling industry in general, see "Industry".

Price is often the primary factor in determining which contractor among those with suitable tender rigs is awarded a job. Other competitive factors are rig availability and suitability, safety performance record, reputation for quality, crew experience, rig location, condition of equipment and efficiency. Because of the increase in demand, the security of rig availability now features more in MDL's clients' decision-making than in the past. MDL believes that it competes effectively with its competitors in terms of pricing, due in

part to its lower operating and overhead costs in South East Asia. Competition for tender rigs is usually on a global basis, as tender rigs are highly mobile and may be moved, though at a cost that is sometimes substantial, from one region to another in response to demand.

Certification and classification

MDL's tender rigs are subject to certain certification and classification requirements.

Flag state

The tender rigs' flag state authority inspects the tender rigs annually or has the class authority do the inspection on its behalf.

Classification society

The tender rigs require classification from a recognized classification society which classes them based on structural integrity and safety. The rigs are classed by international bodies such as Det Norske Veritas ("DNV"), American Bureau of Shipping ("ABS") or Bureau Veritas ("BV"). MTR-1 is classed by ABS and MTR-2 is classed by BV. The class authorities inspect the rigs annually. The tender rigs are dry-docked every five years and subject to a SPS by these classification societies.

MODU

A full MODU certificate is required for a vessel where permanent drilling equipment is installed and operated from the vessel. The tender rigs perform drilling with their drilling equipment from fixed installations such as platforms. This method limits to a great extent any installation of permanent drilling equipment onboard the tender rig, which reduces the requirement of a full MODU certification. However, the class authority inspects the rig to the extent it is in compliance with relevant MODU codes separately and issues a statement of fact to verify compliance.

Country-specific requirements

The tender rigs may be also subject to country-specific requirements in each jurisdiction into which they move to perform drilling services. These are addressed during the import or export of the tender rigs to or from the relevant jurisdiction, as well as when the tender rigs are operating in each jurisdiction.

American Petroleum Institute

The tender rigs' drilling equipment is purchased, maintained, inspected, repaired and certified in accordance with the American Petroleum Institute recommended guidelines and practice.

Sub-sea Engineering Services

Vessels

The following table sets forth certain information on the vessels used in MOS' sub-sea engineering services.

<u>Vessel</u>	<u>Description</u>	<u>Year of construction</u>	<u>LOA (meters)</u>	<u>Berths</u>	<u>Flag state</u>	<u>Class society</u>	<u>Delivery/ delivered in</u>
Mermaid Commander	DP DSV	1987	90	80	Thailand	DNV	October 2005
Mermaid Responder	ROV and air dive support vessel	1983	56	58	Thailand	ABS	September 2005
Mermaid Performer	ROV and air dive support vessel	1982	49	30	Thailand	DNV	January 2006
Mermaid Supporter	ROV and air dive support vessel	1982	39	26	Thailand	DNV	August 2003
Team Siam ⁽¹⁾	DP 2 construction support vessel	2002	90	142	Jamaica	DNV	Under charter from December 2004 to December 2005, February 2006 to February 2007, and March 2007 to March 2009
Binh Minh ⁽¹⁾	ROV and air dive support vessel	2002	61	42	Vietnam	ABS	Under charter from September 2007 to September 2009

Note:

(1) Held under charter.

Mermaid Commander. Mermaid Commander is a DP-2 dive support vessel with saturation diving capability for a variety of sub-sea engineering services. The 16-man onboard saturation diving system uses two three-man diving bells, each with its own dedicated moonpool. The saturation diving system allows long-term diving operations at depths of up to 300 meters. Divers are able to live at depth for up to one month. The use of twin diving bells permits divers to carry out dual, multi-level saturation diving operations, which promotes greater flexibility and efficiency in our sub-sea engineering services. The main crane has a 60 ton capacity and is able to reach a maximum depth of 450 meters. There is also a five ton whip line which is able to reach a maximum depth of 450 meters. Mermaid Commander is fitted with a certified helipad.

Mermaid Responder. Mermaid Responder is an air and mixed gas dive support vessel with ROV inspection capabilities. It uses a four point mooring system. The deck crane has a 12.5 ton capacity.

Mermaid Performer. Mermaid Performer is a dive/ROV support/survey vessel. Mermaid Performer is equipped with a built-in work class Scorpio ROV system.

Mermaid Supporter. Mermaid Supporter is an air and mixed gas dive support vessel with built-in diving and ROV systems below-deck for survey, safety and standby support functions. It is equipped with a variety of equipment for survey functions and has a hydrophone moonpool through the center deck.

Team Siam. Team Siam is an offshore construction vessel with saturation diving capability, providing a range of sub-sea engineering services. Team Siam has DP-2 and four point mooring capability. The onboard saturation diving system is deployed through a central moonpool. The main crane has a 75 ton capacity. Team Siam, which commenced its current charter in March 2007, is fitted with a certified helipad. We operate Team Siam under a long-term charter with a two-year fixed period and one-year option. MOS charters the vessel from Team III Limited. MOS has full responsibility to market the vessel and negotiate contracts with potential clients. The vessel is presently contracted out through to October 2007 with additional potential follow on work. NICO Middle East Limited, a subsidiary of Team III Limited, provides the marine crew and MOS provides all other personnel for Team Siam.

Binh Minh. Binh Minh is fitted with advanced work and inspection class ROV systems, supported by full air diving capability. This versatile package allows for the flexibility to perform a range of inspection, repair and maintenance tasks in addition to deepwater remote intervention. MOS entered into a contract for the charter of Binh Minh which commenced in September 2007. This contract is for a fixed period of two years and includes an option, exercisable at MOS' discretion, to extend the contract for one additional year.

Other sub-sea engineering assets

MOS also has a variety of other sub-sea engineering assets including a portable saturation diving system and seven ROVs. Its inspection and work class ROVs perform remote intervention, as well as inspection and survey services at depths of up to 1,000 meters, and are equipped with high definition cameras, sonar and a range of other sensors. A description of its ROVs is as follows:

Explorer 03 (delivered in November 2004) and Scorpio S40 Work Class ROV (delivered in June 2006). MOS currently operates two work class ROV systems. Both systems are fully versatile deepwater advanced systems, which incorporate hydraulically powered thrusters, manipulators, video cameras, underwater lighting system and fiber-optic interface for connection with the control cabin. Both vehicles are rated for a maximum depth of 1,000 meters.

Tiger Inspection Class ROVs. MOS operates two Tiger inspection class ROVs, each of which was delivered in 2004. The Tiger inspection class ROV is noted for its performance in strong currents, handling and maneuverability. Each is equipped with a vectored thruster arrangement, video cameras, a digital control system and lighting system.

Falcon Inspection Class ROVs. MOS operates two Falcon inspection class ROVs, each of which was delivered in 2004. The Falcon inspection class ROV is a portable and lightweight ROV. Each is equipped with a vectored thruster arrangement, video cameras on a 180 degree tilt platform, lighting system and distributed intelligence control system. The Falcon inspection class ROVs are rated for a maximum depth of 300 meters.

Panther Plus Medium Work Class ROV (delivered in September 2004). The Panther Plus ROV is a 1,000 meters-rated vehicle. It is fitted with 10 high powered brushless thruster motors giving a forward thrust of 220 kilograms, manipulators, four simultaneous video channels and additional tooling options.

MOS also operates both air and saturation diving systems to support its sub-sea engineering services. Air diving systems allow divers to work in depths of up to 50 meters while saturation diving systems allow divers to work at depths of up to 300 meters. A description of its diving system is as follows:

MOS SAT 1 (delivered in March 2005). MOS SAT 1 is a portable saturation diving system with accommodation for up to 10 people in two living chambers. MOS SAT 1 has: (1) a three-man diving bell with three umbilicals and life support equipment; (2) a four-man living chamber that doubles as a hyperbaric rescue chamber for 12 people with all necessary flotation, onboard gas and support equipment, medical lock and external supply interfaces; and (3) a main chamber with medical lock, toilet and shower. It is rated for a maximum depth of 300 meters and is fully compliant with all IMCA requirements. MOS SAT 1 is portable, allowing deployment from a range of vessels and barges. The system was extensively rebuilt in 2004 with many new major components, such as gas reclaim and handling systems, diving and saturation control system and support equipment. MOS SAT I is presently deployed on Team Siam.

Air diving systems (five delivered in February 2006 and two delivered in September 2006). MOS owns and operates seven air diving systems which are designed and built to IMCA standards supporting air diving operations to a depth of 50 meters.

New assets

MOS has entered into a contract with a ship owner to charter a new DP DSV vessel due for delivery in 2009. This vessel has been designed for specific client demand in Malaysia but the specifications provide us flexibility to use it to service our other sub-sea engineering clients in other jurisdictions. MOS has an option to purchase this vessel following three years of charter. The new DP DSV will be one of the most modern and flexible dive support vessels based in Asia, fitted with DP-2 capability, a 12-man saturation system and a sub-sea crane. Client indications and market needs indicate that several long-term contract opportunities may arise in the near future for this vessel, and the vessel is designed to offer a high level of capability and flexibility, balanced against cost.

MOS entered into a contract with PTT Exploration and Production PCL to provide an Anchor Handling, Tug and Supply ("AHTS") vessel, Mermaid Sovereign, to support its Gulf of Thailand operations. This vessel has been contracted for a fixed term of three years with two one-year option periods at the client's discretion. The contract for building the vessel was awarded to Unithai Shipyard and Engineering Limited, Thailand, and was signed on November 24, 2005. We expect that the vessel will be delivered in late 2007.

MOS has also committed to purchase a Quasar Compact WROV System. The new ROV is rated for a maximum depth of 2,000 meters and is fitted with light, efficient thrusters on the horizontal and vertical axis. This ROV uses the latest generation components for efficient, reliable and powerful performance and is scheduled to be delivered in December 2007.

Contracts

The types of contracts undertaken by MOS comprise a combination of both medium- and short-term contracts. These are generally undertaken on a charter-rate basis, although some lump sum projects are also carried out on a case-by-case basis. Short- to medium-term contracts typically run from several days to in excess of one year.

In jurisdictions where regulations require a local company to carry out sub-sea engineering services, MOS operates through local agents who have the necessary licenses to provide these services. These agents are the primary contract holders and subcontract MOS to perform the required sub-sea engineering services.

The operating charter-rates for the MOS fleet range from US\$11,000 to US\$155,000 per day, depending on the vessel chartered. These are inclusive of diving and/or ROV services as appropriate, fuel, lubes, victualling and third party services, such as survey, hydro-testing and pigging.

Due to the nature of MOS' business, MOS does not maintain an order book.

The following table sets out details of MOS average accounts receivable turnover days and average accounts payable turnover days.

	For the financial year ended September 30,			Six months ended March 31,	
	2004	2005	2006	2006	2007
Average accounts receivable turnover days ⁽¹⁾	69	64	74	64	69
Average accounts payable turnover days ⁽²⁾	46	42	36	62	28

Notes:

- (1) Average accounts receivable turnover days is calculated by dividing the number of days in the relevant financial year or period, by the quotient of the total sales in respect of the financial year or period and the average trade receivables at the end of the financial year or period.
- (2) Average accounts payable turnover days is calculated by dividing the number of days in the relevant financial year or period, by the quotient of the cost of services in respect of the financial year or period and the average trade payables at the end of the financial year or period.

Our average accounts payable turnover days was higher in the six months ended March 31, 2006, due to the increase in operating costs associated with the dry-docking of the Mermaid Commander and expenses incurred in preparation for the commencement of its first contract, which were outstanding at the end of the period.

Marketing and tendering

MOS' principal marketing strategy is to maintain its reputation for quality, safety and reliability. This is reinforced by excellent relationships with key clients and 'word of mouth' recommendation within a niche market. MOS has a dedicated business development manager who, together with local agents, is responsible for marketing activities, as well as for providing an avenue for feedback from clients.

Projects are generally awarded after a competitive tendering process, which includes an evaluation of both technical and commercial tenders.

Competition

The primary competitors for MOS are regional sub-sea engineering services companies such as GEO ASA, Hallin Marine Subsea International PLC, Allied Marine Services and Sarku Engineering Services Sdn. Bhd., as well as larger international companies based in Europe and the U.S. such as Subsea 7 Inc., Global Marine Systems Limited, Acergy S.A. and Helix Energy Solutions Group Inc., most of these international companies primarily being major EPIC contractors.

MOS believes it has significant advantages over its regional competitors based on its comprehensive range of company-owned assets, reputation and prime logistical support bases in South East Asia. MOS also believes that it has a significant advantage over international companies based in Europe and the U.S. as the location of its operations, assets and personnel in the region enables it to move quickly and allows it to mobilize and demobilize in a more cost effective manner.

Classification

All MOS vessels are classed by DNV or ABS, which are two of the leading classification societies. MOS vessels are subject to regular inspection by class surveyors, in addition to regular dry-docking and other periodic maintenance. MOS vessels operate under a class approved planned maintenance system, ensuring a high standard of maintenance of machinery, safety and other equipment. Our vessels are dry-docked for SPS every five years. The Mermaid Supporter is next scheduled for dry-docking for SPS in early 2012, while the Mermaid Performer and Mermaid Commander are next scheduled for dry-docking for SPS in the last quarter of 2007. The Mermaid Responder is next scheduled for dry-docking for SPS in the second half of 2010, the Binh Minh is next scheduled for dry docking in the second half of 2012 and Team Siam is next scheduled for dry docking in the first half of 2012.

Accounts receivable

In general we extend credit terms of 30 to 60 days to our clients. We do not make general provisions for impairment of trade accounts receivable. We carry out a review of our trade accounts receivable balance every quarter. Our management will then make specific provisions for impairment of trade accounts receivable for accounts considered doubtful. Generally we do not continue to provide services to clients for whose accounts provisions are made. We made a provision for impairment of trade accounts receivable amounting to nil, Baht 5.5 million, Baht 10.6 million and Baht 3.4 million in the financial years ended September 30, 2004, 2005 and 2006 and the six months ended March 31, 2007, respectively.

Training and Technical Services

We provide training and technical services through our subsidiary, MTTS. MTTS provides training and technical services to engineering and inspection personnel, at our state-of-the-art facility in Pinthong Industrial Estate, Chonburi, Thailand using multimedia classrooms and a purpose-built seven-meter deep diving tank with a mock-up portion of an offshore structure. MTTS has a cooperation agreement with The Welding Institute ("TWI"), a chartered government institution in the United Kingdom for materials joining technology. Under the cooperation agreement, MTTS is granted access to TWI's training materials for specialized welding and inspection, which it uses in providing training services.

Clients

Our drilling business and sub-sea engineering businesses are contract based and as such, clients accounting for 5.0% or more of our total sales in any one year ("major clients") may not constitute major clients in the next year. The information below is based on the sales reported in our Thai GAAP Financial Statements. Such sales may differ from sales reported in our IFRS Financial Statements due to the different manner of recognition of sales and the functional currency used under IFRS. See "Summary of Certain Differences Between IFRS and Thai GAAP" for a discussion of these differences.

In the financial year ended September 30, 2004, our major clients were PTT Exploration and Production PCL, Nico Middle East Limited, Chevron Offshore (Thailand) Limited and Unocal Thailand Ltd. These clients represented 62.4% of our total sales during such financial year ended September 30, 2004.

In the financial year ended September 30, 2005, our major clients were PTT Exploration and Production PCL, Nico Middle East Limited, Chevron Offshore (Thailand) Limited, Unocal Thailand Ltd., Carigali Hess Operating Company Sdn. Bhd. (through our agent Foredel Sdn. Bhd.) and Japan Vietnam Petroleum Co., Ltd. These clients represented 77.1% of our total sales during financial year ended September 30, 2005.

In the financial year ended September 30, 2006, our major clients were PTT Exploration and Production PCL, CUEL Limited, Carigali Hess Operating Company (through our agent Delcom Oilfield Services Sdn. Bhd.), Chevron Thailand, Chevron Indonesia Company (through our agent PT Patra Drilling Contractor), Petronas Carigali Sdn. Bhd. (through our agent Delcom Oilfield Services Sdn. Bhd.) and

TL Offshore Sdn. Bhd. These clients represented 78.6% of our total sales for the financial year ended September 30, 2006.

In the six months ended March 31, 2007, our major clients were CUEL Limited, TL Offshore Sdn. Bhd., PT Offshore Services Indonesia, Amerada Hess Indonesia-Pangkah (through our agent PT Patra Drilling Contractor), Chevron Indonesia Company and Pearl Oil (Thailand) Limited. These clients represented 73.5% of our total sales during the six months ended March 31, 2007.

The year-to-year fluctuations in sales to our clients were due mainly to fluctuations in projects available and the projects that we were awarded.

None of our Directors or substantial Shareholders has any interest, direct or indirect, in any of our major clients as set out above.

Suppliers

In the financial year ended September 30, 2004, our suppliers accounting for 5.0% or more of our total cost of sales and services ("major suppliers") were Canyon Offshore and Nico Far East Pte. Ltd. In the financial year ended September 30, 2005, our major suppliers were Team III Limited and Nico Far East Pte. Ltd. In the financial year ended September 30, 2006, our major suppliers were Team III Limited and The Shell Company of Thailand Limited. For the six month period ended March 31, 2007, our major suppliers were CPD Oilwell International Pte Ltd., Services Oil & Gas Pte Ltd. and Team III Limited. Our suppliers mainly provide us with crew, divers, fuel, vessel charter hire and various consumables and spare parts. As we source our products from a wide range of suppliers with whom we have long standing relationships, we believe that we are not overly dependent on any one supplier for our purchases.

None of our Directors or Substantial Shareholders has any interest, direct or indirect, in any of our major suppliers as set out above.

Training, Safety and Quality Assurance

We are committed to training, safety and quality assurance. Our goal is to provide an injury and incident free work environment by applying our safety management systems. Our policies, procedures and training programs have all been developed in line with recognized industry standards with valuable input from management and employees. Our quality and safety management systems are subject to regular client audits, as well as management audits. Our systems are communicated to employees at all levels and provide a sound basis for operating safely where everyone is committed and trained in applying them. Detailed training schedules have been developed and implemented across the employee base.

Insurance

Our operations are subject to hazards and risks inherent in the offshore oil and gas industry, particularly in relation to drilling and sub-sea engineering services, such as system failures, fires, natural disasters, explosions, encountering formations with abnormal pressures, blowouts, cratering, pipeline ruptures and spills, each of which could cause death, personal injury, environmental pollution, damage or loss of our, and our clients' assets and equipment. We are also subject to hazards particular to marine operations, including capsizing, grounding, collision and loss or damage from severe weather. As protection against such hazards, we maintain insurance coverage against some, but not all, potential losses.

Our insurance coverage covers our assets, and we maintain an all risks insurance policy covering direct physical loss or damage due to causes outside ordinary use. We maintain coverage with protection and indemnity clubs for third party liabilities and workers compensation. We maintain insurance on our divers to cover work-related events. We also maintain hull and machinery insurance for our tender rigs, vessels, equipment and machinery, as well as insurance for war risks and protection and indemnity insurance. We also maintain insurance against the risk of piracy in certain areas in which we operate. We may also be required by our clients to take out and maintain additional insurance and/or bank guarantees for the duration of our contracts with these clients. Such insurance includes insurance required by local laws in jurisdictions where our vessels operate. We do not, however, insure against business interruption or loss of revenues. We believe we maintain insurance to industry standards and in accordance with our contractual obligations.

We have submitted or intend to submit claims to our insurance providers in connection with the crane boom incident and the incidence of fire on MTR-1. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments” with regard to further information about these claims.

Employees

We place a significant emphasis on the recruitment and retention of necessary personnel. The high demand for skilled personnel in our industry has resulted in an inflationary pressure on the hiring, training and retention costs for such personnel. We have developed a benefits and training package that remains attractive to industry personnel. This, coupled with a reputation for safe operations, has allowed us to retain a highly motivated and skilled workforce in a demanding personnel environment.

We had 128 employees as of March 31, 2007. The following table sets forth the breakdown of our employees at the times indicated.

<u>Category</u>	<u>September 30,</u> <u>2004</u>	<u>September 30,</u> <u>2005</u>	<u>September 30,</u> <u>2006</u>	<u>March 31,</u> <u>2007</u>
Drilling services personnel	—	1	15	16
Sub-sea engineering services personnel	19	33	51	56
Other ⁽¹⁾	<u>70</u>	<u>127</u>	<u>98</u>	<u>56</u>
Total	<u>89</u>	<u>161</u>	<u>164</u>	<u>128</u>
<i>By geography</i>				
Thailand	89	160	154	118
Malaysia	—	<u>1</u>	<u>10</u>	<u>10</u>
Total	<u>89</u>	<u>161</u>	<u>164</u>	<u>128</u>

Note:

- (1) Other includes our management and administration personnel, as well as persons engaged in our training services business and our former business segments.

All of our employees receive a base salary, and various benefits such as bonuses, medical benefits and health and safety incentive payments based on their safety performance. In accordance with Thai law, we also provide retirement benefits depending on an employee’s age and years of service and participate in a provident fund that is funded by payments from us and our employees.

As is common in our industry, in addition to our employees, we also employ technical and skilled personnel as well as our offshore sub-sea project team and certain members of the crew for our vessels through sub contract arrangements. The number of contract workers varies from time to time, depending on our and our clients’ requirements and our utilization rates. In the financial year ended September 30, 2006, we employed between 40 to 150 persons through such arrangements.

None of our direct employees are members of unions and we have not experienced a strike or material labor disturbance.

Properties

Our registered office is located at 26/28-29 Orakarn Building, 9th Floor, Soi Chidlom, Ploenchit Road, Kwaeng Lumpinee, Khet Pathumwan, Bangkok 10330, Thailand. We have operational facilities at Chonburi, Thailand, Kuala Lumpur, Malaysia and Jakarta, Indonesia. We own our facility in Chonburi, Thailand. From time to time, we may lease additional facilities where our tender rigs and vessels are located. We also lease properties for our operations in Malaysia and Indonesia.

We have built and operate a world class facility at our operational base in Chonburi, Thailand that enables us to better serve our clients. This facility allows us to control our own maintenance and refurbishment requirements of equipment and more importantly, the facility’s geographical location allows us to mobilize expeditiously and efficiently to our clients’ location.

We set forth below certain information related to our material facilities.

Location	Function	Size (square meters)	Status	Term
Bangkok, Thailand	Corporate headquarters	412	Leased	Commenced December 1, 2004 and expiring November 30, 2010
Chonburi, Thailand	Operational facility of MOS and MTTS	17,982	Owned	Freehold

We were required to obtain the permission of the IEAT for owning and operating our operational facility at Chonburi, Thailand. We applied for and received this permission in the name of our parent holding company. However, subsequent to receipt of this permission, we have learned that, since our operating subsidiary MOS is the entity that is conducting the approved activity at this facility, MOS should be the beneficiary of this permission. Accordingly, we are working with IEAT to rectify this situation and expect to complete this process by October 2007. We are also applying for permission to conduct additional activity through MTTS. However, if we are unable to effectively transfer the permission to MOS, we may be subject to fines and could lose the IEAT permission to own and operate this facility.

Research & Development

We do not conduct any research and development activities.

Licenses

In jurisdictions where regulations require a local company to carry out offshore drilling or sub-sea engineering services which we provide, we operate through local agents who have the necessary licenses to provide these services. These agents are the primary contract holders and subcontract us to perform the required drilling or sub-sea engineering services. MDL has agents in Indonesia and Malaysia while MOS has agents in Indonesia, Malaysia, China and Vietnam. Our agents also provide administrative, finance, purchasing, security and logistical support. In selecting our agents, we make site visits, require the agent to be properly licensed and also assess whether an agent is suitable to provide the required services.

Intellectual Property

We have submitted applications to the MOC for the registration of the following logos as trademarks:



Our business or profitability is not materially dependent on any trademark, patent or license. As part of the disposal of Mermaid Safety Services Ltd., we have granted a perpetual license to Mermaid Safety Services Ltd. for use of the Mermaid Safety Services Ltd. logo for no consideration.

Environment

We are committed to protecting the environment in the course of our operations. We strive to reduce emissions and discharges of waste which are known to have a negative effect on the environment. We have put in place procedures to ensure that operations comply with relevant environmental regulations. We are fully compliant with international and class standards. Our offices and operational facilities are also fully compliant with applicable local environmental regulations.

Legal Proceedings

We are not, and have not been, involved in any legal or arbitration proceedings which may have, or which have had in the 12 months immediately preceding the date of lodgment of this document with the Authority, a material effect on the financial position or profitability of the Group, nor are any such proceedings, to our knowledge, currently threatened, pending or contemplated.

DESCRIPTION OF MATERIAL INDEBTEDNESS

As at March 31, 2007, we had total outstanding debt of Baht 2,556.9 million. The following sets forth a summary of our material indebtedness as at the Latest Practicable Date:

1. On August 27, 2003, MOS entered into a term loan, as well as a promissory note facility for Baht 60 million and Baht 20 million, respectively, with TMB Bank PCL (“TMB Bank”) for working capital purposes. This is secured by a mortgage over the Mermaid Supporter, Mermaid 1 and Mermaid 3 vessels, as well as all existing and future equipment of MOS and a guarantee by MML. The term loan matures in 2009 and has interest payable at 5.0% from 2003 to 2006 and at TMB Bank’s MLR from 2006 onwards. The promissory note has interest payable at the minimum loan rate less 0.25% until October 29, 2006, at TMB Bank’s MLR from 2006 onwards. The promissory note facility has a tenor of one year but shall be automatically extended on an annual basis unless notified in writing by TMB Bank. Pursuant to the term loan facility, MOS must maintain a debt-to-equity ratio (defined as total liability to shareholders’ equity) (“Debt-To-Equity ratio”) equal to or less than 3:1, as well as a debt service coverage ratio (defined as EBITDA before extraordinary items divided by the current portion of long-term debt) (“DSCR”) equal to or greater than 1:3. As at March 31, 2007, Baht 35 million was outstanding.
2. On October 28, 2003, MML entered into a revolving overdraft facility for Baht 10 million with Siam Commercial Bank PCL (“SCB”) for working capital purposes. MML further entered into an amendment agreement to increase this facility to Baht 15 million on July 19, 2004. This facility is secured by a mortgage over the land and buildings at Songkhla Province, Thailand and has interest payable at SCB’s minimum overdraft rate. As at March 31, 2007, there was no outstanding balance.
3. On June 29, 2004, MML entered into an overdraft and promissory note facility for Baht 10 million and Baht 20 million, respectively, with Bank Thai Public Company Limited (“Bank Thai”) for working capital purposes. This was secured by a mortgage over the land and building at Chonburi Province, Thailand. This overdraft facility has an interest payable at Bank Thai’s minimum overdraft rate and the promissory note has an interest payable at the minimum loan rate — 1.25% until November 30, 2006, and thereafter, at the market rate. As at March 31, 2007, there was no outstanding balance.
4. On June 14, 2005, MML entered into a term loan facility of Baht 160 million with Kasikornbank PCL (“Kasikornbank”) for the purchase of land and factory construction which is secured by a mortgage over the land and building at Chonburi Province, Thailand, including any existing and future buildings. This facility matures in 2011 and the interest rate payable is based on Kasikornbank’s MLR. Pursuant to this facility, MML is required to maintain a Debt-To-Equity ratio at the end of each accounting period equal to or less than 1.5:1 and a DSCR, as calculated from EBITDA before extraordinary items divided by the current portion of long-term debt in the audit statement of the preceding year, including interest expense on both long-term and short-term loans equal to or greater than 1.3. As at March 31, 2007, Baht 122.8 million was outstanding.
5. On June 14, 2005, MML entered into an overdraft facility for Baht 10 million with Kasikornbank for working capital, which is secured by a mortgage over land and building at Chonburi Province, Thailand and has interest payable at Kasikornbank’s minimum overdraft rate. As at the March 31, 2007, there was no outstanding balance.
6. On July 5, 2005, MTR-1 Ltd. entered into a term loan facility of US\$14 million with The Export Import Bank of Thailand (“Thai EXIM Bank”) for the purchase of a vessel named MTR-1. This is secured by a mortgage over MTR-1, a second ranking mortgage over MTR-2, a guarantee by MML and MTR-2 Ltd., as well as a letter of comfort issued to Thai EXIM Bank by TTA. This facility matures in 2014 and has interest payable at LIBOR plus 2.75%. Pursuant to this facility, MTR-1 Ltd. must maintain a debt equity ratio (defined as long-term debt to shareholders’ equity) (“DE”) equal to or less than 2:1 within 2007 and MML must maintain a DE ratio equal to or less than 1.25:1 throughout the term of the loan. As at March 31, 2007, US\$14 million was outstanding. On July 5, 2005, each of MML and MTR-2 Ltd. entered into a guarantee agreement with Thai EXIM Bank to guarantee obligations of MTR-1 Ltd. for the amount of US\$14 million (plus any interest accrued thereon).

7. On July 5, 2005, MTR-1 Ltd. entered into a promissory facility for of US\$1 million with Thai EXIM Bank for working capital purposes. This is secured by a mortgage over MTR-1, a second ranking mortgage over MTR-2 and a guarantee by MML and MTR-2 Ltd. This facility has interest payable at LIBOR plus 2.75%. On 5 July 2005, each of MML and MTR-2 Ltd. entered into a guarantee agreement with Thai EXIM Bank to guarantee obligations of MTR-1 Ltd. for the amount of US\$1 million (plus any interest accrued thereon).
8. On July 5, 2005, MTR-2 Ltd. entered into a term loan facility of US\$20.65 million with Thai EXIM Bank for the purchase of MTR-2. This facility is secured by a mortgage over MTR-2, a second ranking mortgage over MTR-1, a guarantee by MML and MTR-1 Ltd., as well as a letter of comfort issued to Thai EXIM Bank by TTA. This facility matures in 2014 and has interest payable at LIBOR plus 2.75%. Pursuant to the facility, MTR-2 Ltd. must maintain a DE ratio equal to or less than 2:1 within 2007 and MML must maintain a DE ratio equal to or less than 1.25:1 throughout the term of the loan. As at the March 31, 2007, US\$20.65 million was outstanding. On 5 July 2005, each of MML and MTR-1 Ltd. entered into a guarantee agreement with Thai EXIM Bank to guarantee obligations of MTR-2 Ltd. for the amount of US\$20.65 million (plus any interest accrued thereon).
9. On July 5, 2005, MTR-2 Ltd. entered into a promissory note facility for US\$1 million with Thai EXIM Bank for working capital purposes. This is secured by a mortgage of MTR-2, a second ranking mortgage over MTR-1 and a guarantee by MML and MTR-1 Ltd. This facility has interest payable of LIBOR plus 2.75%. On 5 July 2005, each of MML and MTR-1 Ltd. entered into a guarantee agreement with Thai EXIM Bank to guarantee obligations of MTR-2 Ltd. for the amount of US\$1 million (plus any interest accrued thereon).
10. On July 28, 2005, MML entered into a guarantee agreement with Kasikornbank to secure the obligations of MOS from utilization of the guarantee facility which Kasikornbank granted to MOS for Baht 60 million (plus any interest accrued thereon).
11. On August 25, 2005, MML entered into a guarantee agreement with Bank Thai to guarantee the obligation of MOS in the amount of US\$15 million (plus interest accrued thereon).
12. On August 25, 2005, MOS entered into a term loan facility for US\$15 million with Bank Thai for the purchase of a vessel, which is secured by a mortgage over the Mermaid Commander and a guarantee by MML. This facility matures in 2012 and the interest payable is at LIBOR plus 3.0%. Pursuant to this facility, MOS must maintain a Debt-To-Equity ratio equal to or less than 1.5:1. As at March 31, 2007, US\$13,750,000 was outstanding.
13. On August 25, 2005, MML entered into a guarantee agreement with Bank Thai to guarantee the obligations of MOS in the amount of Baht 87 million (plus any interest accrued thereon).
14. On November 10, 2005, MOS entered into a term loan facility for Baht 100 million with Kasikornbank for working capital purposes, which is secured by a guarantee from MML. This facility is subject to annual renewal and the interest payable is 1.5% below Kasikornbank's minimum loan rate. Pursuant to the facility, MOS must maintain a Debt-To-Equity ratio equal to or less than 2.5:1 and a DSCR of greater than 1.2. As at March 31, 2007, Baht 80.0 million was outstanding.
15. On November 10, 2005, MOS entered into a term loan facility for Baht 90 million with Kasikornbank for the purchase of saturation diving equipment which is secured by a guarantee by MML and a mortgage over saturation diving equipment. This facility matures in 2011 and the interest payable is based on Kasikornbank's MLR. Pursuant to this facility, MOS must maintain a Debt-To-Equity ratio equal to or less than 2.5:1 and a DSCR equal to or greater than 1.2. As at March 31, 2007, Baht 72.0 million was outstanding.
16. On November 10, 2005, MOS entered into a term loan facility for Baht 124 million with Kasikornbank for the purchase of the Mermaid Responder, which is secured by a guarantee by MML and a mortgage over the Mermaid Responder. This facility matures in 2011 and the interest payable is based on Kasikornbank's MLR. Pursuant to this facility, MOS must maintain a Debt-To-Equity ratio equal to or less than 2.5:1 and a DSCR of equal to or greater than 1.2. As at March 31, 2007, Baht 112.0 million was outstanding.

17. On November 10, 2005, MML entered into a guarantee agreement with Kasikornbank to guarantee the obligations of MOS for Baht 339,000,000 million (plus any interest accrued thereon).
18. On March 28, 2006, MOS entered into a term loan facility for US\$2 million with TMB Bank for the purchase of the vessel named Mermaid Performer, which is secured by a mortgage over Mermaid Performer and a guarantee by MML. This facility matures in 2011 with interest payable at LIBOR plus 2.25%. Pursuant to this facility, MOS must maintain a Debt-To-Equity ratio equal to or less than 3:1, as well as a DSCR equal to or greater than 1.25. As at March 31, 2007, US\$1,700,000 was outstanding.
19. On March 28, 2006, MOS entered into an overdraft facility for Baht 10 million with TMB Bank for the working capital purposes, which is secured by a mortgage over the Mermaid Performer, a multipurpose offshore terminal tug ship and engine, and a guarantee by MML. This facility has interest payable at TMB Bank's minimum overdraft rate. As at March 31, 2007, there was no outstanding balance.
20. On April 10, 2006, MOS entered into a term loan facility for US\$10.25 million with TMB Bank for the purchase of a multipurpose offshore terminal tug ship and engine, which is secured by a mortgage over the multipurpose offshore terminal tug ship and engine, and a guarantee by MML. This facility matures in 2013 and has interest payable at LIBOR plus 2.25%. Pursuant to this term loan facility, MOS must maintain a Debt-To-Equity ratio equal to or less than 3:1 as well as a debt service coverage ratio (defined as EBITDA before extraordinary items divided by the current portion of long-term debt) equal to or greater than 1.25. As at March 31, 2007, US\$6,798,000 was outstanding.
21. On April 24, 2006, MOS entered into an overdraft facility of Baht 25 million and letter of credit and/or trust receipt of Baht 10 million with Kasikornbank for working capital purposes, which is secured by a guarantee by MML and has interest payable at Kasikornbank's minimum overdraft rate. As at March 31, 2007, Baht 21.9 million was outstanding from the overdraft facility.
22. On September 15, 2006, MOS entered into a combined facility agreement for Baht 160 million with Bank Thai for working capital purposes, which is secured by a guarantee from MML. The combined facility consists of an overdraft facility of Baht 20 million, which has an interest payable at Bank Thai's minimum overdraft rate, a short-term loan of Baht 20 million, which as an interest payable at the market rate, a letter of credit of Baht 40 million, which has an interest payable at the market rate for Baht and LIBOR plus 2.0% for foreign currencies, a letter of guarantee for Baht 50 million, with fees ranging from 1.25% to 1.75% and a Baht 30 million foreign exchange hedging facility. As at March 31, 2007, Baht 20 million was outstanding from the promissory note and US\$28,000 was outstanding from the bid bond.
23. On September 15, 2006, MML entered into a guarantee agreement with Bank Thai to guarantee obligations of MOS in the amount of Baht 73 million (plus any interest accrued thereon).
24. On December 14, 2006, MOS entered into a term loan facility for Baht 24 million with Kasikornbank for the purchase of the ROV Scorpio 40, which was secured by a guarantee from MML and a mortgage over the ROV Scorpio 40. This facility matures in 2011 and the interest payable is based on Kasikornbank's minimum loan rate minus 1.0% through out the loan period. Pursuant to this facility, MOS must maintain a Debt-To-Equity ratio equal to or less than 2.5:1 and a DSCR of equal to or greater than 1.2. As at March 31, 2007, Baht 22.7 million was outstanding.
25. On December 14, 2006, MOS entered into the letter of guarantee facility in the amount of Baht 10 million and standby letter of credit facility for of Baht 40 million, which was secured by a guarantee by MML. The facility is renewable annually.
26. On February 1, 2007, MOS entered into a letter of credit and/or trust receipt facility with Kasikornbank for the amount not exceeding Baht 76.320 million which was secured by a guarantee by MML and a cash fixed deposit of Baht 15 million by TTA. On February 1, 2007, MML entered into a guarantee agreement with Kasikornbank to guarantee obligations of MOS for the amount of Baht 76.3 million (plus any interest accrued thereon).

27. On April 4, 2007, MTR-1 Ltd. and MTR-2 Ltd. entered into a memorandum of agreement, pursuant to which MTR-2 is allowed to utilize the credit facility type Pre-Settlement Risk (non-revolving basis) which Bank Thai granted to MTR-1 Ltd. in the amount of Baht 321 million. MTR-1 Ltd. entered into a guarantee agreement with Bank Thai to guarantee the obligations of MTR-2 Ltd. in the amount of Baht 321 million (plus any interest accrued thereon) and MTR-2 Ltd. entered into a guarantee agreement with Bank Thai to guarantee the obligations of MTR-1 Ltd. in the amount of Baht 321 million (plus any interest accrued thereon).
28. On April 4, 2007, MDL, MTR-1 Ltd. and MTR-2 Ltd. entered into a memorandum of agreement, pursuant to which MTR-1 Ltd. and MTR-2 Ltd. are allowed to utilize the credit facility type Pre-Settlement Risk (non-revolving basis) which Bank Thai granted to MDL as joint borrowers in the amount of Baht 62 million. MDL, MTR-1 Ltd. and MTR-2 Ltd. have entered into a guarantee agreement with Bank Thai to guarantee the obligations of each other under this credit facility in the amount of Baht 62 million (plus any interest accrued thereon).

REGULATIONS

Our operations are subject to international conventions and the laws and regulations of the jurisdictions in which we operate. Some of the laws and regulations which are material to our business are set out below.

Drilling Services

Many aspects of the drilling industry are subject to international conventions and national laws and regulations, including those governing the discharge of materials into the environment or otherwise relating to environmental protection.

MDL believes that it is in compliance in all material respects with all applicable laws and regulations to which it is subject. It does not anticipate that compliance with existing environmental laws and regulations will have a material adverse effect on its business, financial condition or results of operations. However, changes in environmental laws and regulations, or claims for damages to persons, property, natural resources or the environment, could result in substantial costs and liabilities.

Sub-sea Engineering Services

MOS conforms with all applicable guidelines, standards and regulations with respect to the performance of projects. These include the laws and standards of individual countries in areas of operation, maritime law as defined by the International Maritime Organization (“IMO”), client standards and guidelines (generally applicable in developing countries where national legislation is not appropriate or developed to an acceptable standard), and guidelines and standards produced by the International Marine Contractors Association (“IMCA”). These are also often referenced in various client standards and represent a global benchmark.

Foreign Business Act

The *Foreign Business Act B.E. 2542 (1999)* (the “FBA”) prohibits or restricts foreigners from engaging in certain businesses listed under Schedules 1, 2 and 3 of the FBA in Thailand and, to this end, foreigners are required to obtain permission (a “Foreign Business License”) in accordance with Schedules 2 and 3 of the FBA before conducting such restricted businesses. Under the FBA, any company incorporated under Thai laws with at least half (50.0% or more) of the shares being held by foreign shareholders is considered to be a “foreign entity”.

Foreigners can be exempt from obtaining permission under the FBA if the businesses to be conducted by them are promoted by the Board of Investment of Thailand (“BOI”) or approved by the Industrial Estate Authority of Thailand. However, the foreigners must obtain a Foreign Business Certificate (exempt from the requirements of the FBA) by notifying the Director-General of the Department of Business Development of the MOC of their business operations in accordance with the FBA. The Director-General is required to issue a certificate not later than 30 days after receiving the notification of the receipt of an investment promotion certificate from BOI or a written permission for the export industry or trade operation from the Industrial Estate Authority of Thailand, as the case may be.

Foreigners operating a business without the necessary permission are subject to imprisonment not exceeding three years or a fine of Baht 100,000 to Baht 1 million, or both. In addition, the court shall order the cessation or dissolution of the business, or the cessation of the foreigner’s shareholding or partnership in the business, as the case may be. Failure to comply with the court’s order shall result in a fine of Baht 10,000 to Baht 50,000 per day throughout the period of violation.

In addition, it is illegal for a Thai national or legal entity to hold shares as a nominee for or on behalf of a foreigner in order to assist or enable the foreigner to conduct businesses which are prohibited or restricted under the FBA. In such a case, both the Thai national and the foreigner would be subject to imprisonment not exceeding three years or a fine of Baht 100,000 to Baht 1 million, or both. The court shall order the cessation of the assistance, shareholding or partnership of the Thai national, as the case may be. Failure to comply with the court’s order shall result in a fine of Baht 10,000 to Baht 50,000 per day throughout the period of violation.

Investment Promotion Act

The *Investment Promotion Act B.E. 2520 (1977)* provides legal frameworks for investment incentives granted by the BOI. The BOI is responsible for promoting foreign and domestic investment. Incentives from

BOI include: (i) certain tax privileges, e.g. exemption or reduction of import duties on imported machinery or exemption of corporate income tax for three to eight years from the date income is first earned; and (ii) relaxation (in certain cases) of restrictions on foreign participation and employment, e.g. allowing foreign companies to own land for promoted activities, allowing foreigners to wholly or partially own a promoted project and the right to bring in foreign workers. Applicants for BOI privileges usually receive most of the benefits to which they are entitled in accordance with BOI guidelines, but are sometimes subject to specific conditions and performance requirements set out by the BOI. We are the recipient of certain BOI incentives, and these are described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Taxation”.

Industrial Estate Authority of Thailand Act

The *Industrial Estate Authority of Thailand Act B.E. 2522 (1979)* (the “IEAT Act”) provides for two categories of Industrial Estates: General Industrial Estates and Export Processing Zones.

Currently, there are General Industrial Estates in the Bangkok vicinity and various parts of Thailand. These estates are operated by the Industrial Estate Authority of Thailand (“IEAT”), either solely or in joint venture with private companies or government agencies. Location in an Industrial Estate often appears as a requirement for BOI promotion. BOI promoted industries located within Industrial Estates (whether privately owned or not) are eligible for privileges, e.g. foreigners can be permitted to own land in industrial estates if the IEAT deems appropriate. The facility at our operational base in Chonburi, Thailand is located in the Pinthong Industrial Estate. We own this facility pursuant to the privileges accorded to us under the IEAT contract.

Enhancement and Conservation of National Environmental Quality Act (the “NEQA 1992”)

The main purpose of the NEQA 1992 is mainly to set the quality standard of the environment, such as water resources, noise and vibration. The quality standards under the NEQA 1992 are set not to impose any requirement but to indicate a benchmark for the most desirable environmental condition. As such, NEQA 1992 does not provide for sanctions, even if someone degrades the condition of the environment to a level that is lower than the quality standard under the NEQA 1992. However, strict civil liability may be imposed if such degradation causes any harm to an individual’s life, health or properties.

Section 96 of the NEQA 1992 provides that owners or occupiers of any place of origin that is a source of pollution which results in injury to an individual’s life or health, or results in damage to private or public property is liable for compensating the victim, regardless of whether the pollution was as a result of a willful act or an act of negligence. This is called strict liability. The only defenses are if it can be proven that the pollution was a result of:

- *force majeure* or an act of war;
- obeying an order of a government official; or
- an act or an omission by the person injured or by another person who has direct or indirect responsibility for the damage.

If found liable, the owner or occupier will be responsible for all costs incurred by the government in cleaning up the pollution and for compensation to private individuals. In both cases, these are real costs actually paid as well as real loss of income, etc.

Under Section 97 of the NEQA polluters can also be held liable for loss or damage to state natural resources as a result of any unlawful act or omission. This section does not impose strict liability. However, proof of any failure to comply with the requirements of this Act or any other pollution control legislation would be sufficient to bring the polluter within the ambit of this section. If found liable, the polluter is responsible for the total value of the natural resources lost, destroyed or damaged.

Penal consequences for acts that are in breach of the NEQA now include fines of up to Baht 500,000 and/or imprisonment for up to five years. In the NEQA, there are also provisions which impose penalties on directors and managers concurrently with the company for breach of the pollution control laws.

Fisheries and Marine Resources

Both coastal and inland fisheries are governed by the *Fisheries Act, B.E. 2490 (1947)*, as amended. The Fisheries Act contains provisions prohibiting a person from pouring, throwing away, draining or laying poisonous substances into fisheries, or doing any act that harms the aquatic animals, or pouring, throwing

away, draining or laying any substance into fisheries in a manner that is dangerous to aquatic animals or causes pollution therein, except for the experiments for scientific benefit that have been permitted by competent officials.

Under the Fisheries Act, anyone who releases substances harmful to fish stocks into waterways is liable for a fine from Baht 10,000 to Baht 100,000 or imprisonment from six months to five years, or both.

Marine resources are also protected from damage from oil pollution under *Regulations of the Office of the Prime Minister Respecting the Prevention and Elimination of Marine Pollution Arisen from Oil B.E.2547 (2004)*.

Navigation in Thai Territorial Waters Act

Under the *Navigation in Thai Territorial Waters Act B.E. 2456 (1913)*, as amended, the Marine Department has powers to control public waterways anywhere in Thailand. These powers include the authority to regulate the release of waste into waterways and to control which buildings may be constructed along public waterways. The Navigation in Thai Territorial Waters Act contains provisions prohibiting a person from discharging anything into waterways which could cause pollution, harm aquatic plants and animals or obstruct navigation, unless that person has a permit from the Marine Department. Wastes that are expressly regulated under the act include gravel, sand, stone, soils, chemicals and oils. Penalties for the release of pollutants into water sources may also be imposed under the act. In case of discharging waste, any violator may be sentenced to not more than six months imprisonment or fined not more than Baht 10,000 or both and shall compensate for the expenses which are incurred in eradicating those things. Furthermore, in case of discharge of oil and chemical products, any violator may be sentenced to not more than three years imprisonment or fined not more than Baht 60,000 or both and shall compensate for the expenses which are incurred in rectifying the toxicity or pay compensation for those damages.

Labor Protection Act

The *Labor Protection Act B.E.2541 (1998)* prescribes working conditions for the purpose of protecting employees against exploitation by employers including provisions for general labor protection, protection for children and women, minimum remuneration, wage bond, severance pay, welfare and safety at work, employee welfare fund and labor inspectors.

According to the *Ministerial Regulation No. 2 B.E.2541 (1998)* issued under the Labor Protection Act 1998, underwater work is considered hazardous work which is prescribed as harmful to health and safety of employees. According to the Labor Protection Act, companies are prohibited from employing children under 18 years old or women to undertake underwater work. Furthermore, the Labor Protection Act also imposes limitations on working hours. Under the Labor Protection Act, the maximum working hours for hazardous work are not to exceed seven hours per day and 42 hours per week. Companies are also prohibited from asking employees to work overtime or during holidays.

If a company fails to comply with the provisions under the Act, the company may be fined or its directors may be subject to imprisonment or both. In the event that a company employs children under 18 years old or women for underwater work, the company is liable for a fine not exceeding Baht 100,000 or imprisonment of its directors for not more than six months, or both. In the event that a company asks an employee to work overtime or during holidays, the company is liable for a fine not exceeding Baht 200,000 or imprisonment of its directors for a term not more than one year, or both. In case the company orders an employee to work more than seven hours a day or 42 hours a week, the company may be fined a sum not exceeding Baht 5,000.

Labor Relations Act

The *Labor Relations Act B.E. 2518 (1975)* governs working relations to promote a good understanding between employers and employees. The provisions cover collective agreements between employers and employees on the rights and duties of workers, the settlement of labour disputes, lay-offs and strikes and organizations of employers and employees.

Work Permits

The *Working of Aliens Act B.E. 2521 (1978)* requires all foreigners to obtain a work permit prior to working in Thailand. The definition of “work” is extremely broad and means “engaging in work by exerting energy or using knowledge whether or not in consideration of wages or other benefits”.

The Act also lists certain occupations that are reserved exclusively for Thai nationals and for which a work permit cannot be granted. Generally, foreigners are prohibited from working in manual and industrial labor and some professional occupations. With certain exceptions (diplomats, United Nations officers and individuals performing duties under agreements between Thailand and a foreign government), all foreigners must obtain a work permit from the Department of Employment of the Ministry of Labor before commencing work in Thailand. The granting of a work permit is discretionary. However, where government contracts or BOI-promoted companies are involved, there is usually no difficulty in obtaining one. A foreigner must hold a non-immigrant or immigrant visa before a work permit is issued, and the permit is only valid for the duration of the holder's authorized permit-to-stay under immigration laws. Work permits are restricted to the particular occupation, employer and locality for which they were issued, and any change necessitates an application for a new permit, or an amendment of the existing permit, depending on the nature of the change. It is a criminal offence for a foreigner to "work" in Thailand without a specific work permit or in an occupation or location other than that specified in the individual's work permit. Working in prohibited occupations can lead to imprisonment of up to five years.

Thai Vessels Act

Under the *Thai Vessels Act B.E. 2481 (1938)*, a person who acquires ownership of a vessel to be registered as a Thai vessel for the purpose of trading in Thai waters must be of Thai nationality. In case of a public limited company, half or more of its directors shall have Thai nationality and not less than seventy per cent of its paid-up capital shall be owned by persons who are not foreign. Under Section 51 of this Act, only Thai vessels are entitled to fly the Thai national flag. Any vessel that is not a Thai vessel that flies the Thai national flag in order to show that she is a Thai vessel shall be held as violating this Act. As a result of such violation, a vessel may either be detained or the documents connected with her may be seized, or both. However, certain vessels¹ which do not trade in Thai waters (12 nautical miles) are not required to be registered under this Act.

Ship Mortgage and Maritime Lien Act

Ship Mortgages

Under the *Ship Mortgage and Maritime Lien Act B.E. 2537 (1994)*, the vessels that can be mortgaged must be sea-going and mechanically propelled and weigh at least 60 gross tons or more. The specific amount of debt or the maximum amount of debt that the mortgage is to secure must be stated in either Baht or foreign currency. The contract for ship mortgage must be made in writing and registered with the office of the ship registrar. The mortgagee will be entitled to obtain payment of debt secured by a ship mortgage prior to other creditors including preferential creditors except maritime lien creditors.

In case of foreign ship mortgage enforcement in Thailand, the vessel will be deemed to have been mortgaged under the Act, and the mortgage may be enforced in Thailand provided that (i) the contract is valid under the laws of the country in which the foreign ship is registered; (ii) the contract has been duly registered and can be inspected by any person at the relevant registry office in the foreign country; and (iii) the creditor who seeks to enforce the mortgage is qualified to submit a complaint to the Thai courts in accordance with the Civil Procedure Code, the Arrest of Vessel Act or other laws of Thailand.

Maritime Liens

Under the *Ship Mortgage and Maritime Lien Act B.E. 2537 (1994)*, any person with a right of claim involving any ship has a maritime lien over such ship. The basis of claim is either (i) arising from working as the master, a ship personnel or a crew member of the ship; (ii) concerning loss of life or injury of any person involving a ship operation; (iii) remuneration for salvage of the ship; or (iv) a wrongful act arising from the operation of the ship, but this does not include a right of claim concerning the loss or damage to cargo and property of passengers on board of such ship. A maritime lien entitles the creditor to receive payment of the debt prior to other creditors regardless of whether the debtor is the owner of the ship or not. In addition, the

Notes:

- ¹ For trading in Thai waters:
1. mechanically-propelled vessels of 10 gross tons or upwards;
 2. sea vessels, not mechanically propelled, of 20 gross tons or upwards;
 3. river vessels, not mechanically propelled, of 50 gross tons or upwards.

maritime lien is valid without being required to register and it will have effect before the mortgage rights under this Act or a preferential right under the Civil and Commercial Code.

Arrest of Seagoing Ships Act

Under the *Arrest of Seagoing Ships Act B.E. 2534 (1991)*, vessels which are subject to this Act are seagoing ships used for carriage of cargo or passengers in international waters. A person who is entitled to arrest seagoing ships must have a right to claim over the ship arising from certain actions or agreements, e.g. mortgage of ship, agreements in relation to use of ship, hire of ship, charter contract or similar agreements provided that a creditor must have a domicile in Thailand. A creditor can request for an arrest of a ship which is possessed but not owned by the debtor provided that a right of claim arising from the ship or the business of the ship exists and the debtor possesses such ship at the time a right of claim occurs and at the time of the request for arrest of the ship.

Navigation in Thai Territorial Waters Act

Under the *Navigation in Thai Territorial Waters Act B.E. 2456 (1913)*, Thai waters covers 24 nautical miles from the shore. The Act provides general rules regarding ship collisions. In general, if a collision occurs due to an accident or circumstances over which man has no control, each vessel shall bear her own loss or damage. In addition, if a collision occurs due to a fault or neglect, all losses and damages shall be sustained by the vessel to which such fault or neglect is attributable. However, if some fault or neglect is attributable to both vessels, no compensation will be made by one of them or both, unless it be proved that the main cause of the collision is chiefly attributable to one of the vessels, in which case the competent court shall decide the amount of damages to be paid by one of the vessels to the other. Any claim for damages arising from a collision shall be entered within six calendar months from the day when the collision came to the knowledge of the interested party. However, in case the collision is caused by the willful infringement of the master or the owner of the vessel, the master or the owner may be imprisoned for a period of not more than six months or fined from Baht 1,000 to Baht 10,000 or both.

Vessel Collision Prevention Act

Under the *Vessel Collision Prevention Act B.E. 2522 (1979)*, “vessel” means all kinds of water vessels, including those without tonnage and flying boats used or which can be used in water transport. Thai vessels and foreign vessels in Thai waters and Thai vessels in the sea must adhere to the Ministerial Regulations issued under the Act, which govern methods of preventing collisions, e.g. steering and navigation, sound signal and light signal, lights and signal buoys, emergency signals. Any person who contravenes or fails to comply with this regulation may be imprisoned for a period not exceeding six months or fined from Baht 1,000 to Baht 10,000 or both.

Act on Civil Liability and Compensation from Ship Collision

Under the *Act on Civil Liability and Compensation from Ship Collision B.E. 2548 (2005)*, liability in case of ship collisions will be divided in proportion to the fault of each ship. However, in case of (i) an accident, which is established by proving that each ship has exercised care and ability in navigation with full capability and has not violated any regulation concerning navigation; (ii) *force majeure*; or (iii) not knowing the cause of the ship collision, each ship shall pay for its own damage.

In case the ship is completely damaged or damaged to the extent that the expense in restoring the ship to normal condition is higher than the value of the ship at the time of collision, the compensation will include the price of the ship at the value at the time of collision. If the ship is partly damaged, the reclaimable damages shall include (i) temporary repair expenses incurred to repair the ship to the extent that she can be navigated safely; and (ii) permanent repair expenses to bring the ship into the condition it was in before the collision.

Act on General Average Arising from Danger in Navigation B.E. 2547 (2004)

The principle of the act is to provide general rules and procedures for calculating damages arising from navigation when any extraordinary expenditure is intentionally and reasonably made or incurred for common safety and for the purpose of preserving from peril property involved in maritime activity. The owner of the vessel and the owner of the property which has been saved is obliged to pay damages to a person affected by such damages.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Interested Person Transactions

In general, transactions between our Group (when used in this section, our “Group” refers to our Company, its subsidiaries and its associated companies as of the Latest Practicable Date) and any of our interested persons (namely, our directors, chief executive officer or Controlling Shareholders or the associates, as defined in the Listing Manual, of such directors, chief executive officer or Controlling Shareholders) (“Interested Persons”) would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual.

Details of the interested person transactions between our Group and any of our interested persons for the last three financial years ended September 30, 2004, 2005 and 2006, and the six months ended March 31, 2007, the nine month period ended June 30, 2007 and for the period from July 1, 2007 to the Latest Practicable Date which are material in the context of the Offering are set forth below. In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S\$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

Past Interested Person Transactions

Loans from TTA

Our Controlling Shareholder, TTA, has provided us with loans in the last three financial years ended September 30, 2004, 2005 and 2006 which were repaid within such periods. These loans were generally provided at market interest rates. The aggregate interest paid during the three financial years ended September 30, 2004, 2005 and 2006 was Baht 674,348, Baht 635,616 and Baht 1,923,802, respectively.

The table below sets out the amount that was outstanding, as at each of the dates noted below, and the largest amount outstanding at any time since October 1, 2003.

Baht	As at September 30,			As at March 31,	As at the Latest	Largest amount
	2004	2005	2006	2007	Practicable Date⁽¹⁾	outstanding
				<i>(in Baht)</i>		
Amount outstanding	0.0	0.0	0.0	0.0	0.0	100,000,000

We currently do not have any loans outstanding from TTA. The above transactions were carried out on an arm’s length basis and we have discontinued such transactions with TTA.

Note:

(1) Calculated under Thai GAAP.

Present and Ongoing Interested Person Transactions

Provision of services to TTA

From time to time, we provide services to TTA and its other group companies, other than us (collectively the “TTA Group”). These services comprise sub-sea engineering and repair services.

The amounts we received from the TTA Group for these services, for the last three financial years ended September 30, 2004, 2005 and 2006, the six months ended March 31, 2007 and for the nine months ended June 30, 2007 to the Latest Practicable Date were as follows:

Amount received for the	Financial year ended			Six months	Nine months
provision of the following	2004	2005	2006	ended March 31,	ended June 30,
services				2007	2007
				<i>(in Baht)</i>	
Sub-sea engineering and repair services fees . .	6,177,995	5,970,259	3,275,708	123,777	647,881

From July 1, 2007 to the Latest Practicable Date, we received Baht 294,960 from the TTA Group for these services (calculated under Thai GAAP).

The provision of the above services to the TTA Group is in our ordinary course of business, and the amounts received from the TTA Group in respect of such services are determined on an arm’s length basis based on prevailing market rates. Upon our admission to the Official List of the SGX-ST, we intend to continue to provide such services to the TTA Group.

Receipt of services from TTA

From time to time, we receive services from the TTA Group. These services comprise the transportation of crew, vessel repairs and maintenance services, rental of vessel equipment and management services.

The amounts we paid to the TTA Group for these services, for the last three financial years ended September 30, 2004, 2005 and 2006, the six months ended March 31, 2007 and for the nine months ended June 30, 2007 to the Latest Practicable Date were as follows:

Amount paid for the provision of the following services	Financial year ended September 30,			Six months ended March 31,	Nine months ended June 30,
	2004	2005	2006	2007	2007
	(in Baht)				
Transportation of crew, vessel repairs and maintenance services, and management services	1,473,611	1,467,232	6,667,945	3,141,638	4,432,384

From July 1, 2007 to the Latest Practicable Date, we paid Baht 431,456 to the TTA Group for these services (calculated under Thai GAAP).

The receipt of the above services by the TTA Group is in our ordinary course of business and the amounts paid to the TTA Group in respect of such services are determined on an arm's length basis based on prevailing market rates. Upon our admission to the Official List of the SGX-ST, we intend to continue to obtain such services from the TTA Group.

Review of Interested Person Transactions and Review by the Audit Committee

All future transactions with interested persons shall comply with the requirements of the Listing Manual. Our Managing Director and/or Chief Financial Officer will be responsible for determining the pricing of any future transactions with interested persons. Our Audit Committee will review all interested person transactions to ensure that they are transacted on an arm's length basis, on normal commercial terms, and will not be prejudicial to the interests of our Shareholders. It will adopt the following procedures when reviewing interested person transactions:

- (i) when purchasing items from or engaging the services of an interested person, two other quotations from non-interested persons will be obtained for comparison, when available and practicable, to ensure that the interests of minority Shareholders are not disadvantaged. The purchase price or fee for services will not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration; and
- (ii) when selling items or supplying services to an interested person, the price and terms of two other successful sales of a similar nature with non-interested persons will be used for comparison, when available and practicable, to ensure that the interests of minority shareholders are not disadvantaged. The sale price or fee for the supply of services will not be lower than the lowest sale price or fee of the two other successful transactions with non-interested persons.

Our Audit Committee will review all interested person transactions, if any, at least quarterly to ensure that they are carried out at arm's length and in accordance with the procedures outlined above. In the event that comparable quotations or transactions are not available, we will engage the services of an independent financial advisor. It will take into account all relevant non-quantitative factors. In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. Furthermore, if during these periodic reviews, the Audit Committee believes that the guidelines and procedures as stated above are not suitable or insufficient to ensure that the interests of minority Shareholders are not prejudiced, we will adopt new guidelines and procedures. In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of our internal controls. Our Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval if deemed necessary by the Listing Manual.

We will also endeavor to comply with the recommendations set out in the Code of Corporate Governance.

Other Related Party Transactions

Tender Rig Asia Ltd.

We have entered into an equity and profit participation agreement with Tender Rig Asia Ltd. ("TRAL"). TRAL holds 5.0% of the shares in MDL and one of our executive officers, Svein Nodland, holds 30.0% of the shares of TRAL. TRAL provides MDL with management and operational services, as MDL did not have the requisite experience at the time it acquired MTR-1 and MTR-2. Under this agreement, TRAL has provided certain services through Mr. Svein Nodland, who is also an employee of MDL. This agreement was effective on June 30, 2006 and will continue in force for a period of six years from this date. MDL does not intend to continue with this agreement upon its expiry. Pursuant to this agreement, TRAL is entitled to an advisory fee of 1.5% (to be applied only to TRAL's right to subscribe for up to 5.0% of the shares of MDL) on the purchase price of drilling units or drilling related services procured with the assistance of TRAL, a service fee of 2.5% (to be applied only to TRAL's right to subscribe for up to 5.0% of the shares of MDL) and an additional 1.0% in cash of the audited annual net profit of MDL for the management and operational service provided by TRAL to MDL. The amount we paid to TRAL for the abovementioned services for the last three financial years ended September 30, 2004, 2005 and 2006, the six months ended March 31, 2007 and the nine months ended June 30, 2007 were as follows:

<u>Amount paid for the provision of the following services</u>	<u>Financial year ended September 30, 2004</u>	<u>2005</u>	<u>September 30, 2006</u> <i>(in Baht)</i>	<u>Six months ended March 31, 2007</u>	<u>Nine months ended June 30, 2007</u>
Service fee	—	—	0.0	5,100,000 ⁽¹⁾	5,950,000

Note:

- (1) This includes the payment of Baht 3,400,000 due for the financial year ended September 30, 2006 and Baht 1,700,000 accrued for the six months ended March 31, 2007.

Potential Conflicts of Interests

There are no potential conflicts of interest which may involve us and our Directors, Controlling Shareholders or their associates in any corporation carrying on the same business or dealing in similar products as us. TTA currently provides dry bulk shipping and other shipping related services. TTA currently does not have an interest in any other business and is not itself involved in any business that is in competition with our Group.

We believe that we have addressed potential conflicts of interest (including those arising from the interested person transactions) as follows:

- We have established policies and procedures, including internal audit procedures, to ensure that our transactions with our Controlling Shareholders and their associates are entered into on arm's length terms.
- Upon our listing on the SGX-ST, we will be subject to the SGX-ST rules on interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual reports and/or seek shareholders' approval for certain material interested person transactions. Further, the Audit Committee may have to, and we may have to appoint independent financial advisers to review such interested person transactions and state whether or not it is, or they are, of the view that such transactions are on normal commercial terms and are not prejudicial to our interests and our minority shareholders' interest.
- The Audit Committee will review interested person transactions on a periodic basis to ensure compliance with our policies and procedures, including our internal audit procedures referred to above and with the relevant provisions of the SGX-ST rules. The review will include an examination of the nature of the transactions and such relevant supporting data as the Audit Committee may deem necessary. If a member of the Audit Committee has an interest in a transaction, such member will abstain from participating in the review and approval process of the Audit Committee with respect to that transaction. The Audit Committee will also review the

policies and procedures to ensure that they are adequate to achieve the objectives of ensuring that our interested person transactions are entered into on arm's length terms.

- Our Directors have a duty to disclose their interests in respect of any contract, arrangement or proposal in which they have any personal interest and may not vote in respect of any such contract, arrangement or proposal.
- Our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors have a duty to disclose any conflict of interest as soon as they become aware of such conflict of interest, including a conflict that arises from a directorship in a competing company or from a personal investment in a competing company and, in such event, such Director may only vote in respect of any such decision if his fiduciary duties so allow, if he has no interest in such matters and only in accordance with such duties. Our Directors are also subject to a duty of confidentiality which precludes a Director from disclosing to any third party information that is confidential to us.

MANAGEMENT AND CORPORATE GOVERNANCE

Board of Directors

Our Board of Directors is responsible for our overall management and direction. The Board meets on a quarterly basis at least, or more frequently as required, to review and monitor our financial position and operations. Our Articles of Association provide that our Board of Directors will consist of not fewer than five Directors.

The following table sets forth information regarding our Directors as at the date of this Prospectus.

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Position</u>
M.L. Chandchutha Chandratat	40	No. 402 Soi Sukhumvit 63 Sukhumvit Road, Kwaeng Khongton-Nua, Khet Wattana Bangkok 10110 Thailand	Chairman and Non-Executive Director
David Stewart Simpson	46	179/226 Supalai Place Sukhumvit 39 Bangkok 10110 Thailand	Managing Director
Surasak Khaoroptham	41	159/67 Soi Mahadlekluang 2 Rajdamri Road Patumwan Bangkok 10330 Thailand	Non-Executive Director
Lim How Teck	56	144 Upper Bukit Timah Road #21-04 Bukit View Singapore 588177 Republic of Singapore	Independent Director
Ng Chee Keong	58	22 Jalan Labu Manis Singapore 538013 Republic of Singapore	Independent Director
Pichet Sithi-Amnuai	42	67/3 Soi Areesampan 3 Paholyothin 5 Road Samsennai, Payatai Bangkok 10400 Thailand	Independent Director
Leslie George Merszei	60	265 Unit C Soi Yenakard Soi 2 Yannawa, Tungmahamek Bangkok 10120 Thailand	Independent Director

Except as set forth below, none of our Directors and Executive Officers are related to one another or to our substantial shareholders.

Pursuant to a shareholders' agreement between TTA and Thailand Equity Fund, Thailand Equity Fund is entitled to nominate two Directors on our Board of Directors. This shareholders' agreement will terminate upon the completion of the Offering.

Certain information on the business and work experience of our Directors is set out below:

M.L. Chandchutha Chandratat has been a Director since 2005. He is the Managing Director of TTA, our Controlling Shareholder. Prior to joining TTA in February 2005, he was the Executive Director in the Special Situations Group of Morgan Stanley Dean Witter Asia (Singapore) Pte. from April 2002 to February 2005 and a Vice President in the Asia Credit Trading Group of J.P. Morgan Securities Asia Ltd. from February 2000 to March 2002. He is also a director of TTA and numerous direct and indirect subsidiaries of TTA. He received his M.B.A. from the University of California at Berkeley in 1989 and his B.S. in Economics from the University of Minnesota in 1987.

David Stewart Simpson has been our Managing Director since June 2006. From 2002 to May 2006, he was the Managing Director of Africa Oilfield Services Ltd where he had full commercial and management control of the day-to-day operations of the company and was responsible for the development and implementation of the business strategies of the company. Africa Oilfield Services Ltd's primary operation was based in Nigeria, West Africa. It provided a range of services to the international oil and gas industry through five separate divisions including joint ventures with Smith International, Varco Brandt and Andergauge. From 2000 to 2002, he was the Country Manager, Equatorial Guinea, for Transocean,

providing drilling rig services, where he expanded the existing geographical market of the business. This was a new geographical location for this company. Mr. Simpson was responsible for establishing and registering this company as well as ensuring compliance with governmental legislation and local content matters. From 1998 to 2000, he was the Technical Manager for Transocean for Australia and South East Asia based in Singapore. He was responsible for a fleet of 23 mobile drilling units where his responsibilities included vessel upgrade planning and costing, repair and maintenance schedules and costing, major modification planning, acquisition of second hand equipment and vessels and managing a team of technical experts providing solutions to rig shutdowns and maintenance programmes. From 1996 to 1998, he was the Operations Manager for Sedco Forex Thailand, where he was responsible for the entire operation of four mobile drilling rigs including the pioneer deepwater venture with Unocal in Andaman Sea. From 1995 to 1996 he was appointed Operations Manager and Consortium Manager, (Turnkey Additional Production) for a group of companies where he was responsible for preparing a business plan and safety case for an early production scheme devised to deliver oil as an early production solution to field development. From 1992 to 1995 he held various Drilling Rig Managerial positions within the United Kingdom Continental Shelf where Mobile Drilling Rigs operated in Norway, Denmark, England, Ireland and Scotland. During this period he was responsible for the overall operation, safety and financial control of the vessels. From 1989 to 1992 he was Health and Safety Manager for Sedco Forex and Sedco Forex Schlumberger responsible for advising and implementing safety programmes for Europe and Africa operations. He reported directly to the Managing Director and was a participant in the development of the HSE Safety Case following the Piper Alpha tragedy. He has been working in the oil and gas services industry for over 25 years. He has received a National Safety Diploma from the British Safety Council and has taken numerous safeties, technical and managerial courses throughout his career.

Surasak Khaoroptham has been a Director since 2006. He is the Managing Director of Atlus Advisory Co., Ltd where he provides financial advisory services to various companies. Prior to this he was the Vice President of Credit Suisse First Boston (Singapore) Pte. Ltd. from 1997 to 2003 where he was responsible for the provision of investment banking and financial advisory services to various companies in the region and the Assistant Vice President of Phatra Thanakit PLC from 1995 to 1997. He received a Bachelor of Science degree from King Mongkut's Institute of Technology Ladkrabang in 1986, a Master in Science from University of Michigan in 1993 and an M.B.A. from the University of Pennsylvania in 1995.

Lim How Teck is our Independent Director. He was appointed to our Board of Directors on June 26, 2007. He is the Chairman of Tuas Power Ltd and Singapore Commodity Exchange, and Executive Chairman of Redwood International Pte. Ltd., an investment and consultancy company. He joined Neptune Orient Lines Ltd ("NOL") in 1979 and held various positions, including Executive Director, Group Chief Financial Officer, Group Chief Operating Officer and Group Deputy Chief Executive Officer. He also held directorships in various subsidiaries, associated companies and investment interests of NOL. He retired from NOL in 2005. Prior to joining NOL, he worked with Coopers & Lybrand, an international accounting firm, and Plessey Singapore, a multinational trading and manufacturing company. Mr. Lim obtained a Bachelor of Accountancy Degree from the University of Singapore in 1975. He is a Fellow of the Chartered Institute of Management Accountants of the UK, a Fellow of the Certified Public Accountants of Australia, a Fellow of the Institute of Certified Public Accountants of Singapore, a Fellow of the Singapore Institute of Directors and an Associate of the Business Administration of Australia. He also completed the Harvard Graduate School of Business Corporate Financial Management Course and Advanced Management Program. He was awarded the Public Service Medal by the Singapore Government in 1999.

Ng Chee Keong is our Independent Director. He was appointed to our Board of Directors on June 26, 2007. He is currently a special advisor to PSA International Pte Ltd. Mr. Ng joined PSA administrative service in 1971 and held various positions, including Group President & Chief Executive Officer, President & Chief Executive Officer, Singapore region and global head of technical and operations development. He retired from PSA in January 2005. Mr. Ng received a Bachelor of Social Science degree in Economics from the University of Singapore in 1971 and graduated from the advanced management program, Stanford University in 1988 and the advanced management program, INSEAD in 1994. He was awarded the Public Administration Medal (Gold) by the Singapore Government in 1997.

Pichet Sithi-Amnuai is our Independent Director. He was appointed to our Board of Directors on June 21, 2007. Since 2000 he has been the Managing Director of Play & Music Company Limited. He is currently also an independent director and member of the audit, compensation and remuneration committees of Bualuang Securities Public Company Limited. From 1994 to 2000, he was the First Vice President, Corporate Finance Department at Jardine Fleming Thanakom Securities Limited, where he was responsible for syndication of all equity and debt underwriting. He obtained a Bachelor Degree in

Industrial Engineering from Chulalongkorn University in 1987, an M.B.A. from the University of Texas in 1991 and a Master of Education in Early Childhood Education from Chulalongkorn University in 2006.

Leslie George Merszei is our Independent Director. He was appointed to our Board of Directors on June 26, 2007. He is currently the Managing Director of Corporate Performance Advisors Ltd and XJET Ltd. He has since 1987 provided financial consulting, investment management and restructuring advice in the development of commercial and financial projects in South East Asia. From 1986 to 1987, he was the President and Chief Executive Officer of Royal Trust International, a unit of Royal Trust Company, responsible for its international activities, and from 1971 to 1986 he held various senior positions, including President and Chief Executive Officer, of several former Dow Financial Services companies that were a part of Royal Trust International. In this capacity, Mr. Merszei also served as Vice Chairman of the Executive Committee of Royal Trust Bank (Switzerland), Vice Chairman of Royal Trust Merchant Bank Limited (Singapore), Vice Chairman of Royal Trust Limited (Hong Kong), and Director, with supervisory responsibility, of Savory Milln Limited, a major London stockbroker. Mr. Merszei is a graduate of Purdue University and was appointed a Visiting Lecturer at the Graduate School of Business at Purdue in 1981. He has also been a Visiting Lecturer and a member of the Business Advisory Council at the School of Business of the University of Illinois in Chicago.

Interest in Shares

Shares held by our Directors do not carry different voting rights from the Offering Shares. For further details as to our Directors' interests in Shares, see "Principal Shareholders". Under the PLCA, our Directors are required to notify us without delay if they hold the shares or debentures of any entity in our Group, indicating the total number of such shares or debentures held, and any change in such ownership during any calendar year. See "Description of Share Capital — Substantial Shareholdings and Disclosure Notifications" for further details.

Significant Changes in Percentage of Ownership

There have not been any changes in the percentage of ownership of our Directors in our Company during the last three years prior to the Latest Practicable Date.

Term of Office

Our Directors do not currently have a fixed term of office. Every Director shall retire from office once every three years. At each annual general meeting, one-third of the Directors then in office (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election.

The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment.

Employment Agreements

Save for the employment agreement entered into by our Managing Director, David Stewart Simpson, there are no existing or proposed employment agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries. The employment agreement entered into by our Managing Director does not have a fixed term. There are no existing or proposed employment agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment without cause.

Compensation

The compensation, including any benefit in kind and any deferred compensation accrued for the financial year in question and payable at a later date, paid by us and our subsidiaries to each of our Directors for services rendered by them in all capacities to us and our subsidiaries for the financial years ended September 30, 2005, 2006 and 2007 is as follows:

Director	Financial year ended September 30,		
	2005	2006	2007 (estimated)
M.L. Chandchutha Chandratat	A	A	A
David Stewart Simpson ⁽¹⁾	—	B	B
Surasak Khaoroptham	—	A	A
Lim How Teck	—	—	A
Ng Chee Keong	—	—	A
Leslie George Merszei	—	—	A
Pichet Sithi-Amnuai	—	—	A

Note:

- (1) David Stewart Simpson does not receive any specific compensation for being a Director of the Company. However, the band shown indicates the level of compensation that he receives in his capacity as an Executive Officer of the Company. See “— Executive Officers — Compensation”.

Remuneration bands:

“A” refers to remuneration below S\$250,000; and

“B” refers to remuneration between S\$250,000 and S\$499,999.

Save for obligations provided pursuant to statutorily required retirement benefits, we have not set aside nor accrued any amounts for our Directors to provide for pension, retirement or similar benefits. See Note 2.15 and Note 16 of the “Notes to the IFRS Consolidated Financial Statements” for further details.

Board Committees

Our Directors recognize the importance of corporate governance and the offering of high standards of accountability to our Shareholders.

The Code of Corporate Governance recommends that the roles of Chairman and Managing Director be separated, to ensure an appropriate balance of power and increased accountability to shareholders. The roles of Chairman and Managing Director are currently held by M.L. Chandchutha Chandratat and David Stewart Simpson, respectively.

We have three board committees, the Audit Committee, the Nominating Committee and the Remuneration Committee.

Audit Committee

Our Audit Committee comprises Pichet Sithi-Amnuai, Leslie George Merszei and Lim How Teck. The Chairman of the Audit Committee is Pichet Sithi-Amnuai. The Audit Committee will be responsible for, among other things:

- assisting our Board in the discharge of its responsibilities on financial and accounting matters;
- periodically reviewing and ensuring that the Company’s finance team is well-advised on the relevant IFRS principles;
- reviewing the audit plans, scope of work and results of our audits compiled by our internal and external auditors;
- reviewing the co-operation given by our officers to the external auditors;
- considering and recommending the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
- reviewing the integrity of any financial information presented to our shareholders;
- reviewing interested person transactions (including, but not limited to, the payment terms, payment period(s), and settlement of interested person transactions), if any;

- reviewing and evaluating our administrative, operating and internal accounting controls and procedures;
- reviewing the consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with the applicable reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the Board of Directors for approval;
- reviewing and discussing with auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;
- reviewing any potential conflicts of interest;
- approving and reviewing all hedging policies and instruments to be implemented by the Group, if any;
- undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group regarding inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- undertaking generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

In addition to the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our results of operations and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolution in respect of matters in which he is interested.

Our Nomination Committee

Our Nomination Committee members are Ng Chee Keong, M.L. Chandchutha Chandratat and Leslie George Merszei. The Chairman of our Nomination Committee is Ng Chee Keong. Responsibilities of our Nomination Committee include, among other things, to:

- review and assess candidates for directorships (including executive directorships) before making recommendations to our Board for appointment of Directors;
- review and recommend to our Board the retirement or re-election of Directors in accordance with our Articles of Association at each annual general meeting;
- review the composition of our Board annually to ensure that our Board has an appropriate balance of independent Directors and to ensure an appropriate balance of expertise, skills, attributes and ability among our Directors;
- determine annually the independence of Directors, in accordance with applicable codes and guidelines; and
- decide whether the Directors can continue to contribute effectively and demonstrate commitment to their roles.

If a member of the Nomination Committee has an interest in a matter being deliberated upon by the Committee, he will abstain from participating in the review and approval process of our Nomination Committee in relation to that matter.

Our Remuneration Committee

Our Remuneration Committee members are Ng Chee Keong, M.L. Chandchutha Chandratat and Leslie George Merszei. The Chairman of our Remuneration Committee is Ng Chee Keong. Responsibilities of our Remuneration Committee include, among other things to:

- recommend to our Board for endorsement the remuneration policies and guidelines for setting remuneration for the Directors and key executives;
- approve performance targets for assessing the performance of executive Directors; and
- recommend specific remuneration packages for each executive Director for endorsement by our Board.

If a member of the Remuneration Committee has an interest in a matter being deliberated upon by the Committee, he will abstain from participating in the review and approval process of our Remuneration Committee in relation to that matter.

Executive Officers

Our Executive Officers are responsible for our day-to-day management and operations. The following table sets forth information regarding our Executive Officers as at the date of this Prospectus.

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Occupation</u>
David Stewart Simpson	46	179/226 Supalai Place Sukhumvit 39 Bangkok 10110 Thailand	Managing Director
John Willoughby Crane III	46	Baan Tepalit, Apt. 5A 93/3 Wireless Road Bangkok 10330 Thailand	Chief Financial Officer
Svein Nodland	49	Krungthep Wing, Apt. 1464 89 Soi Wat Suan Plu New Road Bangrak, Bangkok 10500 Thailand	Director, MDL
Mark Andrew Shepherd	45	53/8 Moo 6, Naklua Banglamung Chonburi 20160 Thailand	Director, MOS
Magne Hovden	52	Jalan Cahn Chin Moor 1 Taman Tasik Titiwangsa Kuala Lumpur 53200 Malaysia	Operations Manager, MDL
Simon Matthew Turner	41	144/21 Moo 2 Sangchalern Orchid Park Tambon Tachientia Ampur Banglamung Chonburi 20105 Thailand	General Manager, MOS

Certain information on the business and work experience of our Executive Officers is set out below:

Please see “Board of Directors” for information on the business and working experience of our Managing Director, David Stewart Simpson.

John Willoughby Crane III has been our Chief Financial Officer since April 2007. He established Aspire Pacific, a Hong Kong-based advisory firm specializing in strategic consultancy, business development and private equity in 2004. Prior to establishing Aspire Pacific Ltd., he was with JP Morgan from 1993 to 2004 in various positions, including as the Head of Investment Banking of JP Morgan Securities (Thailand) Ltd from 2000 to 2003 and as President of JP Morgan Securities (Thailand) Ltd from 2003 to 2004. Prior to that, he held positions in business development for United Technologies based in Singapore and with Unico (Japan) based in Shanghai. A graduate of the Lauder Institute at the University of Pennsylvania, he has an M.B.A. in Finance from the Wharton School and an MA in International Studies from the University of Pennsylvania.

Svein Nodland has been the Director of our subsidiary Mermaid Drilling Ltd. since it was established in 2005. Prior to joining us, he was Director of Frontier Investments A.S. and Tender Rig Asia Ltd. from 2003

to 2005 where he was responsible for establishing and introducing a niche production drilling and well service company. From 2002 to 2003, he was the Senior Vice President of Fred Olsen Energy ASA. Between 1995 and 1998, he was the Managing Director of Dolphin Drilling Ltd. From 1998 to 2002, he was the CEO of Dolphin Drilling Ltd. and Dolphin AS. He obtained a certificate in petroleum engineering - Drilling Superintendent/ Drilling Supervisor level from Stavanger University College in 1981, a certificate in petroleum drilling technology from Stavanger University College between 1978 and 1980 and a business degree from Eigersund Commercial School in 1976.

Mark Andrew Shepherd has been with Mermaid Maritime since 1994 and is currently Operations Director for both MOS and MTTS. He has over 20 years experience in sub-sea engineering gained in Europe, West Africa and Asia. He is a Chartered Engineer and holds a Master's Degree in Engineering in addition to a range of industry specific qualifications.

Magne Hovden has been the Operations Manager of our subsidiary Mermaid Drilling Ltd. since October 2005. He has experience in a broad range of drilling operations, from deep water drilling, tender supported drilling vessel, long reach platform drilling, drilling of high pressure high temperature wells and well intervention operations for various operators worldwide. He also has extensive experience in supervising mechanical completion and commissioning activities related to the start-up of production and drilling systems in several major projects. He attended Real Artium-Bergen Katedralskole (as a private candidate) from 1990 to 1992, and Marketing and Business Development - Business NKS School from 1989 to 1990. He received his Drilling Technology Certificate from Stavanger Maritime School in 1983.

Simon Mathew Turner has been the General Manager of our subsidiary Mermaid Offshore Services Ltd. since June 2003. He was our Operations Manager from September 1993 to June 2003. He has over 23 years of experience in underwater construction, inspection and maintenance activities. He is an HSE approved Part 1 offshore diver and a saturation qualified HSE part 2 diver, with various inspection (CSWIP 3.1u and 3.2u) qualifications. He completed a CSWIP 3.4u qualification in 2000 which is still current and as a holder of this qualification is a member of the Welding Institute in the UK and is authorized to use the style or title of "Engineering Technician".

Compensation

The compensation in bands of S\$250,000, including any benefit in kind and any deferred compensation accrued for the financial year in question and payable at a later date, paid by us and our subsidiaries to each of our Executive Officers for services rendered by them in all their capacities to us and our related corporations in the listing group for the financial years ended September 30, 2005, 2006 and 2007 is as follows:

<u>Executive Officer</u>	Financial year ended September 30,		
	2005	2006	2007 (estimated)
David Stewart Simpson	—	B	B
John Willoughby Crane III	—	—	A
Svein Nodland	—	A	A
Mark Andrew Shepherd.	A	A	A
Magne Hovden	—	A	A
Simon Matthew Turner	A	A	A

Remuneration bands:

"A" refers to remuneration below S\$250,000; and

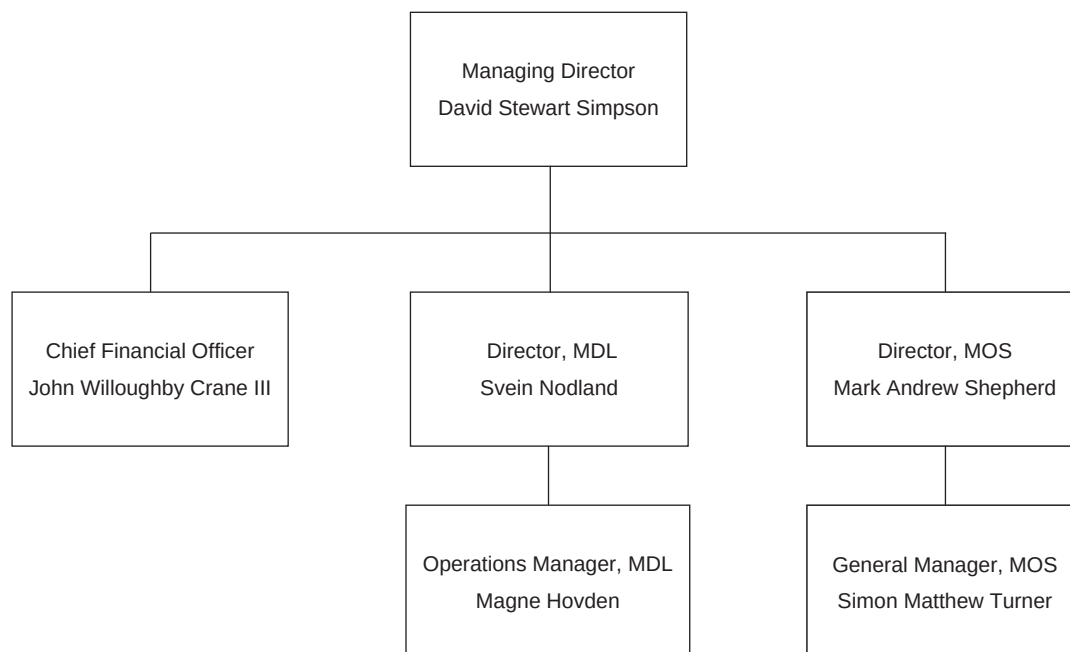
"B" refers to remuneration between S\$250,000 and S\$499,999.

As described in "Business — Employees", we also indirectly employ certain technical and skilled personnel through long-term third party arrangements, as is commonly practised in the industry. Our Executive Officers provide certain services outside of Thailand to us pursuant to such third party arrangements.

Save for obligations provided pursuant to statutorily required retirement benefits, we have not set aside nor accrued any amounts for our Executive Officers to provide for pension, retirement or similar benefits. See Note 2.15 and Note 16 of the "Notes to the IFRS Consolidated Financial Statements" for further details.

Management Reporting Structure

We have a Managing Director who is responsible for our overall management and operations. Each of our Executive Officers who is responsible for our day-to-day management and operations reports directly to our Managing Director. Our reporting structure, as at the Latest Practicable Date, is depicted below:



Arrangement or Understanding

None of our Directors or Executive Officers has any arrangement or understanding with any of our substantial shareholders, clients or suppliers or other persons pursuant, to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

Mermaid Share Option Plan (the “Plan”)

On July 11, 2007, our Shareholders approved the Plan. The Plan is a share option incentive plan and provides for the administration of the issue of the share option component which forms part of the remuneration policy of our Group. The Plan and the issue of Options (as defined below) are subject to SEC approval. By subscribing for our Shares under the Offering, investors are deemed to have approved and ratified the adoption of the Plan, the participation of the participants of the Plan (“Participants”) in the Plan and the award of Shares in such numbers and on such terms to the Participants as may be determined by our Remuneration Committee (the “Committee”) from time to time. Under applicable Thai law, we may issue options under the Plan for a period of one year from the date we receive approval from the SEC. Given this short duration, our intention is to adopt a new share option incentive plan similar to the Plan each year so that grants under such plans may be available to be made to our employees. Each new plan will require the approval of our Shareholders and the SEC before grants can be made under such plan.

The following is a summary of the principal rules of the Plan.

Objectives of the Plan

We recognize that the contributions and continued dedication of our executives and employees are significant to our future growth and development. The Plan is offered by us to advance the best interests of our Group by providing our employees with additional incentives through the grant of options (“Options”) based on the performance of our Group.

The objectives of the Plan are as follows:

- (a) to retain key employees whose contributions are essential to our long-term growth and profitability; and
- (b) to align the interests of Participants with the interests of our Shareholders.

The Plan is a share incentive plan. The implementation of the Plan will enable us to recognize the contributions made by the Participants by introducing a variable component into their remuneration package in the form of share options. The Plan will also provide an opportunity for each Participant to participate in the equity of our Company and will provide a further incentive for the Participants to strive for greater long-term growth and profitability for our Group. We believe the Plan will help us to attract, motivate and retain key executives and will reward them for achievement of pre-determined targets which create and enhance economic value for our Shareholders.

Summary of the Plan

A summary of the rules of the Plan is set out as follows:

Option Participants

Under the rules of the Plan, only our employees (including executive Directors) (the “Participants”) are eligible to participate in the Plan, at the absolute discretion of the Committee. The non-Executive Directors of the Company, and persons who are Controlling Shareholders and their associates, shall not be eligible to participate in the Plan.

Plan administration

The Plan shall be administered by the Committee, which will have powers to determine, among others, the following:

- (i) persons to be granted Options;
- (ii) number of Options to be granted;
- (iii) recommendations for modifications to the Plan; and
- (iv) determination of exercise price of the Options.

No member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to him or held by him.

Size of the Plan

The aggregate number of new Shares granted under the Plan shall be limited to 1.0% of the issued share capital of our Company from time to time. The restriction on the size of the Plan may not be amended without the prior approval of the Shareholders of our Company and provided that the aggregate number of new Shares granted under the Plan on any date, when added to the number of new Shares issued and issuable in respect of all Options granted under the Plan does not exceed one per cent (1.0%) of the issued share capital of our Company on the day preceding that date.

Maximum entitlements

The number of shares comprised in any Options to be offered to a Participant shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as performance of the employee.

Options, exercise period and exercise price

The exercise price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the date granted, at the price equal to the average of the “Market Price”, being the price equal to the average of the closing prices for the Shares on SGX-ST 15 consecutive trading days immediately preceding the date the Option is granted.

Options may be exercised every six months commencing the third anniversary from the date of grant of the Option and will expire on the fifth anniversary from the date of grant of the Option upon which the Options shall expire automatically.

Grant of Options

Under the rules of the Plan, there are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time from time to time at the discretion of the Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

Termination of Options

Special provisions in the rules of the Plan deal with the lapse or earlier exercise of Options in circumstances which include the termination of the employment of the Participant.

Acceptance of Options

An offer may be accepted in whole or in part by the offeree signing and returning the acceptance form for the grant of the options within the closing date specified in the offer together with payment for the consideration (if any), failing which such offer automatically lapses and become null and void and of no effect.

Rights of Shares arising from the exercise of Options

Subject to the prevailing legislation and SGX-ST guidelines, we have the flexibility to deliver Shares upon exercise of the Options to Participants by way of:

- (i) an issue of new Shares; and/or
- (ii) the purchase of existing Shares.

Shares which are allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date ("Record Date") for which falls on or before the relevant exercise date of the Option. "Record Date" means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

Adjustments

If there is a variation in the share capital of our Company, we may adjust the exercise price of options or the number of options that may be granted under the Plan. However, unless the Committee considers an adjustment to be appropriate, we do not intend to regard the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued shares purchased or acquired by our Company by way of a market purchase of such shares undertaken by our Company on the SGX-ST during the period when such share purchase mandate granted by the Shareholders is in force, as a circumstance requiring adjustment.

Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan.

Financial Effects of the Plan

Share capital

The Plans will result in an increase in the Company's issued share capital when the Options are exercised into new Shares and when new Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, among others, the number of Shares comprised in the Options to be granted, the vesting schedules under the Options and the prevailing market price of our Shares on the SGX-ST.

Costs to the Company

Under Thai GAAP, the granting of options under the Plan will not result in our having to recognize any expenses in our income statement.

Present and Past Principal Directorships of our Directors and Executive Officers

The present principal and past directorships held by our Directors and Executive Officers in the last five years preceding the Latest Practicable Date are as follows:

<u>Name</u>	<u>Present Directorships</u>	<u>Past Directorships</u>
M.L. Chandchutha Chandratat	Thoresen Thai Agencies Public Company Limited Thoresen & Company (Bangkok) Limited Thor Commander Shipping Co., Ltd. Thor Master Shipping Co., Ltd. Thor Captain Shipping Co., Ltd. Thor Nereus Shipping Co., Ltd. Thor Transporter Shipping Co., Ltd. Herakles Shipping Co., Ltd. Hermelin Shipping Co., Ltd. Hermes Shipping Co., Ltd. Heron Shipping Co., Ltd. Thor Navigator Shipping Co., Ltd. Thor Champion Shipping Co., Ltd. Thor Jasmine Shipping Co., Ltd. Thor Pilot Shipping Co., Ltd. Thor Nectar Shipping Co., Ltd. Thor Mariner Shipping Co., Ltd. Thor Merchant Shipping Co., Ltd. Thor Sailor Shipping Co., Ltd. Thor Sea Shipping Co., Ltd. Thor Skipper Shipping Co., Ltd. Thor Sky Shipping Co., Ltd. Thor Spirit Shipping Co., Ltd. Thor Star Shipping Co., Ltd. Thor Sun Shipping Co., Ltd. Thor Mercury Shipping Co., Ltd. Thor Orchid Shipping Co., Ltd. Thor Lotus Shipping Co., Ltd. Thor Triumph Shipping Co., Ltd. Thor Guardian Shipping Co., Ltd. Thor Nautica Shipping Co., Ltd. Thor Venture Shipping Co., Ltd. Thor Traveller Shipping Co., Ltd. Thor Trader Shipping Co., Ltd. Thor Confidence Shipping Co., Ltd. Thor Neptune Shipping Co., Ltd. Thor Nexus Shipping Co., Ltd. Thor Tribute Shipping Co., Ltd. Thor Jupiter Shipping Co., Ltd. Thor Alliance Shipping Co., Ltd. Thor Nautilus Shipping Co., Ltd. Thor Wind Shipping Co., Ltd. Thor Wave Shipping Co., Ltd. Thor Dynamic Shipping Co., Ltd. Thor Enterprise Shipping Co., Ltd. Thor Harmony Shipping Co., Ltd. Thor Integrity Shipping Co., Ltd. Thor Transit Shipping Co., Ltd. Thor Endeavour Shipping Co., Ltd. Thor Energy Shipping Co., Ltd. Thoresen Chartering (HK) Limited Thoresen Chartering (Pte) Ltd. Thoresen (Indochina) S.A. Fearnleys (Thailand) Ltd. Gulf Agency Company (Thailand) Ltd. Thai P&I Services International Ltd. T.S.C Maritime Ltd. ISS Thoresen Agencies Ltd. Chidlom Transport & Services Co., Ltd. Chidlom Marine Services & Supplies Ltd. Asia Coating Services Ltd. GAC Thoresen Logistic Ltd. Thor Friendship Shipping Pte. Ltd. Thor Fortune Shipping Pte. Ltd.	—

<u>Name</u>	Present Directorships	Past Directorships
	Thor Horizon Shipping Pte. Ltd. Thoresen Shipping Singapore Pte. Ltd.	
David Stewart Simpson	Mermaid Offshore Services Ltd. Mermaid Drilling Ltd. MTR-1 Ltd. MTR-2 Ltd. Mermaid Training & Technical Services Ltd. Mermaid Drilling (Malaysia) Sdn. Bhd. Mermaid Drilling (Singapore) Pte. Ltd.	Africa Oilfield Services Mermaid Supply Ltd
Surasak Khaoroptham	Atlus Advisory Co., Ltd Somboon Advance Technology PLC Easy Buy PLC Asia Books Co., Ltd	SPACK and Print PLC
Lim How Teck	Tuas Power Ltd Singapore Commodity Exchange (SICOM) IFS Capital Ltd PNG Sustainable Development Program Ltd Sequoia Capital/Master Fund Redwood International Pte Ltd UMS Holdings Ltd Jurong Port Pte Ltd CISCO Security Pte Ltd Lasseters International Holdings Ltd Orangestar Investment Holdings Pte Ltd MacarthurCook Industrial REIT M&C REIT Management Ltd/M&C Business Trust Management Ltd (CDL Hospitality Trusts) Rickmers Maritime	3W Service Co Ltd Active Figure Investment Ltd American Eagle Tankers Inc Ltd (Bermuda Branch) American President Lines Ltd American Automar Inc American Eagle Tankers Inc Ltd (Singapore Branch) APL (Bangladesh) Pte Ltd APL (India) Pte Ltd APL (Bermuda) Pte Ltd APL Co Pte Ltd APL Logistics (China) Ltd APL Logistics Ltd APL Logistics (Taiwan) Ltd APLL-Zhiqin (Beijing) International Freight Forwarding Company Ltd Automar (Bermuda) Ltd Bara Shipping Agencies Co Ltd Bara International Shipping Lines Co Ltd Britannia Steamship Insurance Association Ltd Chao Phraya Port Services Co Ltd FHTK Holdings Ltd First Logistics Development Joint Venture Co Integra2000 Ltd Legend Import & Expost Company Ltd Milky Way Shipping Inc Mitorient Enterprise Pte Ltd Mitorient Holdings Pte Ltd National Healthcare Group Pte Ltd Neptune Associated Shipping Pte Ltd Neptune Beta Lines Ltd Neptune Delta Lines Pte Ltd Neptune Orient Lines Ltd Neptune Realty Management Pte Ltd PowerGrid Ltd Neptune Securities Pte Ltd Neptune Ship Management Services Pte Ltd Neptune Sigma Pte Ltd Pacific King Shipping Holdings Pte Ltd PSA Marine Pte Ltd PT APL Indonesia Ltd SP PowerGrid Ltd Thai International Ship Breakers Co Ltd Titan Co Pte Ltd Tsui Ching Ltd
Ng Chee Keong	PSA International Pte Ltd Frontline Technologies Corporation Limited PSA SICAL Terminals Ltd Centre for Maritime Studies, University of Singapore	CWT Limited Singapore Dalian Port Investment Pte Ltd Dalian Container Terminal Co., Ltd. PSA Marine (Pte) Ltd Sinport Sinergle Portuali S.p.A. Voltri Terminal Europa S.p.A.

<u>Name</u>	<u>Present Directorships</u>	<u>Past Directorships</u>
		PSA International Pte Ltd PSA China Pte Ltd PSA Europe Pte Ltd Vecon S.p.A. Portnet.com Pte Ltd PSA Sines — Terminals de Contentores, S.A. Portnet.com China Pte Ltd Singapore Guangzhou Port Investment Pte Ltd Portnet.com Seattle Pte Ltd Portnet.com Europe Pte Ltd Portnet.com International Pte Ltd CargoD2D Pte Ltd Portnet.com Asia South Pte Ltd Guangzhou Container Terminal Co Ltd. SEMCO Pte. Ltd. PSA N E Asia Pte Ltd CIAS International Pte Ltd Hesse-Noord Natie N.V. PSA Corporation Limited Portnet.com; LLC PSA World Port Pte. Ltd. Vopak Terminals Singapore Pte Ltd SAFRA National Service Association Yemen Investment & Development International Limited PSA Korea Pte. Ltd. PSA Africa Mid-East Pte. Ltd. PSA India Pte Ltd PSA S E Asia Pte Ltd PSA SICAL Terminals Limited Eastern Sea Laem Chabang Terminal Co., Ltd. Antwerp Car Processing Center N.V. Woodpulp Terminal N.V. Car Check Terminal N.V. Antwerp Container Engineering N.V. HNN Balle N.V. Norexa N.V. International Stevedoring Company N.V. HNN Logistics N.V. Incheon Container Terminal Co., Ltd. COSCO-PSA Terminal Private Limited Fujian Straits Pte Ltd STX Pan Ocean Co Ltd Sea Consortium Pte Ltd Antwerp Car Processing Center N.V. Antwerp Container Engineering N.V. Car Check Terminal N.V. CargoD2D Pte Ltd CIAS International Pte Ltd COSCO-PSA Terminal Private Limited
Leslie George Merszei	Corporate Performance Advisors Ltd. XJET Ltd. Jeeves (Hong Kong) Ltd.	—
Pichet Sithi-Amnuai	Bualuang Securities Public Company Limited Play and Music Company Limited Stampede Solution (Thailand) Company Limited Speech and Drama Company Limited	—
John Willoughby Crane III	—	JP Morgan Securities, Thailand
Svein Nodland	MTR-1 Ltd. MTR-2 Ltd. Mermaid Drilling Ltd. Mermaid Drilling (Singapore) Pte. Ltd.	—

<u>Name</u>	Present Directorships	Past Directorships
	Mermaid Drilling (Malaysia) Sdn. Bhd. Tender Rig Asia Ltd	
Mark Andrew Shepherd	Mermaid Offshore Services Ltd. Mermaid Training & Technical Services Ltd. Man In Grey Marketing Co., Ltd	Dolphin HWC D.A. Dolphin Well Service A.S Dolphin Contracting A.S II Aakre og Gundersen A.S. OOC AS. Frontier Investment A.S
Magne Hovden	Drilling Solutions Pty. Ltd. Mermaid Drilling (Malaysia) Sdn. Bhd.	—
Simon Matthew Turner	—	—

PRINCIPAL SHAREHOLDERS

Interests in Shares

Our Company has 383,205,340 Shares outstanding as of the date of this document. The interests of our Shareholders in Shares, both direct and deemed, as of the date of this document and immediately after the Offering are set forth in the tables below:

	Before the Offering				After the Offering ⁽¹⁾ (assuming the Over-allotment Option is not exercised)				After the Offering ⁽¹⁾ (assuming the Over-allotment Option is fully exercised)			
	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Substantial Shareholders												
TTA ⁽²⁾	191,602,670	50.00	107,648,600	28.09	191,602,670	36.62	107,648,600	20.57	191,602,670	35.40	107,648,600	19.89
Thoresen Chartering (HK) Limited ⁽²⁾	107,648,600	28.09	—	—	107,648,600	20.57	—	—	107,648,600	19.89	—	—
Thailand Equity Fund ⁽³⁾	81,576,020	21.29	—	—	81,576,020	15.59	—	—	81,576,020	15.07	—	—
Directors												
M.L. Chandchutha Chandratat ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—
David Stewart Simpson	—	—	—	—	—	—	—	—	—	—	—	—
Surasak Khaoroptham	—	—	—	—	—	—	—	—	—	—	—	—
Lim How Teck	—	—	—	—	—	—	—	—	—	—	—	—
Ng Chee Keong	—	—	—	—	—	—	—	—	—	—	—	—
Leslie George Merszei	—	—	—	—	—	—	—	—	—	—	—	—
Pichet Sithi-Amnuai	—	—	—	—	—	—	—	—	—	—	—	—
Other existing Shareholders ⁽⁵⁾	2,378,050	0.62	—	—	2,378,050	0.45	—	—	2,378,050	0.44	—	—
Public Shareholders	—	—	—	—	130,000,000	26.76	—	—	147,500,000	29.19	—	—
Total	383,205,340	100.00	—	—	523,205,340	100.00	—	—	541,205,340	100.00	—	—

Notes:

- (1) Does not include any Offering Shares that our existing Shareholders, Directors or Executive Officers may subscribe for in the Offering.
- (2) TTA is one of the leading integrated maritime groups in Thailand, owning and operating a total of 45 general cargo vessels and bulk carriers (as of March 31, 2007). It provides a wide range of shipping-related services, including ship agencies, stevedoring, ship brokerage, ship care, and, through Mermaid, various offshore-related services. Listed on the SET in 1995, TTA is the holding company for all TTA Group companies worldwide and is a member of the SET 50 Index, which comprises the fifty largest companies by market capitalization on the SET. As of March 31, 2007, TTA had a market capitalization of US\$548.0 million. TTA is deemed interested in the 107,648,600 Shares held by its subsidiary Thoresen Chartering (HK) Limited in which it holds a 99.9% interest.
- (3) The Thailand Equity Fund is a US\$245 million closed-end fund formed by Lombard Investments, Inc. ("Lombard"), headquartered in San Francisco, in 2001. The shareholders of Lombard are Thomas J. Smith, Jr., Peter H. Sullivan, Matthew J. Taylor, Scott P. Sweet, Joseph and Diana Chulick Revocable Trust and Candover Investments PLC. The fund was formed with the support of the Government of Thailand to make private equity investments in Thai companies that need additional capital for financial restructuring, expansion and acquisitions. The major unitholder of Thailand Equity Fund is Lombard Thailand Intermediate Fund, LLC which holds over 50.0% of the units in the fund. There are no other unitholders who hold 20.0% or more of the units in the fund. The California Public Employees Retirement System holds an interest of over 50.0% in the Lombard Thailand Intermediate Fund, LLC held through their 99% interest in Lombard Thailand Partners, L.P. and is thus deemed to be interested in the Shares held by Thailand Equity Fund. The other significant members of Lombard Thailand Intermediate Fund LLC are the International Finance Corporation and the Asian Development Bank, which hold over 20.0% and 15.0% in the fund, respectively. As the International Finance Corporation holds over 20.0% in the fund, they are deemed to be interested in the Shares held by Thailand Equity Fund.
- (4) M.L. Chandchutha Chandratat is the Managing Director of TTA.
- (5) The remaining Shares of our Company are held by Railway Capital Partners, LLP which holds 1,000,000 Shares, Uluwatu Partners International, LLC, which holds 1,378,000 Shares, Mr. Yodchai Ratanachivakorn, Mr. Mark Shepherd, Adeline Consultants Ltd., Mr. Pongsak Kanchanakpan and Mr. Andrew John Airey who hold 10 Shares each. Mr. Mark Andrew Shepherd is an executive officer of our Company. Mr. Andrew John Airey is a director of TTA.

Save as disclosed above, there is no relationship between our Directors, Executive Officers and Substantial Shareholders. Save as disclosed above, none of our Executive Officers and employees will have 5.0% or more of our issued and paid-up share capital after the Offering.

None of our Directors or Executive Officers intends to subscribe for more than 5.0% of the Offering Shares.

Rights of Shareholders

The Shares held by our Shareholders described above do not have any interests or carry any voting rights different from the Offering Shares.

Significant Changes in Ownership

The significant changes in the ownership of our Company held by the Substantial Shareholders in the three years prior to the Latest Practicable Date up to the date of this document are as follows (all acquisitions):

<u>Name</u>	<u>As of June 3, 2004</u>	<u>As of August 5, 2004</u>	<u>As of April 4, 2005</u>	<u>As of November 8, 2005</u>	<u>As of December 15, 2005</u>	<u>As of September 14, 2006</u>	<u>As of October 5, 2006</u>
TTA ⁽¹⁾	10,197,000 Shares of Baht 10 each	10,197,000 Shares of Baht 10 each	19,160,267 Shares of Baht 10 each	23,035,237 Shares of Baht 10 each	24,195,037 Shares of Baht 10 each	28,361,703 Shares of Baht 10 each	29,925,127 Shares of Baht 10 each
Thailand Equity Fund.	3,399,001 Shares of Baht 10 each	4,078,801 Shares of Baht 10 each	8,157,602 Shares of Baht 10 each	8,157,602 Shares of Baht 10 each	8,157,602 Shares of Baht 10 each	8,157,602 Shares of Baht 10 each	8,157,602 Shares of Baht 10 each

Note:

(1) Reflects shares held by TTA and other members of the TTA Group.

Moratorium

Our Company and certain Shareholders have agreed with the Managers on certain lock-up arrangements as discussed in “Plan of Distribution”.

Change in Control of our Company

To our knowledge, our Company will not be owned or controlled by any corporation, other than as described in “Principal Shareholders”, immediately after the completion of the Offering. Other than as described in “Principal Shareholders”, our Company is not owned or controlled by any government or other natural or legal person.

We are not currently aware of any arrangements the operation of which may, at a subsequent date, result in a change of control of our Company.

DESCRIPTION OF SHARE CAPITAL

Our corporate affairs are governed by our Articles of Association and the PLCA. The following is a summary of material provisions of our Articles of Association insofar as they relate to the material terms of our share capital. The PLCA differs from laws applicable to Singapore companies or U.S. corporations and their shareholders. A comparison of certain aspects of the PLCA applicable to us and the Singapore Companies Act applicable to Singapore companies is set forth elsewhere in this document. The summary below does not purport to be complete and is qualified in its entirety by reference to our Articles of Association and the applicable provisions of the PLCA.

Our Share Capital

As at the date of this document, the total issued and paid-up capital of our Company is Baht 383,205,340, comprising 383,205,340 Shares. Upon the issue of the Offering Shares and the completion of the Offering (assuming the Over-allotment Option is exercised in full), the issued and paid-up share capital of our Company will increase to Baht 530,705,340, comprising 530,705,340 Shares. All issued Shares are in registered form and are recorded in our share register book. No Shares are held by, or on behalf of, us or our subsidiaries.

Any changes in the issued and paid-up share capital of the Company have to be registered with the MOC. Therefore, the Offering Shares can only be issued following the registration of the increase in issued and paid-up share capital of the Company with, and the acceptance of the list of new Shareholders by the MOC.

Under the PLCA, Shareholders are allowed to register each of our Shares under one name only. Under section 53 of the PLCA, a share is indivisible. If two or more persons subscribe for or hold one share or several shares jointly, those persons shall be jointly liable for the payment on shares and any amount in excess of the par value of such shares, and shall appoint only one among themselves to exercise the rights as a subscriber or shareholder, as the case may be.

Transfer of Shares

Under the PLCA, a transfer of shares in scrip form is valid between the transferor and the transferee by an endorsement on the back of the share certificate representing the shares transferred and the delivery of the endorsed certificate to the purchaser. For a transfer to be valid against the issuer company, a request for an entry of the transfer into a share register book must be received by the company. To be valid against a third party, the entry of the transfer must actually be made into the share register book.

See “Taxation — Thai Taxation” for a description of Thai stamp duty on transfers.

Under the PLCA, our Company is not allowed to set up share transfer restrictions, unless the purpose of the restriction is to preserve our Company’s lawful rights and benefits or to maintain the ratio of shareholding between Thai Shareholders and non-Thai Shareholders. See “Appendix B — Our Articles of Association — Article 9” for a description of our share transfer restriction.

Limitations on Rights to Hold or Vote Shares

Thai law and our Articles of Association do not impose any limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights attached to our Shares.

Substantial Shareholdings and Disclosure Notifications

Our Articles of Association require our Directors to give notice in writing to the Company and the SGX-ST of the particulars of the ordinary shares owned by him at the time of his appointment and, for so long as he remains a Director, of any change in such particulars.

Our Articles of Association also require our Shareholders to give notice in writing to the Company and the SGX-ST:

- upon becoming a substantial shareholder of ordinary Shares;
- for so long as he remains a substantial shareholder of ordinary Shares, upon a change in the percentage level of his interest(s) in the Company; and
- upon ceasing to be a substantial shareholder of ordinary Shares.

Each Shareholder will be required to give the Company and the SGX-ST a notice in writing of the particulars of the ordinary shares owned by him, or the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or the particulars of the date and circumstances of the cessation of substantial shareholding of ordinary shares, as the case may be, within two business days after becoming a substantial shareholder of ordinary shares, the date of change in the percentage level of his interests, or the date of cessation, as the case may be.

Pursuant to the SEC Act, as amended, any person who acquires or disposes of our Shares and thereby increases or decreases the number of Shares held by him to a number that aggregately equals or exceeds any multiple of 5.0% of our total issued Shares (regardless of the number of Shares he acquires or disposes of each time) is required to report his holding to the office of the SEC within the next business day following the date of the acquisition or disposition.

Dividends

Annual dividends are recommended by our Board of Directors, and are subject to Shareholders' approval at a general meeting of the Shareholders. As allowed under our Articles of Association, the Board of Directors, by resolution, may decide to pay to the Shareholders such interim dividends as appear to the Directors to be justified based on our profits. Dividends (annual or interim) are distributed equally on each outstanding share. Dividends may be distributed either in cash or, if approved by the Shareholders in a general meeting in case of these being unissued Shares, in the form of shares. See "Dividend Policy".

Pursuant to the PLCA and our Articles of Association, we may not make any distribution of dividends otherwise than out of the profits of the Company. We are also not permitted to pay dividends if the Company's retained earnings are not positive, even if the Company records a positive net profit for the year. In addition, in any year in which the Company has a profit, it is required by the PLCA and by our Articles of Association to set aside as a reserve an amount of not less than 5.0% of the Company's annual net profit (less accumulated loss carried forward) until the total reserve is not less than 10.0% of the registered capital.

Any claim made against us with respect to the payment of dividends will be valid only within 10 years from the relevant payment date.

General Meetings of the Shareholders

Our Board of Directors will convene an annual general meeting of Shareholders within four months from the last day of our fiscal year. Our Board of Directors may call an extraordinary general meeting whenever the Board of Directors deems it appropriate, and shall call such a meeting upon the written request with reasons indicated of the holders of 20.0% or more of our total issued shares, or not less than 25 Shareholders holding, in aggregate, not less than 10.0% of our total issued shares. Under the PLCA, notice of any general meeting must be given to all Shareholders and the Registrar, Department of Business Development, MOC at least seven days in advance. Publication of said notice must be made for three consecutive days in a local newspaper not less than three days prior to the meeting. Pursuant to the views of MOC, an annual general meeting may only be convened in Thailand. As long as our Shares are listed on the SGX-ST, we will also announce notice of any general meeting through a SGXNET announcement to be posted on the Internet at the SGXNET website, <http://www.sgx.com> in accordance with the time frame as stipulated by the Listing Manual.

A quorum for any Shareholders' meeting is constituted by the presence, either in person or by proxy, of not less than the lesser of 25 Shareholders or one half of the total number of Shareholders, in either case holding in aggregate not less than one-third of the total number of issued shares. If a quorum is not present within one hour, a general meeting shall be dissolved in the case where the meeting was requested by shareholders and in every other case shall be adjourned to another date, prior to which notice must be sent to shareholders not less than seven days in advance. A quorum is not required for the adjourned meeting to be properly constituted.

Pursuant to an announcement by the Department of Business Development of the MOC, in relation to the form of proxy, a shareholder may only grant a proxy to one person with regard to all shares held by him to attend and vote in a general meeting. A shareholder cannot grant proxies to more than one person. All votes by a shareholder in relation to each resolution proposed, shall be voted on in the same manner and the shareholder and/or its proxy may not split his vote among the different alternatives.

If the Shares are held through CDP, CDP will be the only holder of record of those Shares and, accordingly, as a matter of Thai law, the only person or entity recognized as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. However, as CDP is not permitted under Thai law to split its vote with regard to the Shares that it holds, neither CDP nor any of its designees will exercise any right to attend, speak or vote at any shareholders' meeting in respect of the Shares deposited with CDP. See "Clearance and Settlement — Voting Instructions".

We intend to put in place arrangements to hold investor forums in Singapore annually where CDP depositors can meet with member of the Board of Directors. We will provide sufficient prior notice to all our Shareholders of such investor forums.

Our Articles of Association provide that at the annual general meetings of Shareholders, Shareholders shall:

- review the report prepared by the Board of Directors that presents the results of operations for the past year;
- consider and grant approval to the balance sheet and the statement of profit and loss;
- consider and grant approval to profit allocation;
- consider and elect new directors in place of those who retire by rotation;
- consider and appoint our auditor; and
- consider other business.

Voting Rights

A Shareholder is entitled to one vote per share. In a Shareholders' meeting, voting must be by a show of hands, unless at least five Shareholders request for a secret vote. Under the PLCA, a resolution can be adopted at a general meeting of shareholders by a simple majority of the total number of votes cast of the Shareholders who attend the meeting, except in the following matters which require at least three-fourths of the total number of voting rights of all of the Shareholders who attend the meeting and have the right to vote:

- the sale or transfer of all or a substantial part of our business to any other person;
- the purchase by us or acceptance of transfer of the businesses of other companies to us;
- the making, amendment or termination of contracts relating to the leasing out of all or a substantial part of our business, the assignment to any other person to manage our business or the consolidation of the business with other persons with an objective towards profit and loss sharing; and
- the increase or reduction of registered capital, issuance of bonds for offer to the public, amalgamation with another company, our dissolution and the amendment of our Memorandum of Association and Articles of Association.

To remove a director before his/her term requires a resolution of a general meeting of shareholders of not less than three-fourths of the number of shareholders who attend the meeting, who have the right to vote, and hold shares in aggregate of not less than half of the total number of shares held by shareholders attending the meeting and entitled to vote.

In addition, to fix the remuneration of directors requires a resolution of a general meeting of shareholders of not less than two-thirds of all votes presented.

Preemptive Rights and Issuance of Shares

The PLCA provides that all or some of any Offering Shares issued may, by a resolution of shareholders adopted at a general meeting, be offered to existing shareholders in proportion to their respective shareholding or offered to the public or other persons. Subject to (i) applicable Thai and Singapore laws, (ii) approval of our shareholders or any direction to the contrary that may be given by the shareholders in the general meeting or except as permitted under the Listing Manual, all new shares of our Company shall, before issue, be offered to such persons whose names appear in the Share Register Book as at the date determined by the general meeting or the Board of Directors in proportion, as far as

circumstances admit, to the amount of the existing shares to which they are entitled, provided always that we may not extend such pre-emptive rights to shareholders in jurisdictions (other than Singapore) where the offer of shares under such rights would require registration under the laws of such jurisdiction or would be cumbersome, as determined by our Board of Directors. Every increase in the registered and paid-up share capital must be registered with the MOC and share certificates will be issued within two months. Our Articles of Association do not provide for preemptive rights.

The increase of the registered capital requires a vote in the shareholders' meeting of not less than three-quarters of the total number of voting rights of the shareholders who attend the meeting and who have the right to vote.

Shares must be paid-up in full by a one-time payment upon issue. The PLCA does not permit the issue of partly-paid shares.

Financial Statements

The PLCA provides that our Board of Directors must prepare a balance sheet and profit and loss statement annually, at the end of each fiscal year. The balance sheet and profit and loss statement must be certified by the auditors and approved by the shareholders at the annual general meeting of shareholders. A copy of the balance sheet and profit and loss statement, together with the notice of the annual general meeting of shareholders, will be sent to all shareholders at their respective addresses as listed in the share register.

Liquidation Rights

The PLCA provides that, in the event of a liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the shareholders in proportion to the number of shares held.

Acquisition by us of our own Shares

Pursuant to the PLCA, we may not own our own Shares, or take them in pledge, provided that:

- we may repurchase our Shares from dissenting Shareholders who vote against a shareholders' resolution at a shareholders' meeting approving an amendment to our Articles of Association in respect of voting rights and the right to receive dividends which such Shareholders view to be unfair to them; or
- we may repurchase our Shares for financial management purposes when we have accumulated profits and excess liquidity, provided that the share repurchase will not cause us financial difficulty.

The amount of the share repurchase shall not exceed our accumulated profits.

Our Articles of Association provides that a repurchase of Shares in an amount of not more than 10.0 per cent of the paid-up capital may be approved by the board of directors. If the amount of Shares repurchased exceeds 10.0 per cent of the paid-up capital the repurchase of Shares must be approved by our Shareholders. The Company shall repurchase the Shares within one year from the date of the resolution passed.

Shares purchased and held by our Company may not be counted towards forming a quorum for meetings of our Shareholders, and do not carry any voting rights or the right to receive any dividend. Under PLCA, we are required to sell these Shares within three years from the completion of the share buy-back. If we fail to dispose of the Shares within this prescribed period, we are required to reduce our paid-up capital by writing off the unsold Shares.

Details of the changes in our issued and paid-up capital in the three years prior to the Latest Practicable Date up to the date of this document are as follows:

Date	Purpose of issue	Issue price per share	Number of shares	Resultant issued share capital
June 7, 2004	Fund raising	Baht 10	6,798,000	203,940,000
April 24, 2005.	Fund raising	Baht 10	17,926,534	383,205,340

On July 11, 2007, we approved the split of every one (1) ordinary share of Baht 10 each into ten (10) ordinary shares of Baht 1 each.

None of our capital has been paid for with assets other than cash for the three years before the date of lodgment of this document with the Authority.

We have applied to the SGX-ST for waivers in respect of certain provisions in Appendix 2.2 of the Listing Manual. With regard to the application, the SGX-ST has informed us that (i) paragraphs 1(e), 3(a), 3(b), 4(d), 8(a), 8(b), 9(l) and 9(m) of Appendix 2.2 of the Listing Manual are not applicable to us; (ii) we are exempted from complying with paragraphs 4(c), 5, 9(h) and 9(k) of Appendix 2.2 of the Listing Manual; and (iii) the SGX-ST has not objected to our request for a waiver to incorporate paragraphs 1(f), 4(a), 7 and 9(b) of Appendix 2.2 of the Listing Manual.

CLEARANCE AND SETTLEMENT

We have obtained a letter of eligibility from the SGX-ST for the listing and quotation of our Shares. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

CDP, a wholly owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the securities accounts maintained by such account holders with CDP.

Shares deposited with CDP will be registered in the name of CDP or its designees and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. CDP and its designees will be regarded as our Shareholders in respect of the Shares registered in their respective names and persons named as direct securities account holders and depository agents in the depository register maintained by CDP will not be treated as our Shareholders in respect of the number of our Shares credited to their respective securities accounts with CDP. See “— Voting Instructions” for more information about how investors who hold Shares through CDP are treated under Thai law. All Shares deposited with CDP, for purposes of determining our foreign shareholding levels, will be regarded as being held by CDP, a non-Thai entity.

Persons holding our Shares in a securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. These share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association.

A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a maximum fee of S\$2 or such other fee as our Directors may determine, will be payable to our share registrar for each share certificate issued, and stamp duty of S\$10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S\$0.20 per S\$100 or part thereof of the last transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favor of CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S\$10 and stamp duty of S\$10 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of our Shares sold and the buyer's securities account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee, as well as the share certificate issue fee payable to our share registrar, are subject to Goods and Services Tax (“GST”) of 7.0%.

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following Market Day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Voting Instructions

Investors who subscribe for Shares in the Offering and those who trade Shares listed on the SGX would hold their Shares through the CDP system. Investors holding Shares through the CDP system may

only exercise the voting rights for the deposited Shares through the CDP system and in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time. Pursuant to Thai law, CDP will be the only holder of record of the Shares held by the investors through CDP and, accordingly, the only person or entity recognized as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. The investors of any Shares held through the CDP system will not be able to attend such shareholders' meeting on their own names. For additional information regarding the voting rights of holders of ordinary shares, see "Description of Share Capital — Voting Rights". We will mail to depositors any notice of shareholders' meeting.

Investors who desire to attend shareholders' meeting and exercise their voting rights under their names with regard to Shares beneficially owned by them will be required to transfer their Shares out of the CDP system and have the share transfer registered in the share register book. A Thai stamp duty of 0.1% on the purchase price or paid-up share capital of the shares, whichever is higher, will be applicable if the share transfer form is executed in Thailand or is executed outside Thailand and brought into Thailand. No such stamp duty will be applicable if the share transfer form is executed outside Thailand and not brought into Thailand.

A transfer of shares out of or into the CDP system will take approximately ten market days. The Company will issue a notice of any shareholders' meeting to Shareholders, and the notice will be dispatched to Shareholders who hold their shares through the CDP system not less than 14 days prior to the date of the shareholders' meeting. Shareholders who wish to exercise their rights to vote at a shareholders' meeting will have to be registered as Shareholders in the share register book of the Company no less than two days prior to the shareholders' meeting. As a result of the time and cost involved in such a transfer, it will be highly impractical for investors who desire to attend a shareholders' meeting to transfer their Shares out of the CDP system. Your attention is drawn to the section headed "Specific Risk Factor — Your Ability to Vote at Shareholders' Meetings Will be Limited".

The general procedures for the transfer of shares out of and into the CDP system are as follows:

Transfer of Shares out of CDP System:

- 1) The Shareholder must submit a withdrawal form to the CDP for conversion from scripless to scrip based system.
- 2) CDP will process the withdrawal and forward the share certificate in the name of CDP together with the transfer deed signed by CDP as transferor and the shareholder as transferee to the Singapore Share Transfer Agent.
- 3) The Singapore Share Transfer Agent will send a notification to the Share Registrar in Thailand to request it to consider registration and provide new share certificate numbers to enable the Singapore Share Transfer Agent to provide share certificates in the name of the transferee and a balance share certificate back to CDP.
- 4) The Singapore Share Transfer Agent, upon receiving the new share certificate numbers, will then proceed to cancel the old share certificate and provide the new share certificates for dispatch to the transferee and CDP.
- 5) The fees applicable are as follows:-
 - a) Withdrawal fee — S\$25.00 (subject to 7.0% GST)
 - b) Registration fee — S\$2.00 (subject to 7.0% GST)
 - c) Singapore stamp duty on transfer deed — S\$10.00 (no GST)
 - d) A 0.1% Thai stamp duty may be applicable as described above

Transfer of Shares into CDP System:

- 1) The Shareholder must submit share certificate together with transfer deed to CDP for conversion from scrip based to scripless system.
- 2) CDP will lodge the share certificate together with the transfer deed to the Singapore Share Transfer Agent for registration.

- 3) The Singapore Share Transfer Agent will send a notification to the Share Registrar in Thailand to request it to consider registration and provide new share certificate numbers to enable the Singapore Share Transfer Agent to provide share certificates in the name of CDP.
- 4) The Singapore Share Transfer Agent upon receiving the new share certificate number, will then proceed to cancel the old share certificate and provide the new share certificate for dispatch to CDP.
- 5) CDP, upon receipt of the share certificate, will proceed to credit the shares into the shareholder's securities account maintained with CDP.
- 6) The fees applicable are as follows:-
 - a) Deposit fee — S\$10.00 (subject to 7.0% GST)
 - b) Singapore stamp duty on transfer deed — S\$10.00 (no GST)
 - c) A 0.1% Thai stamp duty may be applicable as described above

A Shareholder who holds the Shares under his name, however, will not be able to trade the Shares on the SGX-ST, unless such Shareholder first transfers such Shares to CDP. This transfer will attract a stamp duty as aforementioned. We are exploring various options as to how Shareholders who hold their Shares through the CDP system may better participate in shareholders' meetings and exercise voting rights relating to the Shares deposited with the CDP.

However, CDP has indicated that neither CDP nor any of its designees will exercise any right to attend, speak or vote at any shareholders' meeting in respect of Shares deposited with CDP. The operation of a CDP securities account is subject to the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of our Shares. Prospective purchasers of our Shares should consult their own tax advisors concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations as now in effect and available as of the date of this document. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Thai Taxation

This summary contains a description of the principal Thai income tax consequences of the purchase, ownership and disposition of ordinary shares by an individual or corporate investor who is not resident in Thailand for tax purposes (referred to herein as “non-resident individual holders” and “non-resident corporate holders”, respectively, and together as “non-resident holders”). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase ordinary shares. The summary is based upon the tax laws of Thailand in effect on the date of this document.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS CONCERNING THE ACQUISITION, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES, INCLUDING THE CONSEQUENCES UNDER THAI LAW, THE LAWS OF THE JURISDICTION OF WHICH THEY ARE RESIDENT AND ANY TAX TREATY BETWEEN THAILAND AND THEIR COUNTRY OF RESIDENCE FOR TAX PURPOSES.

In general, the registered owner of ordinary shares will be treated as the owner of such ordinary shares for Thai tax purposes. In the case of ordinary shares that are settled through the TSD’s scripless system, the holder whose name appears on the list of owners with respect to the ordinary shares maintained by each TSD-member broker, sub-broker, or custodian may be treated as the owner for Thai tax purposes.

Taxation of Dividends

Dividends in respect of ordinary shares are generally subject to Thai withholding tax at a rate of 10.0%, whether paid to non-resident corporate investors or to non-resident individual investors.

Taxation of Capital Gains

Gains realized by a non-resident corporate holder from the sale or other disposition of ordinary shares outside Thailand where it is made neither from nor within Thailand and neither the purchaser nor the seller reside or do business in Thailand, are not subject to Thai tax. A non-resident corporate holder will be subject to a withholding tax of 15.0% on capital gains paid in or from Thailand resulting from any sale or other disposition of ordinary shares unless such holder is entitled to an exemption under an applicable tax treaty.

Unless exempt under an applicable tax treaty, gain realized by a non-resident individual holder from the sale or other disposition of ordinary shares of a company incorporated in Thailand are subject to Thai tax regardless of (i) whether the payment is made within or from Thailand and (ii) whether the purchaser or the seller resides or does business in Thailand.

In the foregoing cases, where withholding tax applies, the purchaser of such ordinary shares is required under Thai law to withhold the applicable amount of Thai withholding tax from the sales price and make payment thereof to the relevant Thai tax authority.

Personal Income Tax

NON-RESIDENT INDIVIDUAL HOLDERS MAY BE REQUIRED TO FILE A THAI PERSONAL INCOME TAX RETURN. SUCH INDIVIDUALS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS REGARDING THE CIRCUMSTANCES UNDER WHICH THEY MAY BE REQUIRED TO FILE A RETURN.

Non-resident individual holders may be subject to Thai personal income tax at progressive rates ranging from 5.0% to 37.0% on income earned in Thailand, including any cash dividends and other distributions paid by us and any gains on the sale or other dispositions of the ordinary shares realized during any calendar year (Net income not exceeding Baht 100,000 is granted a personal income tax exemption). Tax withheld by us in respect of such dividends and other distributions, and by purchasers in respect of any such gains, may be credited against any Thai personal income tax payable at the year end by such nonresident individual holders, the non-resident individual holders may be entitled to a refund with respect to such taxes withheld.

Tax Treaties

Each non-resident holder should inquire for himself or herself whether he or she is entitled to the benefit of a tax treaty between Thailand and his or her resident country. Where an applicable tax treaty so provides, any otherwise taxable gain on the sale or other disposition of ordinary shares may be exempt from or subject to reduced Thai withholding tax. Thailand currently has tax treaties for the avoidance of double taxation which came into force within the following countries: Armenia, Australia, Austria, Bahrain, Bangladesh, Belgium, Republic of Bulgaria, Canada, China, Republic of Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Japan, Republic of Korea, Kuwait, Laos, Luxembourg, Malaysia, Republic of Mauritius, Nepal, The Netherlands, New Zealand, Norway, Oman, Pakistan, the Philippines, Poland, Romania, Seychelles, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Republic of Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan and Vietnam.

Stamp duty

Generally, stamp duty of Baht 1 per every Baht 1,000 (0.1%) or fraction thereof of the paid-up value of the shares or the selling price of the shares, whichever is the greater is payable within 15 days from the date of execution of a share transfer instrument, or within 30 days from the date the share transfer instrument is brought into Thailand, if executed outside Thailand.

Singapore Taxation

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this document, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares.

Prospective investors should consult their tax advisors regarding Singapore tax and other tax consequences of owning and disposing of our Shares. It is emphasized that neither the Company, the Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, ownership or disposal of our Shares.

Taxation of Dividend Distributions

Dividends payable by the Company on our Shares will be declared in Baht and paid to shareholders in Thai Baht.

As the Company is incorporated in Thailand and the control and management of its business is exercised from outside Singapore, it will not be a tax resident of Singapore. Dividends paid by the Company would be considered as income sourced outside Singapore. To the extent that these foreign sourced dividends are received by an individual in Singapore, they will generally be exempt from Singapore tax.

Any dividends which are received by a tax resident company will be exempt from Singapore income tax if the dividends or the income out of which the dividends are paid are subject to Thai income tax and the headline tax rate in Thailand is at least 15.0%. Dividends received in Singapore by non-resident companies will not be subject to tax in Singapore if the recipient company does not have a local business presence. This is in addition to the operation of a double taxation agreement entered into between

Singapore and the home jurisdiction of that company, which may deny Singapore taxing rights in relation to this income.

The ability of a Singapore taxpayer to receive a foreign tax credit for Thai withholding tax will depend upon the precise circumstances. No such credit will be available where the dividend is itself exempt from tax in Singapore.

Gains on disposal of Shares

Singapore does not impose tax on gains of a capital nature. Any gains derived from the disposal of our Shares should not be subject to Singapore tax, unless such gains are made in the course of trading or as part of a business of dealing in securities. In these circumstances, the profits on disposal may be construed as being ordinary income rather than capital gains.

Stamp duty

There will be no stamp or capital duty payable on the subscription, allotment or holding of our Shares. Singapore stamp duty will not apply to the scripless transfers of our Shares through the CDP system.

GST

The sale of our Shares by a GST-registered investor belonging in Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Input GST incurred by the seller in the making of exempt supplies is not recoverable as an input tax credit.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale should generally be a taxable supply subject to GST at a zero-rate. The GST charged on costs incurred by a GST-registered investor in the making of such taxable supplies is generally recoverable as an input tax credit.

Estate duty

Singapore estate duty is imposed on the value of immovable properties situated in Singapore and on all movable properties, wherever they may be, which passes upon the death of an individual who is domiciled in Singapore, subject to specific exemption limits. Prospective purchasers of the Shares who are individuals should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of our Shares.

United States Federal Income Taxation

The following is a description of the principal United States federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of our ordinary shares. This description addresses only the United States federal income tax considerations of holders that are initial purchasers of our ordinary shares pursuant to the offering and that will hold such ordinary shares as capital assets within the meaning of Section 1221 of the United States Internal Revenue Code of 1986 ("Code"). This description does not address tax considerations applicable to holders that may be subject to special tax rules, including:

- financial institutions, banks, thrifts or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt entities;
- individual retirement and other tax-deferred accounts;
- persons that will hold our shares as part of a "hedging", "constructive sale", "conversion" or other integrated transaction or as a position in a "straddle" for United States federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- persons that have a "functional currency" other than the U.S. dollar;

- holders that own or are deemed to own directly, indirectly, or by attribution 10.0% or more, by voting power or value, of our shares;
- non-U.S. Holders, as hereinafter defined, that are or previously have been engaged in the conduct of a trade or business, or that have or previously had a permanent establishment, in the United States; or
- investors otherwise subject to special United States federal income tax rules.

Moreover, this description does not address the United States federal estate and gift or alternative minimum tax consequences, or any state and local tax consequences within the United States, of the acquisition, ownership and disposition of our ordinary shares. This description is for general information purposes only and does not purport to be a complete analysis or listing of all potential United States federal income tax consequences that may apply as a result of the acquisition, ownership and disposition of our ordinary shares.

This description is based on the Code as amended, and existing, proposed and temporary United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. The United States tax laws and the interpretation thereof are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this description, a “U.S. Holder” is a beneficial owner of our ordinary shares that, for United States federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation or other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- any entity created or organized in or under the laws of any other jurisdiction if treated as a domestic corporation pursuant to United States federal income tax laws;
- an estate the income of which is subject to United States federal income taxation regardless of its source;
- a trust if such trust validly elects to be treated as a United States person for United States federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more United States persons have the authority to control all of the substantial decisions of such trust; or
- a trust in existence on August 20, 1996, and treated as a domestic trust (as defined in applicable Treasury regulations) prior to such date, and that has elected to continue to be treated as a domestic trust.

A “Non-U.S. Holder” is a beneficial owner of our ordinary shares that is not a U.S. Holder.

If a partnership (or any other entity treated as a partnership or other “pass through” entity for United States federal income tax purposes) holds our ordinary shares, the tax treatment of the partnership and a partner (or owner of a “pass-through” entity) in such partnership will generally depend on the status of the partner (or owner) and the activities of the partnership (or “pass-through” entity). Such a partner (or owner) or partnership (or “pass-through” entity) should consult its tax advisor as to its tax consequences of acquiring, holding, or disposing of our ordinary shares.

This description is not intended to be, and should not be construed as, legal or tax advice with respect to any potential investor. You should consult your own tax advisor with respect to the United States federal, state, local and foreign tax consequences of acquiring, owning or disposing of our ordinary Shares.

Internal Revenue Service Circular 230 Disclosure

Pursuant to Internal Revenue Service Circular 230, we hereby inform you that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the United States Internal Revenue Code. This description

was written to support the marketing of the ordinary shares and is limited to the United States federal tax issues described herein. Additional issues may exist that could affect the United States federal tax treatment of an investment in the shares, or the matters that are the subject of the description, and this description does not consider or provide any conclusions with respect to any such additional issues. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Distributions

Subject to the "Passive Foreign Investment Company" rules, discussed below, U.S. Holders will include in gross income as a dividend the United States dollar fair market value of any distributions of cash or property, other than certain pro rata distributions of stock, with respect to our ordinary shares to the extent the distributions are made from our current or accumulated earnings and profits, as determined for United States federal income tax purposes. A U.S. Holder will include such dividend in income at the time of actual or constructive receipt. To the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits, as so determined, the excess will be treated first as a tax-free return of the U.S. Holder's basis in our ordinary shares and thereafter as capital gain. The portion of any distribution treated as a non-taxable return of basis will reduce the U.S. Holder's adjusted basis in our ordinary shares. Any gain with respect to a distribution will be long-term capital gain if our ordinary shares have been held by the U.S. Holder for more than one year. Notwithstanding the foregoing, we do not intend to maintain calculations of earnings and profits, as determined for United States federal income tax purposes. Consequently, any distributions generally will be reported as dividend income for United States information reporting purposes. See "—Backup Withholding Tax and Information Reporting Requirements" below. Dividends paid by us will not be eligible for the dividends received deduction generally allowed to United States corporate shareholders.

For taxable years beginning before January 1, 2011, subject to the "Passive Foreign Investment Company" rules, discussed below, dividends received from a "qualified foreign corporation" by a U.S. Holder that is an individual, an individual partner in a partnership (or an entity treated as such for United States federal tax purposes), a corporation for which a subchapter S election is in effect, estate, common trust fund or certain types of trusts, generally are eligible for a maximum preferential United States federal income tax rate of fifteen (15) per cent, provided that such holder holds our ordinary shares for more than the 60 days during the 121-day period beginning 60 days before the ex-dividend date and subject to certain other holding period requirements and other limitations. It is anticipated that dividends paid by us will likely qualify for the maximum fifteen (15) per cent preferential rate for qualified U.S. Holders.

The United States dollar value of distributions paid by us in Baht, including any Thai withholding taxes, will be calculated by reference to the spot exchange rate in effect on the date of actual or constructive receipt of such distributions, regardless of whether Baht are converted into United States dollars at that time. If Baht are converted into United States dollars on the date of actual or constructive receipt, the tax basis of the U.S. Holder in such Baht will be equal to their United States dollar value on that date and, as a result, the U.S. Holder generally should not be required to recognize any foreign currency exchange gain or loss. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the distribution to date of conversion to U.S. dollars is includible in a U.S. Holder's gross income to the date such distribution is actually converted into United States dollars or otherwise disposed of, and will be treated as United States source ordinary income or loss for foreign tax credit limitation purposes.

For United States foreign tax credit limitation purposes, dividends received by a U.S. Holder with respect to our ordinary shares will constitute foreign source income. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends paid with respect to our ordinary shares generally will constitute "passive income" or, in the case of certain U.S. Holders, "general income". Currency exchange gain or loss will generally be income to a U.S. Holder from sources within the United States for foreign tax credit limitation purposes, as will capital gains on distribution in excess of the Company's current and accumulated earnings and profits and the U.S. Holder's adjusted tax basis, before the distribution, in our ordinary shares. All non-corporate U.S. Holders, and all U.S. Holders that are corporations for United States federal income tax purposes owning less than ten (10) per cent of the voting stock of the Company, will not be entitled to claim a United States foreign tax credit for any taxes paid by the Company or its subsidiaries.

Subject to certain complex limitations, a U.S. Holder generally will be entitled, at its option, to claim either a credit against its United States federal income tax liability or a deduction in computing its United States federal taxable income in respect of any Thai taxes withheld on distributions paid by us with respect to our ordinary shares owned by such U.S. Holder. If a U.S. Holder elects to claim a deduction, rather than a foreign tax credit, for a particular taxable year, such election will apply to all foreign taxes paid by or on behalf of the U.S. Holder in that particular year. The availability of the foreign tax credit and the application of the limitations thereon are fact specific. You are urged to consult your own tax adviser as to the consequences of Thai withholding taxes and the availability of a United States foreign tax credit or deduction.

Distributions of additional ordinary shares to U.S. Holders with respect to their ordinary shares that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax.

Subject to the discussion below under “Backup Withholding Tax and Information Reporting Requirements”, if you are a non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on dividends received by you on your ordinary shares, unless you conduct a trade or business in the United States and such income is effectively connected with that trade or business.

Sale or Exchange of Ordinary Shares

Subject to the discussion below under “Passive Foreign Investment Company Considerations”, if you are a U.S. Holder, you generally will recognize gain or loss on the sale or exchange of your ordinary shares equal to the difference between the amount realized on such sale or exchange and your adjusted tax basis in your ordinary shares. Such gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, the maximum marginal United States federal income tax rate applicable to such gain will be lower than the maximum marginal United States federal income tax rate applicable to ordinary income (other than certain dividends) if your holding period for such ordinary shares exceeds one year. Gain or loss, if any, recognized by you generally will be treated as United States source income or loss for United States foreign tax credit purposes. Consequently, you may not be able to use the foreign tax credit arising from any Thai tax imposed on the disposition of the shares as discussed above under “Thai Taxation — Taxation of Capital Gains” unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The deductibility of capital losses is subject to limitations.

If you are a U.S. Holder, the initial tax basis of your ordinary shares will be the United States dollar value of the Baht-denominated purchase price determined on the date of purchase. If the ordinary shares are treated as traded on an “established securities market”, a cash basis U.S. Holder, or, if it elects, an accrual basis U.S. Holder, will determine the dollar value of the cost of such ordinary shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. If you convert United States dollars to Baht and immediately use that currency to purchase ordinary shares, such conversion generally will not result in taxable gain or loss to you.

With respect to the sale or exchange of ordinary shares, the amount realized generally will be the United States dollar value of the payment received determined on (1) the date of receipt of payment in the case of a cash basis U.S. Holder and (2) the date of disposition in the case of an accrual basis U.S. Holder. If the ordinary shares are treated as traded on an “established securities market”, a cash basis taxpayer, or, if it elects, an accrual basis taxpayer, will determine the United States dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale.

Subject to the discussion below under “Backup Withholding Tax and Information Reporting Requirements”, if you are a Non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on any gain realized on the sale or exchange of such ordinary shares unless:

- such gain is effectively connected with your conduct of a trade or business in the United States; or
- you are an individual and have been present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

Passive Foreign Investment Company Considerations

A non-U.S. corporation will be classified as a “passive foreign investment company”, or a PFIC, for United States federal income tax purposes in any taxable year in which, after applying certain look-through rules, either

- at least 75.0 per cent of its gross income is “passive income”; or
- at least 50.0 per cent of the average value of its gross assets is attributable to assets that produce “passive income” or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Based on certain estimates of our gross income and gross assets and the nature of our business, we believe that we were not a PFIC for our taxable year ending December 31, 2006 and do not expect that we will be a PFIC for the current taxable year. Our status in future years will depend on our assets and activities in those years. We have no reason to believe that our assets or activities will change in a manner that would cause us to be classified as a PFIC, but there can be no assurance that we will not be considered a PFIC for any taxable year. If we were a PFIC, and you are a U.S. Holder, you generally would be subject to imputed interest charges and other disadvantageous tax treatment (including the denial of the taxation of such dividends at the lower rates applicable to long-term capital gains, as discussed above under “Distributions”) with respect to any gain from the sale or exchange of, and certain distributions with respect to, your ordinary shares.

There are a variety of elections that may alleviate certain tax consequences of holding stock in a PFIC. If we were a PFIC, it is expected that the conditions necessary for making certain of such elections will not apply in the case of our ordinary shares. You should consult your own tax advisor regarding the tax consequences that would arise if we were treated as a PFIC.

Backup Withholding Tax and Information Reporting Requirements

United States backup withholding tax and information reporting requirements generally apply to certain payments to certain noncorporate holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, ordinary shares made within the United States or by a United States payor or United States middleman to a holder of ordinary shares (other than an “exempt recipient”, including a corporation, a payee that is not a United States person that provides an appropriate certification, and certain other persons). A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, ordinary shares within the United States or by a United States payor or United States middleman to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is 28.0 per cent for years through 2010. In the case of such payments made within the United States to a foreign simple trust, a foreign grantor trust or a foreign partnership, other than payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that qualifies as a “withholding foreign trust” or a “withholding foreign partnership” within the meaning of such United States Treasury Regulations and payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that are effectively connected with the conduct of a trade or business in the United States, the beneficiaries of the foreign simple trust, the persons treated as the owners of the foreign grantor trust or the partners of the foreign partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from backup withholding tax and information reporting requirements. Moreover, a payor may rely on a certification provided by a payee that is not a United States person only if such payor does not have actual knowledge or a reason to know that any information or certification stated in such certificate is incorrect.

The backup withholding tax is not an additional tax and may be credited against a United States holder’s regular United States federal income tax liability or, if in excess of such liability, refunded by the Internal Revenue Service (“IRS”) if a timely refund claim is filed with the IRS. Copies of any information returns or tax returns for claims for refund filed by non-U.S. Holders with the IRS may be made available by the IRS, under the provisions of a specific treaty or other agreement providing for information exchange, to the taxing authorities of the country in which a non-U.S. Holder resides.

The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation.

PLAN OF DISTRIBUTION

The Offering

Macquarie Securities (Singapore) Pte Limited is acting as Sole Global Coordinator, Bookrunner and Underwriter, and BNP Paribas Capital (Singapore) Ltd and DBS Bank Ltd are acting as Co-Lead Managers and Underwriters, in connection with the Offering. The Offering consists of: (i) the Placement to investors, including institutional and other investors in Singapore; and (ii) the Public Offer in Singapore. The Offering comprises 140,000,000 Offering Shares. The minimum size of the Public Offer is 7,000,000 Offering Shares. Offering Shares may be re-allocated between the Placement and the Public Offer, for example, in the event of excess applications in one and a deficit of applications in the other.

The Placement is conducted pursuant to a placement agreement (the “Placement Agreement”) which is expected to be entered into among the Managers and ourselves on the Price Determination Date upon agreement of the Offering Price. The Public Offer is conducted pursuant to an offer agreement (the “Offer Agreement”) dated October 9, 2007 among each of the Managers and ourselves. Subject to the terms and conditions contained in the Placement Agreement and the Offer Agreement, we have agreed to sell to the Underwriters or persons procured by the Underwriters, and the Underwriters have agreed to subscribe and/or procure the subscription at the Offering Price of, the number of Offering Shares indicated in the following table:

<u>Underwriter</u>	<u>Number of Offering Shares</u>
Macquarie Securities (Singapore) Pte Limited	118,000,000
BNP Paribas Capital (Singapore) Ltd	11,000,000
DBS Bank Ltd	<u>11,000,000</u>
Total	<u><u>140,000,000</u></u>

The Offer Agreement is conditional upon, among other things, the execution and delivery of the Placement Agreement and the Placement Agreement having become unconditional.

In respect of the Offering, the Offering Shares are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S under the U.S. Securities Act and within the United States to “qualified institutional buyers” in reliance on Rule 144A under the U.S. Securities Act. The Offering Shares are being offered concurrently in certain other jurisdictions outside Singapore. The Offering will not be made in Thailand.

Prior to the Offering, there has been no public market for the Offering Shares. The Offering Price will be determined following a bookbuilding process by agreement between the Global Coordinator and us on the Price Determination Date, which is subject to change. Among the factors that will be taken into account in determining the Offering Price are the demand for the Offering Shares and prevailing conditions in the securities market.

If, for any reason, the Offering does not proceed, all application monies of the Public Offer will be refunded (without interest or share of revenue or other benefit arising therefrom) to all applicants, at their own risk (provided that such refunds are made in accordance with the procedures set out in the instruction booklet on “Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore”) and without any right or claim against us or the Managers. Notice of the Offering Price will be published in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* or *Lianhe Zaobao*, not more than two calendar days after the Price Determination Date. We will pay the Managers, as compensation for their services in connection with the offer and sale of the Offering Shares in the Offering, a combined Global Coordinator precipium, management, underwriting and selling commission of up to 3.0% of an amount equal to the total number of Offering Shares under the Offering plus any Shares sold pursuant to the Over-allotment Option multiplied by the Offering Price received by us. The combined Global Coordinator precipium, management, underwriting and selling commission per Offering Share is S\$0.047 (assuming the Maximum Offering Price of S\$1.56 per Offering Share). We have agreed to reimburse the Managers for certain expenses incurred in connection with the Offering. We may also pay the Global Coordinator an additional incentive fee of up to 0.25% of an amount equal to the total number of Offering Shares under the Offering plus any shares sold pursuant to the Over-allotment Option multiplied by the Offering Price received by us.

Subscribers of the Offering Shares may be required to pay a brokerage fee (and if so required, such brokerage fee will be up to 1.0% of the Offering Price), stamp taxes and other similar charges in accordance with the laws and practices of the country of subscription, in addition to the Offering Price, as applicable.

Under the Offering, no pre-emptive rights apply or are attached to the Offering Shares.

We expect that delivery of the Offering Shares will be made against payment therefore on or about the third business day following the Price Determination Date (this settlement cycle being referred to as "T+3"). As trades in the secondary market generally are required to settle in three business days, subscribers who wish to trade our Offering Shares on the date of the pricing or the next two succeeding business days will be required, by virtue of the fact that the Offering Shares initially will settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Subscribers of our Offering Shares who wish to trade Shares on the date of pricing or the next two succeeding business days should consult their own advisor.

The Placement

In the Placement Agreement, the Underwriters will severally agree, subject to the terms and conditions set forth in that agreement, to subscribe for and/or procure the subscription of, the Offering Shares being offered in the Placement. The Placement Agreement may be terminated at any time prior to delivery of the Offering Shares pursuant to the terms of the Placement Agreement upon the occurrence of certain events, including, amongst other things, certain *force majeure* events. The closing of the Placement is conditional upon certain events, including the fulfilment or waiver by the SGX-ST of all conditions contained in the eligibility to list letter from the SGX-ST for the listing and quotation of our issued Shares (including the Offering Shares) on the Main Board of the SGX-ST.

Subject to certain conditions, we have agreed to indemnify the Managers and certain persons against certain liabilities incurred in connection with the Placement.

The Public Offer

In the Offer Agreement, the Underwriters will severally agree, subject to the terms and conditions set forth in that agreement, to subscribe for and/or procure the subscription of the Offering Shares being offered pursuant to the Public Offer. The Offer Agreement will be terminated upon termination of the Placement Agreement. The Public Offer is conditional upon the conditions to the Placement set out in the Placement Agreement being satisfied.

Subject to certain conditions, we have agreed to indemnify the Managers and certain persons against certain liabilities incurred in connection with the Public Offer.

Over-allotment Option

In connection with the Offering, we have granted the Global Coordinator an Over-allotment Option exercisable by it in full or in part on one or more occasions no later than the earliest of (i) the date falling 30 days from commencement of trading of the Shares on the SGX-ST; (ii) the date when the Global Coordinator has bought, on the SGX-ST, an aggregate of 18,000,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing actions; or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to subscribe for up to an additional 18,000,000 Shares (the "Additional Shares") (which is in aggregate not more than 15.0% of the total number of Offering Shares), from us at the Offering Price solely to cover over-allotments, if any.

Price Stabilization

In connection with the Offering, the Stabilizing Manager may over-allot Shares or effect transactions which stabilize or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilizing Manager will undertake stabilizing action. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST; (ii) the date that the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 18,000,000 Shares representing not more than 15.0% of the total

Offering Shares to undertake stabilizing actions; or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

Neither we nor the Stabilizing Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither we nor the Stabilizing Manager makes any representation that the Stabilizing Manager will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilizing Manager will be required to make a public announcement through the SGX-ST on the cessation of the stabilizing action not later than the start of the trading day of the SGX-ST immediately after the day of cessation of stabilization action.

Share Lending Agreement

In connection with settlement and stabilization, the Stabilizing Manager is expected to enter into a share lending agreement (the “Share Lending Agreement”) with Thoresen Chartering (HK) Limited, a subsidiary of TTA, pursuant to which the Stabilizing Manager may borrow up to 18,000,000 Shares allowing the Stabilizing Manager to settle over-allocations, if any, made in connection with the Offering. If the Stabilizing Manager borrows Shares pursuant to the Share Lending Agreement it is required to return equivalent securities to Thoresen Chartering (HK) Limited by no later than five business days following the earlier of (i) the last date for exercising the Over-allotment Option; and (ii) the date on which the Over-allotment Option is exercised.

Restrictions on Disposals and Issues of Shares

We have agreed that, until the date falling six months from the Listing Date, neither we nor any of our subsidiaries will, directly or indirectly, (a) issue, offer, sell, pledge, charge, grant security or create encumbrances over, contract to sell or issue, or grant any option to purchase or otherwise dispose of any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares); (b) enter into any transaction (including a derivative transaction) with a similar economic effect to that of a sale of Shares; (c) deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe for or purchase Shares) in any depository receipt facility; or (d) publicly announce any intention to do any of the above. The foregoing restrictions shall not apply in respect of (i) issues which are made with the prior written consent of the Global Coordinator, on behalf of the Managers (which consent may be refused at its absolute discretion); (ii) offers or sales made in connection with the Over-allotment Option; or (iii) shares and options for Shares issued under the Plan.

TTA and its subsidiary Thoresen Chartering (HK) Limited have each agreed that, until the date falling six months from the Listing Date, neither it nor any of its subsidiaries will, directly or indirectly, (a) issue, offer, sell, pledge, charge, grant security or create encumbrances over, contract to sell or issue, or grant any option to purchase or otherwise dispose of any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares); (b) enter into any transaction (including a derivative transaction) with a similar economic effect to that of a sale of Shares; (c) deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe for or purchase Shares) in any depository receipt facility; or (d) publicly announce any intention to do any of the above. The foregoing restrictions shall not apply in respect of (i) disposals which are made with the prior written consent of the Global Coordinator, on behalf of the Managers (which consent may be refused at its absolute discretion); (ii) the transfer of Shares by Thoresen Chartering (HK) Limited as contemplated under the Share Lending Agreement; or (iii) transfers of Shares between TTA and Thoresen Chartering (HK) Limited.

Thailand Equity Fund has agreed that, until the date falling six months from the Listing Date, neither it nor any of its subsidiaries will, directly or indirectly, (a) issue, offer, sell, pledge, charge, grant security or create encumbrances over, contract to sell or issue, or grant any option to purchase or otherwise dispose of any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares); (b) enter into any transaction (including a derivative transaction) with a similar economic effect to that of a sale of Shares; (c) deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe for or purchase Shares) in any depository receipt facility; or (d) publicly announce any intention to do any of the above. The foregoing restrictions shall not apply in respect of disposals which are made with the prior written consent of the Global Coordinator, on behalf of the Managers (which consent may be refused at its absolute discretion).

Other Relationships

The Managers and their affiliates engage in transactions with, and perform services for us, in the ordinary course of business and may in the future engage in investment banking transactions with us, for which they may in the future receive customary compensation. All services provided by the initial purchaser in connection with the Offering have been provided as an independent contractor and not as a fiduciary to the Company.

Persons Intending to Subscribe in the Offering

We are not aware of any person who intends to subscribe for more than 5.0% of the Offering Shares offered pursuant to the Offering.

Certain of our Directors and Executive Officers have indicated that they intend to subscribe for Shares in the Placement.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offering Shares being offered outside Singapore, or the possession, circulation or distribution of this document or any other material relating to us or the Offering Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Expenses

The expenses payable in connection with the Offering and the application for listing, including the underwriting, selling and management commission (not including the incentive fee), and all other incidental expenses relating to the Offering, are estimated (based on circumstances known to us as at the date of this document, which may change) to amount to approximately S\$10.6 million (assuming the Over-allotment Option is not exercised and the Offering Price is the Maximum Offering Price), the breakdown of which is set out below:

	S\$ (in millions)
Underwriting, selling and management commission	6.6
Professional and accounting fees	2.8
Other Offering-related expenses	0.7
Marketing and advertising expenses	<u>0.6</u>
Total	<u>10.6</u>

Distribution and Selling Restrictions

The distribution of this document or any offering material and the offering, sale or delivery of Offering Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this document or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

Australia

No prospectus, disclosure document, offering material or advertisement in relation to the Offering Shares has been lodged with the Australian Securities and Investments Commission ("ASIC") or the Australian Securities Exchange. Accordingly, a person may not (a) make, offer or invite applications for the issue, sale or purchase of the Offering Shares within, to or from Australia (including an offer or invitation which is received by a person in Australia) or (b) distribute or publish this document or any other prospectus, disclosure document, offering material or advertisement relating to the Offering Shares in Australia, unless (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency) (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not otherwise require disclosure to investors in accordance with Part 6D.2 of the *Corporations Act* 2001 (Cth) of Australia ("Corporations Act"), and (ii) such action complies with all applicable laws and regulations.

An offer does not require disclosure to investors under Part 6D.2 of the Corporations Act if it is to persons who are able to demonstrate that are a “professional investor”, a “sophisticated investor”, or an “experienced investor” as contemplated in sections 708(8), 708(10), or 708(11) of the Corporations Act.

As any offer for the issue of Offering Shares under this document will be made without disclosure in Australia under Part 6D.2 of the Corporations Act, the offer of the Offering Shares for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to that resale.

Accordingly, any person to whom Offering Shares are issued pursuant to this document should not, within 12 months after the issue, offer those Offering Shares for sale to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 or unless a compliant disclosure document is prepared and lodged with ASIC.

Chapter 6D of the Corporations Act 2001 (Cth) is complex, and if in any doubt as to the application or effect of this legislation, you should confer with your professional advisers.

Belgium

This document has not been submitted for approval to the Belgian Banking, Finance and Insurance Commission or any other competent authority in the European Economic Area and, accordingly, the Offering Shares may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 2.1(d) of the Prospectus Directive and Article 3 § 1 of the law of June 16, 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets, save in those circumstances (commonly called “private placement”) set out in Article 3.2 of the Prospectus Directive and Article 3 § 2 of the law of June 16, 2006.

European Economic Area

The distribution of this document and the offering of the Shares in certain jurisdictions may be restricted by law. Neither we nor the Managers represent that this document may be lawfully distributed, or that the Shares may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any distribution or offering.

Unless expressly specified otherwise below, neither we nor the Managers have taken action, nor will any of us take action to render the public offer of the Shares or their possession, or the distribution of offer documents relating to the Shares, admissible in any jurisdiction requiring special measures to be taken for this purpose. Accordingly, the Shares may not be offered or sold, directly or indirectly, and none of this document, any advertisement relating to the Shares or any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes must inform themselves about, and observe, any such restrictions.

Public Offer of the Shares within the European Economic Area

Anyone who purchases the Shares is obliged and agrees never to publicly offer the Shares to persons in one of the member states of the European Economic Area that has implemented EU Directive 2003/71/EC (the “Prospectus Directive”; the term also covers all implementation measures by member states of the European Economic Area), except in circumstances that comply with one of the following offerings of the respective Shares:

- (a) within the period which begins on publication of a base prospectus which was approved in accordance with the Prospectus Directive, and, if necessary, for which cross-border validity pursuant to sections 17 and 18 of the Prospectus Directive has been granted, and which ends twelve months after publication of the base prospectus;
- (b) to legal entities which are authorized or regulated to operate in the financial markets, including: to credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and their management companies, pension funds and their management companies, commodity dealers, as well as entities that are not authorised or regulated whose corporate purpose is solely to invest in Shares;

- (c) to other legal entities which meet two of the following three criteria: an average number of employees during the most recent financial year of more than 250, total assets exceeding €43 million and an annual net revenue of over €50 million; all as stated in the most recent annual financial statements or consolidated accounts, or
- (d) other circumstances prevail whereby the publication of a prospectus is not required pursuant to Article 3 of the Prospectus Directive.

The term “public offer of Shares” in this context means any kind or means of communication to the public containing sufficient information relating to the offering conditions and the Shares offered to put an investor in a position to decide whether to buy or subscribe to these Shares. Anyone buying the Shares should note that the term “public offer of Shares” may vary, depending on the implementation measures in the various member states of the European Economic Area.

In any member states of the European Economic Area which have not yet implemented the Prospectus Directive in national law, the Shares may only be offered or sold directly or indirectly, in accordance with prevailing legislation, to which the dissemination and publication of the prospectus, any advertising or other sales documents, is also subject.

France

The Shares cannot be offered or sold to the public in France. This document and any offering material relating to the offer of Shares may not be distributed to the public in France except (i) to qualified investors (*investisseurs qualifiés*); or (ii) to a restricted group of investors (*cercle restreint d'investisseurs*), all as defined in article L-411-2, D. 411-1, D 411-2 of the French Financial and Monetary Code as amended; or (iii) in the context where the offer is made according to the characteristics referred to in the Article 211-2 of the general regulation of the *Autorité Des Marchés Financiers* (“AMF”).

No solicitation, as defined in Article L341-1 and following of the Financial and Monetary Code, for subscription in Shares will be made to the public in France.

This document has not been submitted to the clearance procedures of the French authorities, including the AMF in France. This document or any other offering material relating to the Shares has not been distributed or caused to be distributed and will not be distributed or caused to be distributed in France other than to those investors to whom offers and sales of the Shares in France may be made.

Germany

The Shares have not been notified to, registered with or approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* — BaFin) for public offer or public distribution under German law.

Accordingly, the Shares may not be distributed/offered to or within Germany by way of a public distribution/offer within the meaning of applicable German laws, public advertisement or in any similar manner. This document and any other document relating to the offer of the Shares, as well as any information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the Shares to the public in Germany or any other means of public marketing.

This document and any other document relating to the offer of the Shares are strictly confidential and may not be distributed to any person or entity other than the recipient hereof to whom this document is personally addressed.

The receipt of this document by any person, as well as information contained therein or supplied herewith or subsequently communicated to any person in connection with any offer for subscription is not to be taken as constituting the giving of investment advice to such person; each such person should make its own independent assessment of the merits or otherwise of acquiring the Shares and should take its own professional advice.

Hong Kong

The Underwriters have represented, warranted and agreed that (a) they have not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Offering Shares other than (i) to “professional investors” as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”) and any rules made thereunder or (ii) to persons whose ordinary business is to buy

or sell shares or debentures, whether as principal or agent, or (iii) in circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong and; (b) they have not issued or had in their possession for the purposes of issue, and will not issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offering Shares, which is directed at, or the contents of which are likely to be accessed or read by the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Ireland

The Underwriters have represented and agreed that have not made and will not make an offer of any Offering Shares to the public in Ireland, except that they may make an offer of Offering Shares to the public in Ireland:

- in the period beginning on the date of publication of a prospectus in relation to those Offering Shares which has been approved by the competent authority in Ireland or if approved by the competent authority of a home EEA member state of the issuer notified to the competent authority in Ireland, in either case in accordance with the Prospectus (Directive 2003/71/EC) Regulations 2005 and ending on the date which is 12 months after the date of such publication;
- at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual turnover of more than €50 million, all as shown in its last annual or consolidated accounts; or
- at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “offer of shares to the public” in relation to any Offering Shares in Ireland means the communication in any form and by any means of sufficient information on the terms of the offer and the Offering Shares to be offered so as to enable an investor to decide whether or not to purchase or subscribe to the Offering Shares, as method of communication may be varied in that EEA member state. References to the Prospectus Directive include any relevant implementing measure in Ireland.

Republic of Italy

The offering of the Offering Shares in Italy has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, the Underwriters have represented and agreed that they have not offered or sold, and will not offer or sell, any Offering Shares in the Republic of Italy in a solicitation to the public, and that sales of the Offering Shares in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

The Underwriters have represented and agreed that they will not offer, sell or deliver any Offering Shares or distribute copies of this document or any other document relating to the Offering Shares in the Republic of Italy except:

- (1) to “Professional Investors”, as defined in Article 31.2 of CONSOB Regulation No. 11522 of 1 July 1998, as amended (“Regulation No. 11522”), pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998, as amended (“Decree No. 58”) and/or to “Qualified Investors” pursuant to Article 100 of Decree No. 58 and to Article 2(e) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003; or
- (2) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any such offer, sale or delivery of the Offering Shares or distribution of copies of this document or any other document relating to the Offering Shares in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations; and
- (b) made in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB, the Italian securities and exchange commission, or the Bank of Italy.

Japan

The Offering Shares have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities Exchange Law”) Article 4, Paragraph 1 because the requirements under Article 2, Paragraph 3, Item 2-i (QII) of the Securities and Exchange Law are satisfied. The Offering Shares which the Underwriters subscribe or purchase will be subscribed or purchased by them as principal and, in connection with the Offering, they will not, directly or indirectly, offer or sell any Offering Shares in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities Exchange Law and other relevant laws and regulations of Japan. Resale of the Offering Shares purchased by offeree is permitted only where that transferee is QII.

The Netherlands

The Underwriters and each other sub-underwriter that does not have the benefit of a license or exemption as investment firm of the relevant type pursuant to the Netherlands Financial Markets Supervision Act 2007 (*Wet op het financieel toezicht 2007*, as amended or re-enacted from time to time) have not offered or sold and shall not offer or sell any Offering Shares in The Netherlands other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

Switzerland

This document does not constitute an issue prospectus pursuant to art. 652a or art. 1156 of the Swiss Code of Obligations. We have not applied nor will we apply for listing of the Offering Shares on the SWX Swiss Exchange or any other exchange in Switzerland, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the relevant listing rules.

The Offering Shares will not and may not be distributed and offered, directly or indirectly, to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe the Offering Shares with a view to distribution. The investors will be individually approached by us or the Underwriters from time to time.

This document is personal to each offeree and does not constitute an offer to any person. This document may only be used by those persons to whom it has been handed out in connection with the Offering described therein and may neither directly nor indirectly be distributed or made available to other persons without our express consent or the express consent of the Underwriters. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland.

Thailand

The Underwriters have represented and agreed that they have not offered or sold, and will not offer or sell, Offering Shares to persons in Thailand other than under circumstances which do not constitute an offer for sale of Shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand or require approval from or filing registration statement and draft prospectus with the office of the SEC.

United Arab Emirates

This document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates ("UAE"). The Offering Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange.

The Offering, the Offering Shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

This document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. The interests in the Offering Shares may not be offered or sold directly or indirectly to the public in the UAE.

This advice is limited to the UAE outside the Dubai International Financial Centre.

United Kingdom

The Underwriters have represented, warranted and agreed that:

- (i) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) received by them in connection with the issue or sale of any Offering Shares in circumstances in which section 21(1) of the FSMA does not apply to us; and
- (ii) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Offering Shares in, from or otherwise involving the United Kingdom.

United States of America

The Offering Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements under the Securities Act. The Underwriters have agreed that they have offered and sold the Offering Shares, and that they will offer and sell the Offering Shares (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date (the "distribution compliance period"), only in accordance with Rule 903 of Regulation S or Rule 144A.

The Underwriters have agreed that, at or prior to the confirmation of the sale of Offering Shares (other than a sale pursuant to Rule 144A), they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Offering Shares from them during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Offering Shares covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the Offering and the closing date, in either case only in accordance with Regulation S or Rule 144A under the U.S. Securities Act. Terms used above have the meanings given to them by Regulation S under the U.S. Securities Act".

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. The Underwriters have represented and warranted that such initial purchaser to whom Offering Shares are sold directly or through their respective U.S. broker-dealer affiliates in accordance with Rule 144A under the Securities Act is a qualified institutional buyer as defined in Rule 144A.

In addition, until 40 days after the later of the commencement of the Offering and the completion of the distribution of the Offering Shares, an offer or sale of Offering Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the

Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements or in accordance with Rule 144A.

The Offering Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this document relating to the Offering. Any representation to the contrary is a criminal offense in the United States.

General

Subscribers of Offering Shares sold by the Managers may be required to pay stamp taxes and or other charges in accordance with the laws and practice of the country of subscription.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offering Shares being offered outside of Singapore, or the possession, circulation or distribution of this document or any other material relating to us or the Offering Shares, in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Offering Shares offered in the Offering will be made through the facilities of CDP (scripless system) approximately five business days after payment.

There may be some uncertainty under Thai law as to the status of investors in the Shares sold by us in the period between payment for such Shares and registration of the increase in paid-in registered capital. It is possible that, during this period, investors will not be Shareholders and instead will be our unsecured creditors. The Managers or their affiliates may make arrangements with particular investors in the Offering Shares to provide certain undertakings with respect to the delivery of the Offering Shares subscribed by them.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Shares offered and sold in reliance on Rule 144A or Regulation S under the Securities Act.

The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Placement Agreement, it will not offer or sell Shares being offered in this Offering (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the closing date (the "Distribution Compliance Period"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Shares (other than a sale pursuant to Rule 144A) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Shares within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Offering Shares are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Placement Agreement provides that the Managers may directly or through their respective United States broker-affiliates arrange for the offer and resale of Offering Shares within the United States only to qualified institutional buyers in reliance on the Rule 144A.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer is made otherwise than pursuant to Rule 144A or another exemption from registration under the Securities Act.

RULE 144A RESTRICTIONS

Each purchaser of Shares in reliance on Rule 144A, by its acceptance of this document and of Shares, will be deemed to have acknowledged, represented to and agreed with the Company, and the Global Coordinator as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- (1) It (a) is a qualified institutional buyer within the meaning of Rule 144A, (b) is aware that the sale of Shares to it is being made in reliance on Rule 144A and (c) is acquiring such Shares for its own account or for the account of a qualified institutional buyer, as the case may be.
- (2) It understands and agrees that such Shares have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (a) (i) to a person who the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) and (b) in accordance with all applicable securities laws of the States of the United States.
- (3) It understands that such Shares (to the extent they are in certificated form), unless otherwise determined by us in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHO THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 THEREUNDER (IF

AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THESE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.

- (4) We, the Managers and others will reply upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Shares in the Offering for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

REGULATION S RESTRICTIONS

Each person who purchases Shares in offshore transactions in reliance on Regulation S under the Securities Act, and each purchaser of such Shares in subsequent resales prior to the end of the Distribution Compliance Period, by its acceptance of this document and of Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the Global Coordinator as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- (1) It acknowledges (or if it is a broker-dealer, its customer has confirmed to it that such customer acknowledges) that such Shares have not been and will not be registered under the Securities Act.
- (2) It certifies that either (a) it is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, and (i) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (ii) it is not an affiliate of our company or a person acting on behalf of such an affiliate, or (b) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, (ii) such customer is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (iii) such customer is not an affiliate of our company or a person acting on behalf of such an affiliate.
- (3) It agrees (or if it is a broker-dealer, its customer has confirmed to it that such customer agrees) that prior to the expiration of the Distribution Compliance Period, it (or such customer) will not offer, sell, pledge or otherwise transfer such Shares except (a) (i) to a person whom it reasonably believes (or it and anyone acting on its behalf reasonably believes) is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws of the States of the United States.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions shall not be recognized by our Company.

Each purchaser of Shares offered in reliance on Regulation S will also be deemed to have represented that it is aware that the SGX-ST is a not “designated offshore securities market” within the meaning of Regulation S.

In addition, each prospective purchaser of Shares, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with our Company, and the Managers as follows:

- (1) It acknowledges that none of our Company, the Managers or any person representing our Company, or the Managers has made any representation to it with respect to our Company, or the Offering or sale of the Shares, other than the information contained or incorporated by reference in this document, which document has been delivered to it and upon which it is relying in making its investment decision with respect to the Shares; and it has had access to such financial and

other information concerning our Company and the Shares as it has deemed necessary in connection with its decision to purchase the Shares.

- (2) It acknowledges that our Company, the Managers and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained under this section of the document entitled "Transfer Restrictions" and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it through its purchase of the Shares are no longer accurate, it shall promptly notify our Company and the Managers and if it is acquiring any Shares as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Baker & McKenzie.Wong & Leow, with respect to matters of U.S. federal securities law. The validity of the Offering Shares and certain legal matters in connection with this Offering will be passed upon for us by Baker & McKenzie Ltd., with respect to matters of Thai law. Certain legal matters as to Singapore law will be passed upon for us by Baker & McKenzie.Wong & Leow.

Certain legal matters in connection with this Offering will be passed upon for the Managers by Clifford Chance Wong Pte Ltd, with respect to matters of U.S. federal securities law and by WongPartnership, with respect to matters of Singapore law.

Each of Baker & McKenzie.Wong & Leow, Baker & McKenzie Ltd., Clifford Chance Wong Pte Ltd and WongPartnership does not make, or purport to make, any statement in this document and is not aware of any statement in this document which purports to be based on a statement made by it, and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this document.

INDEPENDENT AUDITORS

Our consolidated financial statements as of September 30, 2006, 2005 and 2004 and for the years then ended in accordance with IFRS and our consolidated financial statements as of September 30, 2006, 2005 and 2004 and for the years then ended in accordance with Thai GAAP, and included in this document, have been audited by, and the unaudited condensed consolidated interim financial information as of March 31, 2007 and for the six-month period then ended in accordance with International Accounting Standard 34 (“IAS 34”), and the unaudited interim consolidated and company financial statements as of March 31, 2007 and for the three-month and six-month periods ended March 31, 2007 and 2006 in accordance with generally accepted accounting principles, have been reviewed by, PricewaterhouseCoopers ABAS Limited, independent auditors, as stated in their reports appearing in this document.

With respect to the unaudited condensed consolidated interim financial information as at March 31, 2007 and for the six-month period then in accordance with IAS 34 and the unaudited interim consolidated and company financial statements as of March 31, 2007 and for the three-month and six-month periods ended March 31, 2007 and 2006 in accordance with generally accepted accounting principles, PricewaterhouseCoopers ABAS Limited reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate review report on unaudited condensed consolidated interim financial information dated August 24, 2007 and their separate report on the unaudited interim consolidated and company financial statements dated May 4, 2007, appearing herein states that they did not audit and do not express an opinion on those unaudited condensed consolidated interim financial information and unaudited interim consolidated and company financial statements respectively. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

For the purposes of complying with the Securities and Futures Act only, PricewaterhouseCoopers ABAS Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of, and all references to (i) its name; (ii) its independent auditor’s report dated August 24, 2007 on our consolidated financial statements as of September 30, 2006, 2005 and 2004 and for the years then ended in accordance with IFRS; (iii) its auditor’s report dated May 4, 2007 on our consolidated financial statements as of and for the financial years ended September 30, 2006, 2005 and 2004 in accordance with Thai GAAP; (iv) its report dated August 24, 2007 on interim financial information on our condensed consolidated interim financial information as of March 31, 2007 and for the six-month period then ended in accordance with IAS 34; and (v) its auditor’s report dated May 4, 2007 on the review of interim financial statements on our interim consolidated and company financial statements as of March 31, 2007 and for the three-month and six-month periods ended March 31, 2007 and 2006 in accordance with generally accepted accounting principles, in the form and context which they are respectively included in this document. A written consent under the Securities and Futures Act is different from a consent filed with the U.S. Securities Exchange Commission under Section 7 of the Securities Act, which is applicable only to transactions involving securities registered under the Securities Act. As our shares in the offering have not and will not be registered under the Securities Act, PricewaterhouseCoopers ABAS Limited has not filed a consent under Section 7 of the Securities Act.

For the purposes of offers and sales outside the United States in reliance on Regulation S under the Securities Act and within the United States to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act, PricewaterhouseCoopers ABAS Limited has acknowledged the inclusion hereof, and all references to (i) its name; (ii) its independent auditor’s report dated August 24, 2007 on our consolidated financial statements as of September 30, 2006, 2005 and 2004 and for the years then ended in accordance with IFRS; (iii) its auditor’s report dated May 4, 2007 on our consolidated financial statements as of and for the financial years ended September 30, 2006, 2005 and 2004 in accordance with Thai GAAP; (iv) its report dated August 24, 2007 on interim financial information on our condensed consolidated interim financial information as of March 31, 2007 and for the six-month period then ended in accordance with IAS 34; and (v) its auditor’s report dated May 4, 2007 on the review of interim financial statements on our interim consolidated and company financial statements as of March 31, 2007 and for the three-month and six-month periods ended March 31, 2007 and 2006 in accordance with generally accepted accounting principles, in the form and context which they are respectively included in this document.

EXPERTS

RS Platou

RS Platou has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the statements relating to industry information under the section “Industry” and references to their name, in the form and context in which they appear in this Prospectus and to act in such capacity in relation to this Prospectus. RS Platou provided brokerage services to our Group in connection with our purchase of MTR-1 and MTR-2 and may provide similar and other services to us in the future.

GENERAL AND STATUTORY INFORMATION

Information on Directors and Executive Officers

None of our Directors or Executive Officers:

- has had, at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
- has had, at any time, during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity, not being a partnership, of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- has any unsatisfied judgments against him;
- has been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings, including any pending criminal proceedings of which he is aware, for such purpose;
- has been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings, including any pending criminal proceedings of which he is aware of, for such breach;
- has had, at any time during the last 10 years, judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings, including any pending civil proceedings of which he is aware, involving an allegation of fraud, misrepresentation or dishonesty on his part;
- has been convicted, in Singapore or elsewhere, of any offence in connection with the formation or management of any entity or business trust;
- has been disqualified from acting as a director or an equivalent person of any entity, including the trustee of a business trust, or from taking part directly or indirectly in the management of any entity or business trust;
- has been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- to his knowledge, has been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of
 - (a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in each case, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

In 1997, Mr. Lim How Teck, who was then the Group Deputy Chief Executive Officer of NOL, was interviewed by the Singapore Commercial Affairs Department in connection with the Commercial Affairs Department's investigation into the alleged unauthorized trading of shares by certain persons (who were not in any way related to Mr. Lim How Teck) in a company, APL Limited, which was then in acquisition discussions with NOL. Following his interviews, Mr. Lim How Teck has since not been required to provide any further assistance on this matter.

Except as disclosed in "Management and Corporate Governance — Employee Compensation Plan" and except for the Over-allotment Option, as at the Latest Practicable Date, no person (including a Director or Executive Officer) has been, or is entitled to be, given an option to subscribe for any Shares in or debentures of our Company.

Subsidiaries and Associated Companies

Details of our subsidiaries and associated companies are as follows:

Company name	Country of incorporation	Principal place of business	Principal activities	Effective interest/ voting power
Darium Thai Offshore Ltd. ⁽¹⁾	Thailand	Thailand	Ownership and operations of multi-purpose offshore service vessels	51.0%
Mermaid Offshore Services Ltd. . .	Thailand	Thailand	Turn-key diving, ROV and NDT services to offshore industries	100.0%
Mermaid Training and Technical Services Ltd.	Thailand	Thailand	Sub-sea engineering training and examination services	100.0%
Mermaid Drilling Ltd.	Thailand	Thailand	Production and exploration drilling services and support to the offshore oil and gas industries	95.0%
MTR-1 Ltd.	Thailand	Thailand	Drilling services	95.0% (held by Mermaid Drilling Ltd.)
MTR-2 Ltd.	Thailand	Thailand	Drilling services	95.0% (held by Mermaid Drilling Ltd.)
Mermaid Drilling (Malaysia) Sdn. Bhd.	Malaysia	Malaysia	Drilling services	95.0% (held by Mermaid Drilling Ltd.)
Mermaid Drilling (Singapore) Pte. Ltd.	Singapore	Singapore	Drilling services	95.0% (held by Mermaid Drilling Ltd.)

Notes:

- (1) DTOL is a majority-owned subsidiary in which the other shareholder is Dubai-based NICO Middle East Limited, which itself is a wholly owned subsidiary of NICO World Ltd. of Dubai. DTOL is expected to be dissolved in October 2007.
- (2) Mermaid Supply Ltd. used to provide ships chandlery services and was sold in August 2007.

Share Capital

Except as disclosed below and in “Description of Share Capital — Share Capital of Our Company”, there were no changes in the issued and paid-up capital of the Company and its subsidiaries within the three years preceding the Latest Practicable Date up to the date of this document.

<u>Date</u>	<u>Purpose of issue</u>	<u>Issue price per share</u>	<u>Number of ordinary shares</u>	<u>Resultant issued share capital</u>
Mermaid Offshore Services Ltd.				
August 9, 2005	Fund raising	Baht 10	31,600,000	350,000,000
December 9, 2005	Fund raising	Baht 10	20,000,000	550,000,000
Mermaid Drilling Ltd.				
January 24, 2005	Fund raising	Baht 10	3,000,000	30,000,000
May 4, 2005	Fund raising	Baht 10	18,500,000	215,000,000
June 28, 2005	Fund raising	Baht 10	2,500,000	240,000,000
November 30, 2005	Fund raising	Baht 10	17,000,000	410,000,000
MTR-1 Ltd.				
March 15, 2005	Fund raising	Baht 10	100,000	1,000,000
May 10, 2005	Fund raising	Baht 10	21,400,000	215,000,000
June 28, 2005	Fund raising	Baht 10	2,500,000	240,000,000
MTR-2 Ltd.				
March 15, 2005	Fund raising	Baht 10	100,000	1,000,000
July 11, 2005	Fund raising	Baht 10	34,900,000	350,000,000
Mermaid Drilling (Malaysia) Sdn Bhd				
August 5, 2005	Incorporation	Ringgit 2	2	2
October 10, 2005	Fund raising	Ringgit 249,998	249,998	250,000
Mermaid Drilling (Singapore) Pte. Ltd.				
February 27, 2007	Incorporation	US\$1	1	1

Except as disclosed under “Principal Shareholders”, no Shares or debentures were issued or were agreed to be issued by the Company for cash or for a consideration other than cash during the last three years preceding the Latest Practicable Date up to the date of this document.

Material Contracts

The following contracts were entered into outside the ordinary course of business by our Company and/or our subsidiaries within the two years preceding the date of lodgment of the Singapore Prospectus, and are or may be material:

1. Contract with Unithai Shipyard and Engineering Ltd for the building of a supply vessel M.V. “Mermaid Sovereign” on November 24, 2005.
2. Contract with Team III Ltd to extend the time charter of M.V. “Team Siam” on December 20, 2005.
3. Contract with Orchid Star Pte. Ltd for the sale of the supply vessel M.V. “Nico Songkhla” on February 10, 2006.
4. Contract with Crasswell International LLC for the purchase of a ROV “Scorpio 40” on April 27, 2006.
5. Contract with Vaxtalux Sdn. Bhd. for the sale of the vessel M.V. “Nico Sattahip” on April 27, 2006.
6. Contract with Petroleum Technical Services Company for the time charter of M.V. “Binh Minh” on November 15, 2006.
7. Share sale contract with Central River Group Ltd. for the sale of all our shares in Mermaid Maritime (Vietnam) Ltd on November 27, 2006.
8. Share sale contract with Central River Group Ltd. for the sale of all our shares in Mermaid Safety Services Ltd on November 27, 2006.
9. Contract with Team III Ltd for the time charter of M.V. “Team Siam” on February 1, 2007.
10. Contract with Lewek Scarlet Shipping Pte. Ltd. for the sale of the supply vessel M.V. “Nico Bangkok” on February 13, 2007.

11. Contract with Great Cormorant Maritime Ltd. for the charter of the newbuild support vessel M.V. "Mermaid Asiana" on May 24, 2007.
12. Contract with Mr Rachot Loungkowitz for the sale of the entire share capital of Mermaid Supply Ltd on August 15, 2007.

Miscellaneous

No expert is employed on a contingent basis by our Company or any of our subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company or subsidiaries, including an interest in the success of the Offering.

Except as disclosed under "Events subsequent to balance sheet date" of the Consolidated financial statements as of September 30, 2006, 2005 and 2004 and for the years then ended in accordance with IFRS the Directors are not aware of any event which has occurred since September 30, 2007 and up to the Latest Practicable Date, which may have a material effect on the financial information provided in this document.

There have been no public take-over offers by third parties in respect of our Shares or by us in respect of other companies' shares or the units of a business trust which have occurred during the last and current financial year.

No pre-emption rights currently exist in respect of any Shares.

Additional Consents

Each of the Issue Manager and Global Coordinator has given and has not withdrawn its written consent to being named in this document as the Issue Manager and Global Coordinator to the Offering and to act in such capacity in relation to this document.

Each of the Co-Lead Managers has given and has not withdrawn its written consent to being named in this document as the Co-Lead Managers and Underwriters to the Offering and to act in such capacity in relation to this document.

Each of the Share Registrar, Singapore Share Registrar and Transfer Agent, the Managers, legal advisers to our Company as to Thai law, legal advisers to our Company as to Singapore law, legal advisers to our Company as to United States Federal and New York law, legal adviser to the Managers as to Thai law, legal advisers to the Managers as to Singapore law, legal advisers to the Managers as to United States Federal and New York law, the Principal Bankers and the Receiving Bank do not make, or purport to make, any statement in this document or any statement upon which a statement in this document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this document.

Responsibility Statement by Our Directors

This document has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this document misleading and that this document constitutes full and true disclosure of all material facts about the Offering and our Group.

Documents Available For Inspection

Copies of the following documents may be inspected at 1 Temasek Avenue, #27-01 Millenia Tower, Singapore 039192 during normal business hours for a period of six months from the date of registration of the Singapore Prospectus by the Authority:

1. the Memorandum and Articles of Association of our Company;
2. the material contracts referred to above;
3. rules of the Plan;

4. Independent auditor's report on our consolidated financial statements as of September 30, 2006, 2005 and 2004 and for the years then ended in accordance with IFRS;
5. Auditor's report on consolidated financial statements as of and for the financial years September 30, 2006, 2005 and 2004 and for years then in accordance with Thai GAAP;
6. Report on interim financial information on condensed consolidated interim financial information as of March 31, 2007 and for the six-month period then ended in accordance with IAS 34; and
7. Auditor's report on review of interim statements on our interim consolidated and company financial statement as of March 31, 2007 and for the three-month and six-month periods ended March 31, 2007 and 2006 in accordance with Generally Accepted Accounting Principles.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFRS AND THAI GAAP

Our consolidated financial statements included in this document have been prepared and presented in conformity with Thai GAAP and IFRS, respectively. Certain differences exist between Thai GAAP and IFRS which might be material to the financial information herein. The matters described below summarize certain differences between Thai GAAP and IFRS that may be material.

The differences identified below are limited to those certain differences that are appropriate to our financial statements. However, they should not be construed as being exhaustive and no attempt has been made to identify all differences in disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the consolidated financial statements or the notes to such statements. Furthermore, no attempt has been made to identify future differences between Thai GAAP and IFRS as a result of prescribed changes in accounting standards or to identify all future differences that may affect our consolidated financial statements as a result of transactions or events that may occur in the future. In making an investment decision, investors must rely upon their own examination of our Group and the terms of the Offering. Potential investors should consult their own professional advisors for an understanding of the differences between Thai GAAP and IFRS, and how those differences might affect the financial information in this document.

Preparation of the Financial Statements

Under Thai GAAP, our Group is required to prepare both consolidated and Company only financial statements. We follow the requirements of Thai GAAP and have prepared both consolidated and Company only financial statements.

At present, Thai GAAP requires the equity accounting of investments in subsidiaries, associates and jointly controlled entities in the company only financial statements. Dividends received are recorded against the value of investments. However, following the recent changes in Thai GAAP, cost accounting is required for investments in subsidiaries, associates and jointly controlled entities in the company only financial statements from October 1, 2007. Dividends received are recorded directly to profit and loss. Thus net profit between consolidated financial statements and company only financial statements will be different due to different accounting method.

Under IFRS, IAS 27 — Consolidated and Separate Financial Statements requires the parent to prepare the consolidated financial statements. However the standard retains an alternative for accounting for investments in an investor's company only financial statements.

In relation to the presentation of the financial statements — Thai GAAP is similar to IFRS in that it does not prescribe a particular format. However, for the GAAP financial statements there is a specific format prescribed in Ministerial Regulation under Accounting Act B.E. 2543.

Accounting for Income and Deferred Taxes

There is no Thai accounting standard currently effective on accounting for income and deferred taxes. Whilst not specifically addressed in Thai GAAP, provisions for income taxes are typically based on corporate income taxes currently payable in the period. We do not recognize deferred tax assets or liabilities in our Thai GAAP financial statements.

According to IAS 12, deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

PPE

Thai GAAP does not require each component of large items of PPE with a cost significant to the total cost to be separately identified and depreciated. Therefore cost of each PPE acquired is recognized and depreciated as a single item without the consideration of component approach. In addition, under Thai

GAAP, the Group recorded dry-docking as other assets and it is amortized to the statement of income on a straight line basis over the period ending on the next estimated dry-docking date.

Under IFRS, the component approach is required by IAS 16: Property Plant and Equipment, for the recognition and depreciation of PPE. The component approach requires each element of a larger item of PPE with a cost significant to the total cost to be separately identified and depreciated. Once components have been identified and useful lives established, salvage values must be determined and depreciation methods chosen. If some of the separate elements have similar useful lives, they will be grouped for depreciation purposes. In addition to this, it affected the way docking costs are handled. Upon acquisition of vessel and rig, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. When significant specific dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Accounting for Employee Benefits

Thai GAAP does not specifically address accounting for employee benefits, including retirement and post-retirement benefits. The Group's primary obligations in respect of employee benefits are contributions on behalf of employees to provident funds and the payment of statutory severance benefits on retirement and terminating employment involuntarily (i.e. redundancy or dismissal). Severance and termination benefits vary according to the employee's service life and salary. In Thai GAAP financial statements, the Group records its contributions to the provident funds as incurred. Obligations for severance and termination are also recorded when incurred. No asset or liability is recognized on the balance sheet.

Under IFRS, retirement benefits are determined in accordance with IAS 19: Employee Benefits. Under IAS, the provident funds are accounted for as defined contribution plans and contributions to provident funds are charged to the income statements when incurred. Obligations for severance and terminations are accounted for by using the projected unit credit method to determine obligations. The benefit obligation is discounted using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Employee Share Options

There is currently no effective Thai accounting standard for share-based payments.

Under IFRS, IFRS 2, Share-based Payments, is effective for annual periods beginning on or after January 1, 2005. The fair value of shares and options awarded to employees is recognized over the period to which the employees' services relate. The award is presumed to be for past services if it is unconditional without any performance criteria. For equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured at the fair value of the goods or services received. If the entity cannot estimate reliably the fair value of the goods or services received, as will be the case with employee services, it should measure their value and the corresponding increase in equity by reference to the fair value of the equity instruments granted. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Extensive disclosures are also required.

The Effects of Changes in Foreign Exchange Rate

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.

Under IFRS, IAS 21: The Effects of Changes in Foreign Exchange Rate, requires each individual entity included in the reporting entity to determine its functional currency and measure its results and financial position in that currency.

Financial Instruments

Thai GAAP has certain disclosure requirements for financial instruments, but provides only limited guidance on the recognition and measurement of financial instruments. The Group records our financial assets and financial liabilities at cost. However derivative financial instruments are off-balance sheet

items. The Group enters into forward contracts to manage exposure from fluctuations of foreign currency exchange rates. There is no recognition of the financial instruments but disclosure made in the notes to financial statements.

Under IFRS, financial assets and financial liabilities are recognized on the balance sheet at their fair values when and only when the entity becomes a party to the contractual provisions of the financial instruments. Transaction costs are included in the initial measurement. Subsequent to initial recognition, all financial assets and liabilities are stated at fair value except for the borrowing which shall be measured at amortized cost using the effective interest method.

Mobilization Fees

For our drilling business, mobilization activities are linked to underlying contracts. Certain contracts include mobilization fees at the start of the contracts. Mobilization fees normally comprise the following: a) a general upgrade of a rig or equipment, b) specific upgrades or equipment specific to the contract and c) specific operating expenses at the start up of the contract. Thai GAAP does not specifically address accounting for mobilization revenue arrangements. The mobilization fee is recognized when mobilization activities are completed.

Under IFRS, the revenue recognition policy for the mobilization fee shall be applied to reflect substance of revenue. In cases where the mobilization fee covers a general or specific upgrade of a rig or equipment, the fee is recognized as revenue over the contract period. In cases where the fee covers specific operating expenses at the start up of the contract, the fee is recognized in the same period as the expenses.

Disclosures

In general, the disclosure requirements for Thai GAAP are not as extensive as those required by IFRS. Areas where IFRS requires specific additional disclosures include, among others, related party transaction with respect to key management compensation, derivative instruments, income taxes, pensions and segment related disclosures.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFRS AND U.S. GAAP

Our consolidated financial statements included in this document have been prepared and presented in conformity with IFRS and Thai GAAP, respectively. Certain differences exist between IFRS and accounting principles generally accepted in the United States (“U.S. GAAP”) which might be material to the financial information herein. The matters below summarize certain differences between IFRS and U.S. GAAP that may be material.

Our Group is responsible for preparing the summary below. Our Group has not prepared a complete reconciliation of its consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP and has not quantified such differences. Accordingly, this summary should not be taken as an exhaustive list of all the differences between IFRS and U.S. GAAP. In addition, no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the consolidated financial statements or the notes to such statements. Also, no attempt has been made to identify future differences that may arise between IFRS and U.S. GAAP as a result of prescribed changes in accounting standards or for transactions or events that may occur in the future. In making an investment decision, investors must rely upon their own examination of our Group and the terms of the Offering. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how those differences might affect the financial information in this document.

Consolidation

Under IFRS, consolidated financial statements include all subsidiaries, and in determining whether a parent/subsidiary relationship exists, the focus is on the concept of the power to control. Control is the parent’s ability to govern the financial and operating policies of a subsidiary to obtain benefits. Companies acquired (disposed of) are included in (excluded from) consolidation from the date on which control passes. Presently, exercisable potential voting rights are also considered in determining whether to consolidate an entity. IFRS requires consolidation of special purpose entities, or SPEs, where the substance of the relationship indicates that an entity controls the SPE.

Under U.S. GAAP, FASB Interpretation No. 46 (Revised) “Consolidation of Variable Interest Entities” (“FIN 46R”) addresses the consolidation of entities in which a reporting enterprise has an economic interest, but for which a voting interest approach to consolidation is not effective in identifying where control of the entity really lies, or in which the equity investors do not bear the economic risks and rewards of the entity. Overall, the objective of FIN 46R is to improve the consistency and comparability of financial statements of enterprises engaged in similar activities.

An entity is a variable interest entity (“VIE”) if the entity’s equity at risk is not sufficient to finance its activities without additional subordinated financial support from other parties. An entity is also a VIE if, as a group, the holders of the equity investment at risk lack any one of the following characteristics:

- direct or indirect ability to make decisions about the entity’s activities through voting rights;
- obligation to absorb the expected losses of the special purpose entity if they occur; or
- the right to receive the residual returns of the entity if there are any.

FIN 46R requires consolidation of those VIEs for which an entity is the primary beneficiary, such as SPEs.

If an entity is not considered a VIE, SFAS 94 “Consolidation of All Majority-Owned Subsidiaries” requires all majority-owned subsidiaries (i.e. all companies in which a parent has a controlling financial interest through direct or indirect ownership of a majority voting interest) to be consolidated, unless control does not rest with the majority owner.

PPE

Under IFRS, the component approach is required by IAS 16: Property Plant and Equipment, for the recognition and depreciation of PPE. The component approach requires each element of a larger item of PPE with a cost significant to the total cost to be separately identified and depreciated. Once components have been identified and useful lives established, salvage values must be determined and depreciation methods chosen. If some of the separate elements have similar useful lives, they will be grouped for depreciation purposes. Residual values must be reviewed at each balance sheet date.

Under U.S. GAAP, there are no similar requirements of component approach. Annual review of residual values is also not required.

Leases

Under IFRS, leases are classified as finance leases if substantially all the risks and rewards of ownership of the leased assets are transferred.

Under U.S. GAAP, a lease must meet any one of the following criteria to be classified as a finance lease:

- transfer of ownership to lessee by the end of the lease term;
- existence of bargain purchase option;
- lease term is equal to 75.0% or more of estimated economic life of leased property; or
- present value of minimum lease payments is equal to or more than 90.0% of the excess of fair value over any related investment tax credit.

Impairment of Goodwill

Under IFRS, from January 1, 2005, goodwill ceased to be amortized and is tested for impairment annually. For the purpose of impairment testing, goodwill is allocated to each of the acquirer entity's cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated should: (1) represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and (2) not be larger than a segment based on either the entity's primary or the entity's secondary reporting format. The impairment test is performed under a one-step approach. The recoverable amount of a cash-generating unit (or a group of cash generating units), defined as the higher of its fair value less costs to sell and its value in use, is compared to its carrying amount. To the extent that the carrying amount is higher than the recoverable amount, the impairment loss is recognized as the difference. If the impairment loss exceeds the book value of goodwill, complex allocation rules must be followed.

Under U.S. GAAP, goodwill is tested annually for impairment. Goodwill is tested for impairment using a two-step process that begins with an estimation of the fair value of the reporting unit to which the goodwill has been allocated. The first step is a screen for potential impairment, and the second step measures the amount of impairment, if any. In the first step, the fair value of the reporting unit is compared to the book value of the reporting unit including the goodwill. If the book value of the reporting unit is in excess of its fair value, step two is performed. In step two, the fair value of the reporting unit is nominally allocated to all the individual assets and liabilities, based on their individual fair value, comprising the reporting unit with goodwill being allocated the residual fair value. The implied fair value of goodwill is then compared to the historical book value of the goodwill. If the historical book value of the goodwill is in excess of the implied goodwill, an impairment loss is recognized in the income statement for the excess.

Impairment of Long-lived Assets (Other Than Goodwill)

Under IFRS, long-lived assets (other than goodwill) are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If there is such an indication, the asset must be tested for impairment. The impairment loss is the difference between the asset's carrying amount and its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. Value in use is the future cash flows to be derived from the particular asset, discounted to present value using a pre-tax market-determined rate that reflects the current assessment of the time value of money and the risks specific to the asset. Impairments of long-lived assets are charged to the income statement as expense unless the impairment reverses a previous revaluation increase, in which case, it is charged directly against any related revaluation reserve to the extent the reduction does not exceed the amount held in the revaluation reserve in respect of the same item. Any excess will be charged to the profit and loss account. Reversals of impairment losses are required when there has been a change in economic conditions or in the expected use of the asset.

U.S. GAAP requires an impairment loss to be recognized for long-lived assets, including PPE where a triggering event occurs and the carrying amount of the asset exceeds the future undiscounted cash flows expected to result from use and eventual disposal of the asset. If it is determined that the asset is impaired,

the impairment loss recognized is the difference between the carrying amount of the asset and its fair value, being either market value or the sum of the discounted future cash flows. Once such impairments have been recorded, subsequent recoveries are not allowed.

Borrowing Costs

Under IFRS, specific and general borrowing costs can be capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The choice must be applied consistently. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. The amount of borrowing costs eligible for capitalization should be determined in accordance with IAS 23 "Borrowing Costs". To the extent that funds are borrowed specifically for the purpose of obtaining the asset, the amount of borrowing costs eligible for capitalization should be determined as the actual borrowing costs incurred less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining the asset, the amount of borrowing costs eligible for capitalization should be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate should be the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period should not exceed the amount of borrowing costs incurred during that period. Our Group capitalizes borrowing cost as part of the cost of the vessel under construction when actual borrowing cost has been incurred and it is directly attributable to the acquisition, construction, or production of the vessel which necessarily takes a substantial period of time to get ready for its intended use. The amount of borrowing cost capitalized is the actual borrowing costs incurred during the period less any investment income on the temporary investment of the borrowings.

U.S. GAAP requires capitalization of interest costs while an asset is being prepared for its intended use. The amount of interest capitalized is determined by applying an interest rate (the capitalization rate) to the average amount of accumulated expenditures for the asset during the period. The capitalization rates used shall be based on the rates applicable to the borrowings outstanding during the period which may not be specific in nature. Income earned from temporary investment of funds pending their expenditure cannot be offset against the interest capitalized.

Accounting for Deferred Income Taxes

Under IFRS, deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Under U.S. GAAP, deferred tax assets and liabilities are recognized in full for temporary differences by applying enacted statutory rates applicable to future years. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of, the deferred tax asset will not be realized. "More likely than not" is defined as a likelihood of more than 50.0%. In determining whether a valuation allowance is necessary, a company may not generally consider future anticipated income in measuring the valuation allowance if that company has a history of losses. FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") was issued in July 2006 and is effective for annual periods beginning after December 15, 2006. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Defined Benefit Plan

Under IFRS, companies must recognize immediately as an expense past service cost that is vested — that is, the employees would be entitled to the additional benefits (or be subject to the reduction

in benefits) if they were to terminate employment. The non-vested portion of past service costs is amortized over the remaining vesting period. Under U.S. GAAP, all past service costs are recognized over the average remaining service life (or the full eligibility date for arrangements other than pensions) of plan members or, if substantially all plan members are inactive, or fully eligible, over remaining life expectancy of plan members.

Under U.S. GAAP, prior to the relevant required adoption dates of FAS 158 “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R)”, an entity must recognize a minimum pension liability when the difference between a plan’s accumulated benefit obligation and the fair value of the related plan assets exceeds the liability recognized in the financial statements. The offsetting debit to this entry involves recording (a) an intangible asset not to exceed the combined amount of any unamortized prior service cost and unamortized net obligation from transition; and (b) any remaining amount directly to equity (i.e. comprehensive income), net of the associated tax. There is no similar provision found under IFRS.

Employee Share Options

Under IFRS, IFRS 2, Share-based Payments, is effective for annual periods beginning on or after January 1, 2005. The fair value of shares and options awarded to employees is recognized over the period to which the employees’ services relate. The award is presumed to be for past services if it is unconditional without any performance criteria. For equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured at the fair value of the goods or services received. If the entity cannot estimate reliably the fair value of the goods or services received, as will be the case with employee services, it should measure their value and the corresponding increase in equity by reference to the fair value of the equity instruments granted. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Extensive disclosures are also required

Under U.S. GAAP, SFAS No. 123R “Accounting for Stock-Based Compensation”, the fair value of the stock-based compensation is recognized over the requisite service period, which may be explicit, implicit or derived depending on the terms of the awards (service condition, market condition, performance condition or a combination of conditions). The use of the ‘fair-value-based method’ for measuring the value of share-based compensation is required. The fair value is determined at the grant date, assuming that employees fulfill the award’s vesting conditions and are entitled to retain the award. Several detailed application differences exist, such as the definition of grant date, the classification of awards between equity-settled awards and cash-settled awards and the attribution of expense with graded vesting.

Minority Interest

Under IFRS, where an investor acquires less than 100.0% of a subsidiary, the minority (non-controlling) interests are stated on the investor’s balance sheet at the minority’s proportion of the net fair value of acquired assets, liabilities and contingent liabilities assumed. In the balance sheet, minority interest is presented as a component of shareholders’ equity.

Under U.S. GAAP, the minority interests are valued at their historical book value. Fair values are assigned only to the parent company’s share of the net assets acquired. Minority interest is generally not presented as shareholders’ equity.

Step Acquisitions

Under IFRS, when a business combination involves more than one exchange transaction, an acquiree’s identifiable assets, liabilities and contingent liabilities must be notionally restated to their fair values at the date of each exchange transaction to determine the amount of any goodwill associated with each transaction, and remeasured to fair values at the acquisition date. Each exchange transaction prior to the acquisition date (defined as the date of obtaining control of the acquiree by the acquirer) is treated separately for the purpose of determining the cost of the acquisition and the amount of goodwill. Any existing goodwill is not remeasured. The adjustment to any previously held interests of the acquirer in the acquiree’s identifiable assets, liabilities and contingent liabilities is treated as a revaluation reserve recorded in the shareholder’s equity.

Under U.S. GAAP, when a business combination is achieved through multiple steps of exchange transactions, each transaction is treated separately for the purposes of determining the cost of the

acquisition and the amount of the related goodwill. Any previous interest in the acquirer's net assets is not restated, resulting in the accumulation of fair values at different dates.

Dividends

Under IFRS, final dividends are recorded in the financial period in which dividends are authorized by the shareholders. Under U.S. GAAP, dividends are recorded as of the date of declaration by the board of directors.

Provisions and Contingent Liabilities

IAS No. 37, "Provisions, Contingent Liabilities and Contingent Assets", uses the term "probable" to describe a situation in which the outcome is more likely than not to occur. In contrast, FAS 5, "Accounting for Contingencies", uses the term "probable" to describe a situation in which the outcome is likely to occur. Use of the term "probable" is prone to subjective evaluation. While FAS 5 does not set a numeric standard for "probable", practice would generally consider an event that has a 75.0% or greater likelihood of occurrence to be probable. In contrast, the IASB understands the phrase "more likely than not" to denote any statistical chance greater than 50.0%, a significantly lower threshold than "probable". The differences in definition will likely result in earlier recognition of liabilities under IFRS.

In connection with estimating the provisions, when there is equal likelihood of occurrence within a range of estimates, IFRS requires the use of the mid-point range in measuring the provision, while U.S. GAAP mandates that the lower end of the range be employed.

Business Combinations Involving Entities Under Common Control

IFRS does not specifically address transactions among entities under common control. The Company can choose to account for a common control transfer at either carry-over basis or using the purchase method. The Company applied the purchase method to account for the Group restructuring exercise involving entities under common control that occurred in 2004.

Under U.S. GAAP, the accounting and reporting for transfers of net assets or equity interests between entities under common control is addressed by FAS 141. Pursuant to FAS 141, such transfers should be accounted for by the receiving entity at carry-over values of the transferring entity in a manner similar to a pooling of interests. However, to the extent that the entities that are being combined are not 100.0% owned by the combining party, there could be a step-up in the minority interest, depending upon the structure used to effect the combination.

Debt Issue Cost

Debt issue costs are generally incurred in connection with the issuance of debt securities or other short- or long-term borrowings. Under IFRS, debt issue costs are recorded net of debt. Under U.S. GAAP, debt issue costs are generally capitalized as an asset (i.e. deferred charges) and amortized over the term of the debt.

Guarantees

IFRS does not specifically address accounting for non-financial guarantees. Under U.S. GAAP, guarantees falling within the scope of the recognition criteria of FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees of Others", requires a guarantor to recognise, at inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee.

Inventory

Under IFRS, reversal of a write-down (to the lower of cost or net realizable value) is required for a subsequent increase in value of inventory previously written down (limited to the amount of the original write-down). Under U.S. GAAP, such reversal is prohibited as a write-down creates a new cost basis.

Mobilization Fees

For our drilling business, mobilization activities are linked to underlying contracts. Certain contracts include mobilization fees at the start of the contracts. Mobilization fees normally comprise the following:

a) a general upgrade of a rig or equipment, b) specific upgrades or equipment specific to the contract and c) specific operating expenses at the start up of the contract.

Under IFRS, the revenue recognition policy for the mobilization fee is applied to reflect substance of revenue. In cases where the mobilization fee covers a general or specific upgrade of a rig or equipment, the fee is recognized as revenue over the contract period. In cases where the fee covers specific operating expenses at the start up of the contract, the fee is recognized in the same period as the expenses.

Under U.S. GAAP, in cases where a mobilization fee is received, mobilization costs and the mobilization fee are recognized in a manner consistent with the percentage of completion method of contract accounting — that is, the costs and fees generally are deferred and recognized over the term of the contract. Since the mobilization fees are included in a single drilling contract, these fees and costs are combined with the other contract fees and costs for purposes of measuring progress on contracts, using the appropriate method (i.e. cost-to-cost, efforts expended, etc.) described in Statement of Position 81-1 “Accounting for Performance of Construction-Type and Certain Production-Type Contracts”.

Mobilization costs incurred by drilling rig companies without contracts should be expensed when incurred.

Statement of Cash Flows

Under IFRS, interest received, interest paid and dividend received shall be classified in a consistent manner as operating, investing or financing cash flows. The net cash flow from operating activities is determined by adjusting net profit for items for which the cash effects are investing or financing cash flows (e.g. interest expense, interest income).

Under U.S. GAAP, interest received, interest paid and dividends received are classified as operating cash flows. Net income is not adjusted for the provision for income tax, interest expense and interest income to arrive at cash flows from operating activities.

Other Comprehensive Income

Under IFRS, items of gains and losses that are recognized directly in shareholders’ equity instead of profit and loss account (e.g. fair value gains on available-for-sale financial assets) can be presented either in the notes or separately highlighted within the primary statements of changes in shareholders’ equity.

Under U.S. GAAP, a company must present a statement of comprehensive income for all periods in which an income statement is presented. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income is defined as comprehensive income excluding net income. Other comprehensive items of a group include changes in the fair value of marketable securities that are classified as available for sale, changes in the cumulative foreign currency translation adjustment, changes in the effective portion of derivative financial instruments that are designated and qualify as a cash flow hedge and, if applicable, minimum pension liability adjustments. U.S. GAAP requires deferred income taxes all be recognized on components of other comprehensive income. Also, under U.S. GAAP, accumulated other comprehensive income is required to be presented as a separate component of shareholders’ equity.

Segment Reporting

Under IFRS, a two-tier approach to segment reporting is required. An entity determines its primary and secondary segment reporting formats based on the dominant source of the entity’s business risks and returns. The secondary format requires less disclosure. Under U.S. GAAP, segment reporting is required for all publicly listed entities. Non-public companies may choose to disclose. A public enterprise is required to report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker of a company in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis that is used internally for evaluating segment performance and deciding how to allocate resources to segments.

Disclosure of Non-GAAP Measures

Under IFRS, certain captions and line items that would be considered non-GAAP measures under U.S. GAAP can be presented. In its consolidated financial statements, our Group presented line items such as: (i) operating profit before depreciation, amortization, impairment and disposals of PPE; and (ii) operating profit before depreciation, amortization, impairment, and after disposals of PPE. In addition, all items of finance income and expenses are “boxed”. Management believes this presentation is common and in line with companies in the shipping industry.

Under U.S. GAAP, there is no specific guidance relating to the disclosures of non-GAAP measures. Non-GAAP measures not specifically permitted by accounting standards may not be presented in the financial statements or related notes. For reporting on the U.S. Securities Exchange Commission, non-GAAP measures may be presented in the financial information accompanying financial statements if the non-GAAP measure is reconciled to the appropriate GAAP measure and disclosure is added explaining the purpose and reason for its inclusion. The use of boxes in the face of the income statement is prohibited.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mermaid Maritime Limited
(Presently Mermaid Maritime Public Company Limited)

Report on the financial statements

We have audited the accompanying consolidated financial statements of Mermaid Maritime Limited and its subsidiaries (the 'Group') which comprise the consolidated balance sheets as of 30 September 2006, 2005 and 2004 and the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the years then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 30 September 2006, 2005 and 2004 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers ABAS Limited
Bangkok
Anothai Leekitwattana - Partner
24 August 2007

MERMAID MARITIME LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2006, 2005 AND 2004

	<u>Notes</u>	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
ASSETS				
Current Assets				
Cash and cash equivalents	7	185,313,778	133,260,584	191,244,823
Restricted cash at financial institutions	8	—	—	100,230,000
Trade accounts receivable				
— others, net	9	935,533,499	260,038,861	107,209,570
— related parties	27	15,505,297	20,632,854	10,670,572
Amounts due from related parties	27	77,408	1,570,516	3,141,769
Inventories		23,556,222	23,312,395	13,347,348
Supplies and spare parts		80,935,337	32,094,821	—
Other current assets	10	122,724,688	175,785,068	22,666,748
Total Current Assets		<u>1,363,646,229</u>	<u>646,695,099</u>	<u>448,510,830</u>
Non-Current Assets				
Property, plant and equipment, net	11	3,759,900,689	2,966,947,764	524,281,120
Intangible assets, net	12	17,240,282	4,234,135	53,297
Deposits and prepayments for purchase of support vessels		—	885,930,213	—
Deferred tax assets	13	31,241,185	9,967,590	2,547,068
Other non-current assets		5,690,123	1,139,292	4,822,604
Total Non-Current Assets		<u>3,814,072,279</u>	<u>3,868,218,994</u>	<u>531,704,089</u>
Total Assets		<u>5,177,718,508</u>	<u>4,514,914,093</u>	<u>980,214,919</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Bank overdrafts	14	38,495,377	—	—
Short-term loans from financial institutions	14	160,000,000	105,291,990	—
Trade accounts payable				
— others		224,628,346	81,149,405	30,674,346
— related parties	27	35,882,162	64,483,476	18,963,637
Amounts due to related parties	27	801,027	794,220	1,229,791
Advances from customers		—	6,112,339	—
Current portion of long-term loans from financial institutions	14	272,890,333	94,117,737	63,739,107
Current portion of long-term loan from a related party	27	—	—	19,195,723
Current portion of finance lease liabilities	14	6,392,490	7,437,779	1,639,531
Income taxes payable		9,427,827	27,306,709	2,266,237
Accrued expenses		20,960,164	28,841,679	3,975,071
Dividend payable		—	—	9,450,265
Other current liabilities	15	112,032,932	45,715,058	9,329,877
Total Current Liabilities		<u>881,510,658</u>	<u>461,250,392</u>	<u>160,463,585</u>
Non-Current Liabilities				
Long-term loans from financial institutions, net	14	2,207,423,960	2,201,287,375	109,939,773
Long-term loan from a related party, net	27	—	—	19,195,723
Finance lease liabilities, net	14	9,554,181	14,043,154	1,014,585
Retirement benefit obligations	16	5,368,625	5,821,301	4,834,931
Total Non-Current Liabilities		<u>2,222,346,766</u>	<u>2,221,151,830</u>	<u>134,985,012</u>
Total Liabilities		<u>3,103,857,424</u>	<u>2,682,402,222</u>	<u>295,448,597</u>
Shareholders' Equity				
Share capital	17			
Registered share capital		383,205,340	383,205,340	203,940,000
Issued and fully paid-up		383,205,340	383,205,340	203,940,000
Premium on share capital	17	1,226,352,382	1,226,352,382	333,775,682
Translation adjustments for investments in overseas subsidiaries		(152,325,583)	(20,465,418)	(8,995,332)
Retained earnings				
Appropriated — legal reserve	19	5,720,000	5,720,000	5,720,000
Unappropriated		459,856,002	84,853,079	39,178,543
Total Parent's Shareholders' Equity		<u>1,922,808,141</u>	<u>1,679,665,383</u>	<u>573,618,893</u>
Minority interests		151,052,943	152,846,488	111,147,429
Total Shareholders' Equity		<u>2,073,861,084</u>	<u>1,832,511,871</u>	<u>684,766,322</u>
Total Liabilities and Shareholders' Equity		<u>5,177,718,508</u>	<u>4,514,914,093</u>	<u>980,214,919</u>

The notes to the consolidated financial statements on pages I-7 to I-45 form an integral part of these consolidated financial statements.

MERMAID MARITIME LIMITED
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

	Notes	2006 Baht	2005 Baht	2004 Baht
Rendering of services	6, 27	3,093,090,155	1,154,622,418	358,943,446
Sales of goods	6, 27	<u>51,307,654</u>	<u>86,779,844</u>	<u>84,757,669</u>
Total rendering of services and sales of goods		<u>3,144,397,809</u>	<u>1,241,402,262</u>	<u>443,701,115</u>
Cost of services	21, 27	(2,119,033,133)	(861,369,135)	(205,536,614)
Cost of goods sold	21, 27	<u>(35,055,767)</u>	<u>(53,245,148)</u>	<u>(54,661,893)</u>
Total cost of services and cost of goods sold		<u>(2,154,088,900)</u>	<u>(914,614,283)</u>	<u>(260,198,507)</u>
Gross profit from services and sales		990,308,909	326,787,979	183,502,608
Service and administrative expenses	21	(431,685,111)	(282,223,703)	(97,909,684)
Other income	20	<u>64,341,213</u>	<u>89,961,370</u>	<u>6,243,726</u>
Operating profit		622,965,011	134,525,646	91,836,650
Finance income		2,259,936	6,244,035	255,898
Finance cost				
Interest expenses		(189,298,100)	(43,918,345)	(15,503,700)
Net foreign exchange losses on financing activities		<u>(21,982,994)</u>	<u>(2,686,348)</u>	<u>(5,772,327)</u>
Profit before taxes		413,943,853	94,164,988	70,816,521
Income taxes	23	<u>(26,867,273)</u>	<u>(25,427,885)</u>	<u>(5,868,864)</u>
Profit for the year		<u>387,076,580</u>	<u>68,737,103</u>	<u>64,947,657</u>
Attributable to:				
Equity holders of the Company		375,002,923	45,674,536	47,169,077
Minority interest		<u>12,073,657</u>	<u>23,062,567</u>	<u>17,778,580</u>
		<u>387,076,580</u>	<u>68,737,103</u>	<u>64,947,657</u>
Basic earnings per share	24			
Net profit for the year		<u>0.98</u>	<u>0.16</u>	<u>0.33</u>

The notes to the consolidated financial statements on pages I-7 to I-45 form an integral part of these consolidated financial statements.

MERMAID MARITIME LIMITED

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

	Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Translation adjustments for investments in overseas subsidiaries Baht	Appropriated retained earnings- legal reserve Baht	Unappropriated retained earnings Baht	Minority interests Baht	Total Baht
Beginning balance as at 1 October 2003 under Thai GAAP		48,980,000	—	—	5,000,000	1,263,872	129,663,666	184,907,538
Effect of transition to IFRS	5	—	—	(12,496,210)	—	25,189	(12,499,790)	(24,970,811)
Balance as at 1 October 2003 under IFRS		48,980,000	—	(12,496,210)	5,000,000	1,289,061	117,163,876	159,936,727
Legal reserve	19	—	—	—	720,000	(720,000)	—	—
Translation adjustments for investments in overseas subsidiaries		—	—	3,500,878	—	—	4,370,020	7,870,898
Transaction recognised directly in equity		—	—	3,500,878	720,000	(720,000)	4,370,020	7,870,898
Profit for the year		—	—	—	—	47,169,077	17,778,580	64,947,657
Total recognised income and expense for the period		—	—	3,500,878	720,000	46,449,077	22,148,600	72,818,555
Dividend paid	18	—	—	—	—	(8,559,595)	(28,165,047)	(36,724,642)
Issued share capital	17	154,960,000	333,775,682	—	—	—	—	488,735,682
Ending balance as at 30 September 2004		<u>203,940,000</u>	<u>333,775,682</u>	<u>(8,995,332)</u>	<u>5,720,000</u>	<u>39,178,543</u>	<u>111,147,429</u>	<u>684,766,322</u>
Beginning balance as at 1 October 2004		<u>203,940,000</u>	<u>333,775,682</u>	<u>(8,995,332)</u>	<u>5,720,000</u>	<u>39,178,543</u>	<u>111,147,429</u>	<u>684,766,322</u>
Translation adjustments for investments in overseas subsidiaries		—	—	(11,470,086)	—	—	(1,010,922)	(12,481,008)
Transactions recognised directly in equity		—	—	(11,470,086)	—	—	(1,010,922)	(12,481,008)
Profit for the year		—	—	—	—	45,674,536	23,062,567	68,737,103
Total recognised income and expense for the period		—	—	(11,470,086)	—	45,674,536	22,051,645	56,256,095
Payments to minority interests (dissolution of a subsidiary)		—	—	—	—	—	(852,586)	(852,586)
Issued share capital	17	179,265,340	892,576,700	—	—	—	20,500,000	1,092,342,040
Ending balance as at 30 September 2005		<u>383,205,340</u>	<u>1,226,352,382</u>	<u>(20,465,418)</u>	<u>5,720,000</u>	<u>84,853,079</u>	<u>152,846,488</u>	<u>1,832,511,871</u>
Beginning balance as at 1 October 2005		<u>383,205,340</u>	<u>1,226,352,382</u>	<u>(20,465,418)</u>	<u>5,720,000</u>	<u>84,853,079</u>	<u>152,846,488</u>	<u>1,832,511,871</u>
Translation adjustments for investments in overseas subsidiaries		—	—	(131,860,165)	—	—	(13,867,422)	(145,727,587)
Transactions recognised directly in equity		—	—	(131,860,165)	—	—	(13,867,422)	(145,727,587)
Profit for the year		—	—	—	—	375,002,923	12,073,657	387,076,580
Total recognised income and expense for the period		—	—	(131,860,165)	—	375,002,923	(1,793,765)	241,348,993
Issued share capital		—	—	—	—	—	220	220
Ending balance as at 30 September 2006		<u>383,205,340</u>	<u>1,226,352,382</u>	<u>(152,325,583)</u>	<u>5,720,000</u>	<u>459,856,002</u>	<u>151,052,943</u>	<u>2,073,861,084</u>

The notes to the consolidated financial statements on pages I-7 to I-45 form an integral part of these consolidated financial statements.

MERMAID MARITIME LIMITED

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

	Notes	2006 Baht	2005 Baht	2004 Baht
Cash flows from operating activities				
Profit before taxes		413,943,853	94,164,988	70,816,521
Adjustments for:				
— Depreciation	11	421,171,629	154,966,113	59,958,115
— Interest expenses		189,298,100	43,918,345	15,503,700
— Amortisation of intangible assets	12	5,007,464	644,033	18,047
— Gain on disposal of property, plant and equipment		(10,085,232)	(978,915)	(3,027,156)
— Unrealised (gains) losses on exchange rate	14, 27	21,245,899	3,323,912	(5,277,007)
— Provision for impairment of trade accounts receivable	9	10,586,856	5,542,421	—
— Retirement benefit obligations	16	1,669,201	986,370	1,046,160
Changes in working capital (excluding the effects of exchange differences on consolidation):				
— Trade accounts receivable — others		(793,310,778)	(200,587,647)	(61,975,331)
— Trade accounts receivable — related parties		(421,288)	(13,311,916)	13,700,288
— Amounts due from related parties		1,273,035	1,571,253	5,213,183
— Inventories, supplies and spare parts		(54,039,777)	(42,059,868)	(257,004)
— Other current assets		73,757,225	(181,656,097)	(5,275,497)
— Other non-current assets		(4,630,878)	3,683,312	(4,700,877)
— Trade accounts payable — others		141,152,654	37,300,882	17,693,724
— Trade accounts payable — related parties		(23,335,542)	35,051,287	2,176,610
— Amounts due to related parties		5,749,711	(435,571)	(1,730,519)
— Advance from customers		(5,809,172)	6,112,339	—
— Tax payments		(105,115,932)	(8,969,963)	(9,495,985)
— Accrued expenses		(4,811,613)	24,866,609	2,733,977
— Other current liabilities		79,231,945	6,259,286	18,538,371
— Retirement benefit paid	16	(2,121,877)	—	(224,800)
Net cash generated from (used in) operating activities		<u>360,405,483</u>	<u>(29,608,827)</u>	<u>115,434,520</u>
Cash flows from investing activities				
Net decrease (increase) in restricted cash at financial institutions		—	100,230,000	(91,082,000)
Proceeds from loan to a director		—	—	1,829,057
Proceeds from sales of plant and equipment		49,102,635	4,374,103	23,413,692
Purchases of property, plant and equipment		(574,001,192)	(2,519,953,005)	(119,433,968)
Purchases of intangible assets		(18,013,611)	(4,824,871)	(24,838)
Payments of deposits and prepayments for support vessels		—	(885,930,213)	—
Net cash used in investing activities		<u>(542,912,168)</u>	<u>(3,306,103,986)</u>	<u>(185,298,057)</u>
Cash flows from financing activities				
Net proceed (payment) of bank overdrafts		38,495,377	—	(9,265,314)
Proceeds from short-term loans from financial institutions	14	276,435,020	357,574,640	—
Payments on short-term loans from financial institutions	14	(217,575,710)	(252,341,240)	(49,428,308)
Payments on finance lease liabilities		(5,679,419)	(3,161,736)	(1,607,967)
Proceeds from long-term loans from financial institutions	14	467,650,840	2,214,600,000	21,190,000
Payments on long-term loans from financial institutions	14	(106,881,467)	(62,000,000)	(63,049,018)
Proceeds from short-term loans from related parties		—	100,000,000	—
Payments on short-term loans from related parties		—	(100,000,000)	—
Payments on long-term loans from related parties	27	—	(38,391,446)	(20,973,850)
Interest payments		(204,759,514)	(19,929,303)	(16,731,780)
Dividends paid to shareholders		—	—	(105,215,480)
Dividends paid to minority interests		—	(9,450,265)	(19,318,587)
Proceeds from issue of share capital	17	—	179,265,340	154,960,000
Proceeds from issue of share capital from minority interests		220	19,647,414	—
Proceeds from share premiums	17	—	892,576,700	333,775,682
Net cash generated from financing activities		<u>247,685,347</u>	<u>3,278,390,104</u>	<u>224,335,378</u>
Net increase (decrease) in cash and cash equivalents		65,178,662	(57,322,709)	154,471,841
Cash and cash equivalents at the beginning of the year	7	133,260,584	191,244,823	36,032,540
Effects of exchange rate changes		(13,125,468)	(661,530)	740,442
Cash and cash equivalents at the end of the year	7	<u>185,313,778</u>	<u>133,260,584</u>	<u>191,244,823</u>

Non-cash transactions

As at 30 September 2006, 2005 and 2004, the Group had unpaid liabilities under finance lease agreements for the purchase of fixed assets of Baht 15,946,670, Baht 21,893,582 and Baht 2,654,117, respectively.

The notes to the consolidated financial statements on pages I-7 to I-45 form an integral part of these consolidated financial statements.

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

1 General information

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

The Company is a limited company incorporated and domiciled in Thailand. The address of its registered office is as follows:

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

The Company has registered as a Public Company Limited with the Department of Business Development, Ministry of Commerce effective on 15 January 2007. The Company has changed its name to Mermaid Maritime Public Company Limited since then.

As at 30 September 2006, the Group employed 296 persons (2005: 190 persons and 2004: 99 persons).

The Company is a subsidiary of Thoresen Thai Agencies Public Company Limited, which is incorporated in Thailand (2005 and 2004: an associate).

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for the purpose of inclusion in the Company’s international offering circular as part of the Company’s initial public offering of shares to investors. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. These financial statements are Mermaid Maritime Limited’s first consolidated financial statements to be prepared in accordance with IFRS. These consolidated financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at 30 September 2006 as set out below.

For local statutory reporting purposes, the Company prepares and presents its financial statements in accordance with Thai Accounting Standards (“Thai GAAP”). Thai GAAP differs in some areas from IFRS. Reconciliation and descriptions of the effect of the transition from Thai GAAP to IFRS on the Company’s equity and its net income are given in Note 5.

These consolidated financial statements were authorised for issue by the directors on 24 August 2007.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”). These are the Group’s first consolidated financial statements and IFRS 1 has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group are provided in Note 5.

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

The consolidated financial statements have been prepared under the historical cost convention, excepted as disclosed in accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New standard, amendments and interpretations to existing standards, which are relevant to the Group, that are not yet effective but have been early adopted by the Group

		<u>Effective Date</u>
IAS 19	Employee benefits option to recognise actuarial gains and losses in full, outside profit or loss, in a statement of changes in equity	1 January 2006
IAS 39	Financial instruments: Recognition and Measurement (amendments for hedges of forecast intragroup transactions, fair value option and financial guarantee contracts)	1 January 2006
IFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2006
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006
IFRIC 8	Scope of IFRS 2	1 May 2006
IFRIC 9	Reassessment of Embedded Derivatives	1 June 2006
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006

(b) New standard, amendments and interpretations to existing standards, which are relevant to the Group, that are not yet effective and have not been early adopted by the Group

During the year, the IASB and IFRIC have issued standards and interpretations for accounting periods beginning on or after the effective dates detailed as below. In all instances, the effective date is after the beginning of the current reporting period.

		<u>Effective Date</u>
IAS 1	Amendment — Presentation of Financial Statements: Capital Disclosures	1 January 2007
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009
IFRIC 11	IFRS 2 — Group and Treasury Shares Transactions	1 March 2007
IFRIC 14	IAS -19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statements.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) *Transactions and minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statements. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The Group currently operates mainly vessels and rigs in the South-East Asian offshore region. The Group views the risks and rewards from this operating market are not significantly differentiated, and therefore manages its business as one geographical segment.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Baht ("THB") currency, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

- income and expenses for each income statements are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statements as part of the gain or loss on sale.

2.5 Property, plant and equipment

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

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

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

Buildings and building improvement	10 and 20 years
Tools equipment	5 and 10 years
Office equipment	5 years
Motor vehicles	5 years
Second-hand supply and support vessels	5 to 16 years
Second-hand tender rigs	5 to 13 years

The estimated useful lives of supply and support vessels and tender rigs are based on their remaining useful lives at the acquisition date.

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

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

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

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

2.6 Intangible assets

Computer software

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

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subjected to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carry amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carry amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial instruments and derivative financial instruments

(a) *Financial instruments*

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and financial liability or an equity instrument of another enterprise. The Group's financial assets comprise cash and cash equivalents, restricted cash at financial institutions, trade accounts receivable, and amounts due from related parties. The Group's financial liabilities comprise bank overdrafts, loans from financial institutions, trade accounts payable, amounts due to and loans from related parties, and finance lease liabilities. The principal financial risks faced by the Group are interest rate risk, exchange rate risk, and credit risk. The Group substantially borrows at floating interest rates to finance its investments and operations. Exchange rate risk arises from loans denominated in foreign currencies. Credit risk arises when services and sales are made on deferred credit terms. The Group does not make use of any derivative financial instruments, except forward contracts at appropriate times to reduce the uncertainty over future cash flows arising from movements in exchange rates, as management is of the opinion that the costs of hedging will outweigh the possible benefits. During 2004 — 2006, the Group did not enter into any derivative financial instruments.

As at 30 September 2006, 2005 and 2004, financial assets carried on the consolidated balance sheet include cash and cash equivalents, trade accounts receivable and amounts due from related parties. Financial liabilities carried on the consolidated balance sheet include loans from financial institutions, trade accounts payable, other accounts payable, amounts due to related parties, and finance lease liabilities.

The fair values of long-term loans are determined by discounting the future contractual cash flows at the market interest rates on the accounting date.

The carrying amounts of the financial assets and financial liabilities equal approximately their fair values.

(b) *Derivative financial instruments*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statements within other gains/(losses) — net.

2.9 Inventories

Inventories, which mainly represent goods such as supplies, equipment, and consumable products for sales, are stated at the lower of cost or net realisable value. Cost of supplies, equipment, and consumable products are determined by the first-in, first-out method and cost of safety equipment is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

inventory, such as import duties and transportation charges, less all attributable discounts. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Supplies and spare parts

Vessel supplies and spare parts mainly comprise bunker and consumable vessel supplies and spare parts. Bunker is stated at cost, determined on the first-in, first-out basis. Consumable vessel supplies, rig supplies and spare parts are stated at historical cost, determined on weighted average basis.

2.11 Trade accounts receivable

Trade accounts receivable are recognised initially at original invoice amount and subsequently measured at the remaining amount less provision for impairment. A provision for impairment of trade accounts receivable is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade account receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statements within service and administrative expenses. When a trade account receivable is uncollectible, it is written off against the allowance account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited against service and administrative expenses in the consolidated income statements.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks with original maturities of three months or less.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

2.14 Deferred income tax

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee benefits

(a) *Provident fund*

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

The Group's contributions to the provident fund are charged to the consolidated statement of income in the year/period to which they relate.

(b) *Retirement benefits*

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

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

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.16 Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.17 Leases (where the Group is a lessee)

Leases of property, plant or equipment, which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statements over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the consolidated income statements on a straight-line basis over the period of lease.

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

2.18 Revenue recognition

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

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

(a) Sales of goods

The Group operates selling ships chandlery, safety equipment and supply. Sales of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the buyers; typically when goods are delivered to customers.

(b) Rendering of services

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

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

(c) Interest income

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

(d) Dividend income

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

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

2.19 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including exchange rate risk, and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on minimizing potential adverse effects on the Group's financial performance. The Group would consider to use derivative financial instruments at appropriate times to hedge certain risk exposures. During 2004 — 2006, the Group did not enter into any derivative financial instruments.

(a) *Market risk*

(i) *Exchange rate risk*

The Group operates internationally and is exposed to foreign exchange risk. Substantially revenues are paid in United States Dollar ("USD"), however some of the costs are in other currencies such as Thai Baht, Malaysian Ringgit, and Indonesian Rupiah. As a result, the Group is exposed to exchange rate risks.

The management does not have any specific hedging policy to manage its foreign exchange risk against its functional currency. The Group attempts to match the currency of its operating costs with the currency of its revenues. The Group would consider entering into forward contracts for foreign currencies at appropriate times but these contracts typically would not extend for a period beyond twelve months. The Group does not speculate on currency movements. However, any fluctuations in the value of other applicable currencies could affect its operating revenues and expenses.

(ii) *Cash flow and fair value interest rate risk*

The Group does not have significant interest-bearing assets. However, its income and operating cash flows are substantially dependent on changes in market interest rates or the Group substantially borrows at floating interest rate to finance investments and operations. The Group is exposed to market risk due to changes in interest rates which would impact its floating rate borrowings.

In addition to long-term debt, the Group has variable interest rate short-term debt and bank overdraft facilities. The short-term debt is predominantly held with commercial banks and the interest rates are generally based on the minimum loan rate ("MLR") plus/minus a varying margin. The bank overdraft facilities are held with commercial banks and subject to interest rates at the minimum overdraft rate ("MOR").

The Group does not currently use any derivative instruments to manage interest rate risk.

(b) *Credit risk*

Due to the nature of the Group's operations, revenues and related receivables are typically concentrated on a relatively small customer base of international oil and gas companies. The Group continually evaluates the credit risk associated with customers and, when considered necessary, requires certain guarantees, either in the form of parent company guarantees, bank guarantees or cash collateral. The Group's short term investments are limited to reputable money market funds and cash deposits in the Group's relationship banks. As such, the Group considers its exposure to credit risk to be low.

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Group maintains flexibility in funding by maintaining availability under committed credit lines.

3.2 Capital risk management

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

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. At this stage the Group has no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Transition IFRS

5.1 Basis of transition of IFRS 1

(a) *Application of IFRS 1*

The Group's consolidated financial statements for the year ended 30 September 2006 are the first annual financial statements that comply with International Financial Reporting Standards ("IFRS"). These annual financial statements have been prepared as described in Note 2. The Group's transition date to IFRS is 1 October 2003, and the Group prepared its opening IFRS balance sheet at that date.

In preparing these consolidated financial statements in accordance with IFRS 1, the Group has considered applying the mandatory exceptions and certain optional exemptions from full retrospective application of IFRS. The Group has elected to apply employee benefits exemption. The Group recognises all cumulative actuarial gains/losses at the date of transition to IFRS and to apply corridor approach for later actuarial gains/losses.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

5.2 Reconciliation of Thai GAAP to IFRS

5.2.1) A summary of impact of adoption on equity at 1 October 2003 and 30 September 2006

	<u>Ref.</u>	<u>1 October 2003 Baht</u>	<u>Ref.</u>	<u>30 September 2006 Baht</u>
Total shareholders' equity as at 1 October 2003 and 30 September 2006 under Thai GAAP		184,907,538		2,474,038,775
Reconciliation arising from applying:-				
IAS 21 The Effects of Changes in Foreign Exchange Rates	(1)	(24,666,597)	(1)	(333,325,601)
IAS 16 Property, Plant and Equipment.	(2)	(715,786)	(2)	(85,502,676)
IAS 12 Income Taxes	(3)	4,425,143	(3)	31,241,185
IAS 19 Employee benefits	(4)	(4,013,571)	(4)	(5,368,625)
Mobilisation fee		<u>—</u>	(5)	<u>(7,221,974)</u>
Total shareholders' equity as at 1 October 2003 and 30 September 2006 under IFRS		<u>159,936,727</u>		<u>2,073,861,084</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

Opening consolidated balance sheet as at 1 October 2003

	Thai GAAP Baht	Effect of transition to IFRS			IFRS Baht
		(1)	Ref.	(2) — (4)	
Assets					
Current Assets					
Cash and cash equivalents	36,032,540	—		—	36,032,540
Restricted cash at financial institutions	9,148,000	—		—	9,148,000
Trade accounts receivable					
— others, net	46,327,497	(1,093,258)		—	45,234,239
— related parties	24,370,859	—		—	24,370,859
Amounts due from related parties	8,354,952	—		—	8,354,952
Current portion of long-term loan to director	1,829,057	—		—	1,829,057
Inventories	13,090,344	—		—	13,090,344
Other current assets	18,106,690	(715,440)		—	17,391,250
Total Current Assets	157,259,939				155,451,241
Non-Current Assets					
Property, plant and equipment, net	477,693,292	(35,165,093)	(2)	25,433,117	467,961,316
Intangible assets, net	—	—	(2)	46,506	46,506
Deferred dry docking expenses, net	26,195,409	—	(2)	(26,195,409)	—
Deferred tax assets	—	—	(3)	4,425,143	4,425,143
Other non-current assets	121,727	—		—	121,727
Total Non-Current Assets	504,010,428				472,554,692
Total Assets	661,270,367				628,005,933
Liabilities and Shareholders' Equity					
Current Liabilities					
Bank overdrafts	9,265,315	—		—	9,265,315
Short-term loans from financial institutions	50,000,000	(571,692)		—	49,428,308
Trade accounts payable					
— others	13,072,077	(91,456)		—	12,980,621
— related parties	2,216,752	—		—	2,216,752
Amounts due to related parties	17,530,586	—		—	17,530,586
Current portion of long-term loans from financial institutions	54,451,066	(2,972,849)		—	51,478,217
Current portion of long-term loans from a related party	5,480,642	—		—	5,480,642
Current portion of finance lease liabilities	1,476,220	—		—	1,476,220
Income tax payable	7,121,058	—		—	7,121,058
Accrued expenses	1,241,094	—		—	1,241,094
Dividends payable	96,650,000	—		—	96,650,000
Other current liabilities	6,325,051	(163,730)		—	6,161,321
Total Current Liabilities	264,829,861				261,030,134
Non-Current Liabilities					
Long-term loans from financial institutions, net	157,407,951	(8,507,467)		—	148,900,484
Long-term loans from related parties, net	52,502,184	—		—	52,502,184
Finance lease liabilities, net	1,622,833	—		—	1,622,833
Retirement benefit obligations	—	—	(4)	4,013,571	4,013,571
Total Non-Current Liabilities	211,532,968				207,039,072
Total Liabilities	476,362,829				468,069,206
Shareholders' Equity					
Share capital					
Registered share capital	48,980,000				48,980,000
Issued and fully paid-up	48,980,000	—		—	48,980,000
Translation adjustments for investments in overseas subsidiaries	—	(12,496,210)		—	(12,496,210)
Retained earnings					
Appropriated — legal reserve	5,000,000	—		—	5,000,000
Unappropriated	1,263,872	—	(2)to(4)	25,189	1,289,061
Total Parent's Shareholders' Equity	55,243,872				42,772,851
Minority interests	129,663,666	(12,170,387)	(2)to(4)	(329,403)	117,163,876
Total Shareholders' Equity	184,907,538				159,936,727
Total Liabilities and Shareholders' Equity	661,270,367				628,005,933

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

Consolidated balance sheet as at 30 September 2006

	Thai GAAP Baht	Effect of transition to IFRS			IFRS Baht
		(1)	Ref.	(2) — (5)	
Assets					
Current Assets					
Cash and cash equivalents	185,313,778	—		—	185,313,778
Trade accounts receivable					
— others, net	937,000,841	(1,467,342)		—	935,533,499
— related parties	15,505,297	—		—	15,505,297
Amounts due from related parties	77,408	—		—	77,408
Inventories	23,556,222	—		—	23,556,222
Supplies and spare parts	84,233,052	(3,297,715)		—	80,935,337
Other current assets	124,830,863	(2,473,601)	(5)	367,426	122,724,688
Total Current Assets	<u>1,370,517,461</u>				<u>1,363,646,229</u>
Non-Current Assets					
Property, plant and equipment, net	4,182,811,733	(330,757,363)	(2)	(92,153,681)	3,759,900,689
Intangible assets, net	—	—	(2)	17,240,282	17,240,282
Deferred dry docking expenses, net.	10,589,277	—	(2)	(10,589,277)	—
Deferred tax assets	—	—	(3)	31,241,185	31,241,185
Other non-current assets	6,834,082	(1,143,959)		—	5,690,123
Total Non-Current Assets	<u>4,200,235,092</u>				<u>3,814,072,279</u>
Total Assets	<u>5,570,752,553</u>				<u>5,177,718,508</u>
Liabilities and Shareholders' Equity					
Current Liabilities					
Bank overdrafts	40,058,490	(1,563,113)		—	38,495,377
Short-term loans from financial institutions	160,000,000	—		—	160,000,000
Trade accounts payable					
— others	224,569,724	58,622		—	224,628,346
— related parties	35,882,162	—		—	35,882,162
Other account payables	29,365,565	309,345		—	29,674,910
Amounts due to related parties	801,027	—		—	801,027
Current portion of long-term loans from financial institutions	272,890,333	—		—	272,890,333
Current portion of finance lease liabilities	6,477,384	(84,894)		—	6,392,490
Income tax payable	9,748,432	(320,605)		—	9,427,827
Accrued expense	21,756,389	(796,225)		—	20,960,164
Other current liabilities	78,095,117	(3,326,495)	(5)	7,589,400	82,358,022
Total Current Liabilities	<u>879,644,623</u>				<u>881,510,658</u>
Non-Current Liabilities					
Long-term loans from financial institutions, net	2,207,423,960	—		—	2,207,423,960
Finance lease liabilities, net	9,645,195	(91,014)		—	9,554,181
Retirement benefit obligations	—	—	(4)	5,368,625	5,368,625
Total Non-Current Liabilities	<u>2,217,069,155</u>				<u>2,222,346,766</u>
Total Liabilities	<u>3,096,713,778</u>				<u>3,103,857,424</u>
Shareholders' Equity					
Share capital					
Registered share capital	383,205,340	—		—	383,205,340
Issued and fully paid-up	383,205,340	—		—	383,205,340
Premium on share capital	1,226,352,382	—		—	1,226,352,382
Translation adjustments for investments in overseas subsidiaries	(4,137,868)	(148,187,715)		—	(152,325,583)
Retained earnings					
Appropriated — legal reserve	5,720,000	—		—	5,720,000
Unappropriated	682,024,303	(155,531,842)	(2)to(5)	(66,636,459)	459,856,002
Total Parent's Shareholders' Equity	<u>2,293,164,157</u>				<u>1,922,808,141</u>
Minority interests	180,874,618	(29,606,044)	(2)to(5)	(215,631)	151,052,943
Total Shareholders' Equity	<u>2,474,038,775</u>				<u>2,073,861,084</u>
Total Liabilities and Shareholders' Equity	<u>5,570,752,553</u>				<u>5,177,718,508</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

Consolidated income statements for the year ended 30 September 2006

	Thai GAAP Baht	Effect of transition to IFRS			IFRS Baht
		(1)	Ref.	(2) — (5)	
Rendering of services	3,100,039,298	640,257	(5)	(7,589,400)	3,093,090,155
Sales of goods	51,307,654	—		—	51,307,654
Total rendering of services and sales of goods	3,151,346,952				3,144,397,809
Cost of services	(2,054,554,464)	(3,424,513)	(2)&(5)	(61,054,156)	(2,119,033,133)
Cost of goods sold	(35,055,767)	—		—	(35,055,767)
Total cost of services and cost of goods sold	(2,089,610,231)				(2,154,088,900)
Gross profit from services and sales	1,061,736,721				990,308,909
Service and administrative expenses	(449,878,128)	19,830,058	(4)	(1,637,041)	(431,685,111)
Other income	62,637,085	1,704,128		—	64,341,213
Operating Profit	674,495,678				622,965,011
Finance income	2,259,527	409			2,259,936
Finance cost					
Interest expenses	(189,297,017)	(1,083)		—	(189,298,100)
Net foreign exchange gains (losses) on financing activities	179,895,220	(201,878,214)		—	(21,982,994)
Profit before tax	667,353,408				413,943,853
Income taxes	(48,142,305)	1,437	(3)	21,273,595	(26,867,273)
Profit for the year	619,211,103				387,076,580
Attributable to:					
Equity holders of the Company	601,490,964				375,002,923
Profit attributable to minority interests	17,720,139	(4,617,959)	(2)to(5)	(1,028,523)	12,073,657
	<u>619,211,103</u>				<u>387,076,580</u>

The notes explaining the significant differences identified in the summary above are set out as follows:

(1) 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.

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 subsidiaries which comprise of Mermaid Offshore Services Ltd., Darium Thai Offshore Ltd., MTR-1 Ltd., MTR-2 Ltd. and Mermaid Drilling (Malaysia) Sdn. Bhd. is in U.S. dollars, accounting records need to be measured in the functional currency. This would affect all balance sheet and income statements line items.

Net effect on consolidated net assets for opening balance sheet as at 1 October 2003 is a decrease of Baht 24,666,597.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

Net effect on consolidated net assets and net profit for the financial year ended 30 September 2006 is a decrease of Baht 333,325,601 and Baht 183,127,521, respectively.

(2) Property, Plant and Equipment

Thai GAAP

Thai GAAP does not require each component of a large item of PPE with a cost significant to the total cost to be separately identified and depreciated. Therefore, the cost of each PPE acquired is recognised and depreciated as a single item without the consideration of component approach. In addition, under Thai GAAP, the Group recorded dry-docking as other assets and it is amortised to the statement of income on a straight line basis over the period it is required for next estimated dry-docking date.

IFRS

The component approach requires each element of a large item of PPE with a cost significant to the total cost to be separately identified and depreciated. If some of the separate elements have similar useful life, they will be grouped for depreciation purposes. Component approach also affects treatment of dry-docking costs. Upon acquisition of a vessel or rig, the components of the vessel or rig which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. When significant specific dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Impact

The Group depreciates its assets over a longer period under Thai GAAP. Accordingly, depreciation expense according to IFRS would be higher, which results in lower net carrying amounts of assets.

Net effect on consolidated net assets for opening balance sheet as at 1 October 2003 is a decrease of Baht 715,786.

Net effect on consolidated net assets and net profit for the financial year ended 30 September 2006 is a decrease of Baht 85,502,676 and Baht 61,421,583, respectively.

(3) Income Taxes

Thai GAAP

There is no Thai accounting standard currently effective on accounting for income and deferred taxes. Whilst not specifically addressed in Thai GAAP, provisions for income taxes are typically based on corporate income taxes currently payable in the period. The Group does not recognize deferred tax assets or liabilities in its Thai GAAP financial statements.

IFRS

According to IAS 12 — Income Taxes, deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

Impact

Deferred assets relating to temporary differences are recognised on the balances sheet, and income tax expenses are affected to the extent of the deferred portion.

Net effect on consolidated net assets for opening balance sheet as of 1 October 2003 is an increase of Baht 4,425,143.

Net effect on consolidated net assets and net profit for the financial year ended 30 September 2006 is an increase of Baht 31,241,185 and Baht 21,273,595, respectively.

(4) Employee Benefits

Thai GAAP

Thai GAAP does not specifically address accounting for employee benefits. In the Thai financial statements, the Group records its contributions to the provident funds as incurred. Obligation for severance and termination are also recorded when incurred.

IFRS

Provident funds are accounted for as defined contribution plans and contributions to provident funds are charged to the consolidated income statements when incurred. Obligation for severance and termination are accounted for by using the projected unit credit method. The benefit obligation is discounted using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid that have terms to maturity approximating to the terms of the related pension liabilities.

Impact

Liabilities relating to employee benefits are recognised on the consolidated balance sheets, and the corresponding expenses are recorded to consolidated income statements.

Net effect on consolidated net assets for the opening balance sheet as at 1 October 2003 is a decrease of Baht 4,013,571.

Net effect on consolidated net assets and net profit for the financial year ended 30 September 2006 is a decrease of Baht 5,368,625 and Baht 1,637,041, respectively.

(5) Mobilisation Fee

For drilling business, mobilisation activities are linked to underlying contracts. Certain contracts shall include mobilisation fees at the start of the contracts. Mobilisation fee normally comprises a) the fee covers a general upgrade of a rig or equipment, b) the fee covers specific upgrades or equipment specific to the contract and c) the fee covers specific operating expenses at the start up of the contract. In Thai GAAP financial statements, the mobilisation fee is recognised when mobilisation activities completed. In IFRS financial statements, the following revenue recognition policy for mobilisation fee shall be applied to reflect substance of revenue. In cases where the mobilisation fee covers a general or specific upgrade of a rig or equipment, the fee is recognised as revenue over the contract period. In cases where the fee covers specific operating expenses at the start up of the contract, the fee is recognised in the same period as the expenses.

Impact

Mobilisation fees received as at 30 September 2006 (which were previously recognised as revenue under Thai GAAP) would be deferred and would be subsequently recognised over the contract terms in the future period. Corresponding costs are deferred and recorded in the same manner to match up with revenues.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

Net effect on the consolidated net assets for consolidated opening balance sheet as at 1 October 2003 is nil.

There was no mobilisation fees incurred until the year ended 30 September 2006.

Net effect on consolidated net assets and net profit for the financial year ended 30 September 2006 is a decrease of Baht 7,221,974.

6 Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(a) Primary reporting format — business segments

At 30 September 2006, 2005 and 2004, the Group is operated under six main business segments:

- (1) Safety equipment services & supply;
- (2) Ships chandlery;
- (3) Ownership and operation of multi-purpose offshore service;
- (4) Turn-key diving, ROV and NDT services to offshore industries;
- (5) Drilling service; and
- (6) Training services.

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The segment results for the year ended 30 September 2004 are as follows:

For the year that ended on 30 September 2004						
	Safety equipment services & supply Baht	Ships chandlery Baht	Ownership and operation of multi- purpose offshore service Vessels Baht	Turn-key diving, ROV and NDT services to offshore industries Baht	Unallocated Baht	Group Baht
Total rendering of services	28,000,607	—	175,979,508	170,598,597	10,332,178	384,910,890
Inter-segment rendering of services	<u>(1,639,384)</u>	<u>—</u>	<u>(20,275,209)</u>	<u>(4,020,992)</u>	<u>(31,859)</u>	<u>(25,967,444)</u>
Rendering of services	<u>26,361,223</u>	<u>—</u>	<u>155,704,299</u>	<u>166,577,605</u>	<u>10,300,319</u>	<u>358,943,446</u>
Total sales of goods	36,011,786	60,673,100	—	—	—	96,684,886
Inter-segment sales of goods	<u>(1,136,806)</u>	<u>(10,790,411)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,927,217)</u>
Sales of goods	<u>34,874,980</u>	<u>49,882,689</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>84,757,669</u>
Total rendering of services and sales of goods	<u>61,236,203</u>	<u>49,882,689</u>	<u>155,704,299</u>	<u>166,577,605</u>	<u>10,300,319</u>	<u>443,701,115</u>
Operating profit	27,509,693	8,319,499	43,607,096	19,717,124	(7,316,762)	91,836,650
Finance income						255,898
Finance cost						
Interest expenses						(15,503,700)
Net foreign exchange losses on financing activities						<u>(5,772,327)</u>
Profit before taxes						70,816,521
Income taxes						<u>(5,868,864)</u>
Profit for the year						<u><u>64,947,657</u></u>
Other segment items included in the consolidated income statements are as follows:						
Depreciation (Note 11)	—	244,924	45,186,913	9,293,182	5,233,096	59,958,115
Amortisation (Note 12)	—	—	—	4,545	13,502	18,047

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

The segment results for the year ended 30 September 2005 are as follows:

For the year that ended on 30 September 2005							
	Safety equipment services & supply Baht	Ships chandlery Baht	Ownership and operation of multi- purpose offshore Service vessels Baht	Turn-key diving, ROV and NDT Services to offshore Industries Baht	Drilling services Baht	Unallocated Baht	Group Baht
Total rendering of services	29,540,444	—	205,835,835	693,380,054	315,855,017	32,353,921	1,276,965,271
Inter-segment rendering of services	(1,038,607)	—	(30,684,523)	(90,276,672)	—	(343,051)	(122,342,853)
Rendering of services	28,501,837	—	175,151,312	603,103,382	315,855,017	32,010,870	1,154,622,418
Total sales of goods	34,084,243	89,946,015	—	—	—	—	124,030,258
Inter-segment sales of goods	(2,458,028)	(34,792,386)	—	—	—	—	(37,250,414)
Sales of goods	31,626,215	55,153,629	—	—	—	—	86,779,844
Total rendering of services and sales of goods	60,128,052	55,153,629	175,151,312	603,103,382	315,855,017	32,010,870	1,241,402,262
Operating profit	5,494,862	880,292	58,253,751	39,329,135	(13,938,017)	44,505,623	134,525,646
Finance income							6,244,035
Finance cost							
Interest expenses							(43,918,345)
Net foreign exchange losses on financing activities							(2,686,348)
Profit before taxes							94,164,988
Income taxes							(25,427,885)
Profit for the year							68,737,103
Other segment items included in the consolidated income statements are as follows:							
Depreciation (Note 11)	1,018,466	426,762	49,912,139	21,823,232	74,269,056	7,516,458	154,966,113
Amortisation (Note 12)	—	—	—	10,708	9,316	624,009	644,033

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The segment results for the year ended 30 September 2006 are as follows:

	For the year that ended on 30 September 2006							
	Safety equipment services & supply Baht	Ships chandlery Baht	Ownership and operation of multi-purpose offshore service vessels Baht	Turn-key diving, ROV and NDT services to offshore industries Baht	Drilling services Baht	Training services Baht	Unallocated Baht	Group Baht
Total rendering of services	45,743,259	12,748	105,962,754	1,724,648,320	1,612,995,017	4,386,055	537,918,024	4,031,666,177
Inter-segment rendering of services	(3,861,111)	—	—	(7,283,459)	(394,355,807)	(30,568)	(533,045,077)	(938,576,022)
Rendering of services	41,882,148	12,748	105,962,754	1,717,364,861	1,218,639,210	4,355,487	4,872,947	3,093,090,155
Total sales of goods	37,451,678	24,926,765	—	—	—	—	—	62,378,443
Inter-segment sales of goods	(2,939,645)	(8,131,144)	—	—	—	—	—	(11,070,789)
Sales of goods	34,512,033	16,795,621	—	—	—	—	—	51,307,654
Total rendering of services and sales of goods	76,394,181	16,808,369	105,962,754	1,717,364,861	1,218,639,210	4,355,487	4,872,947	3,144,397,809
Operating profit	11,151,352	(13,298,024)	13,711,267	430,122,033	312,848,141	(570,085)	(130,999,673)	622,965,011
Finance income								2,259,936
Finance cost								
Interest expenses								(189,298,100)
Net foreign exchange losses on financing activities								(21,982,994)
Profit before taxes								413,943,853
Income taxes								(26,867,273)
Profit for the year								387,076,580
Other segment items included in the consolidated income statements are as follows:								
Depreciation (Note 11)	2,515,977	525,018	46,551,471	110,055,740	237,259,026	559,381	23,705,016	421,171,629
Amortisation (Note 12)	—	—	—	27,845	13,633	—	4,965,986	5,007,464

The segment assets and liabilities and capital expenditure as at 30 September 2006, 2005 and 2004 are as follows:

	Safety equipment services & supply Baht	Ships chandlery Baht	Ownership and operation of multi-purpose offshore service vessels Baht	Turn-key diving, ROV and NDT services to offshore industries Baht	Drilling services Baht	Training services Baht	Unallocated Baht	Group Baht
As at 30 September 2006								
Assets	65,673,431	10,465,686	275,035,738	2,323,950,035	2,175,982,510	14,396,456	312,214,652	5,177,718,508
Liabilities	14,780,130	2,431,864	18,018,019	1,401,066,550	1,483,497,924	4,684,320	179,378,617	3,103,857,424
Capital expenditure	6,327,921	136,796	15,038,659	1,345,606,120	38,928,533	11,274,462	51,086,974	1,468,399,465
As at 30 September 2005								
Assets	41,006,443	32,375,380	351,486,105	1,531,452,370	2,165,461,040	—	393,132,755	4,514,914,093
Liabilities	8,104,023	12,384,221	77,916,562	798,181,289	1,517,379,121	—	268,437,006	2,682,402,222
Capital expenditure	16,298,752	1,924,934	14,023,624	292,144,020	2,059,753,230	—	229,742,632	2,613,887,192
As at 30 September 2004								
Assets	4,733,249	26,684,604	372,598,433	230,282,075	—	—	345,916,558	980,214,919
Liabilities	217,136	9,699,835	143,498,878	84,511,880	—	—	57,520,868	295,448,597
Capital expenditure	—	107,445	4,803,116	102,573,368	—	—	14,906,534	122,390,463

(b) Secondary reporting format — geographical segments

The Group only operates vessels and rigs offshore so the exposure for risks and returns are the same for all the vessels and rigs and thereby indicating that there is only one geographical segment. Therefore, the Group does not present the geographical segment in these consolidated financial statements.

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7 Cash and cash equivalents

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Cash on hand	1,538,155	1,192,226	1,058,185
Cash at banks	<u>183,775,623</u>	<u>132,068,358</u>	<u>190,186,638</u>
Total cash and cash equivalents	<u>185,313,778</u>	<u>133,260,584</u>	<u>191,244,823</u>

As at 30 September 2006, 2005 and 2004, cash at banks denominated in foreign currency were Baht 85,616,867 (USD 2,286,415), Baht 17,137,163 (USD 418,851) and Baht 564,973 (USD 13,649), respectively.

8 Restricted cash at financial institutions

As at 30 September 2004, restricted cash at financial institutions represented saving deposits amounting to Baht 100,230,000 which had been pledged with local banks to collateralise the letter of guarantee issued by local banks. The letter of guarantee was due within one year.

9 Trade accounts receivable — others, net

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Trade accounts receivable — others	952,175,392	266,093,898	107,722,186
Less: Provision for impairment of trade accounts receivable	<u>(16,641,893)</u>	<u>(6,055,037)</u>	<u>(512,616)</u>
Total trade accounts receivable — others, net	<u>935,533,499</u>	<u>260,038,861</u>	<u>107,209,570</u>

As at 30 September 2006, 2005 and 2004, trade accounts receivable — others denominated in foreign currency were Baht 714,319,036 (USD 19,076,028), Baht 59,365,388 (USD 1,450,955) and Baht 32,807,181 (USD 792,578), respectively.

10 Other current assets

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Value added taxes refundable	36,547,281	27,036,645	5,760,924
Prepaid expenses	30,363,344	15,270,615	14,101,712
Advances prepayment	20,723,918	30,337,868	2,599,242
Advance to subcontractor	22,757,018	92,904,913	—
Other current assets	<u>12,333,127</u>	<u>10,235,027</u>	<u>204,870</u>
Total other current assets	<u>122,724,688</u>	<u>175,785,068</u>	<u>22,666,748</u>

As at 30 September 2006, 2005 and 2004, other current assets denominated in foreign currency were Baht 22,757,018 (USD 607,730), Baht 92,904,913 (USD 2,270,697) and nil, respectively.

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11 Property, plant and equipment, net

	Land Baht	Building and building improvement Baht	Supply and support vessels Baht	Tools and equipment Baht	Office equipment Baht	Motor vehicles Baht	Construction in process Baht	Total Baht
At 30 September 2003								
Cost	17,501,807	39,568,527	463,924,292	28,365,471	11,077,372	13,756,422	10,088,642	584,282,533
Accumulated depreciation	—	(12,747,966)	(84,161,548)	(5,031,263)	(8,099,580)	(6,280,860)	—	(116,321,217)
Net book amount	<u>17,501,807</u>	<u>26,820,561</u>	<u>379,762,744</u>	<u>23,334,208</u>	<u>2,977,792</u>	<u>7,475,562</u>	<u>10,088,642</u>	<u>467,961,316</u>
For the year ended 30 September 2004								
Opening net book amount	17,501,807	26,820,561	379,762,744	23,334,208	2,977,792	7,475,562	10,088,642	467,961,316
Additions	—	360,000	2,163,137	38,411,336	1,265,435	2,583,142	77,582,575	122,365,625
Transferred in (out).	—	—	—	10,088,642	—	—	(10,088,642)	—
Disposals	—	(19,297,685)	—	(614,701)	(255,938)	(218,212)	—	(20,386,536)
Depreciation (Note 21)	—	(930,055)	(48,133,017)	(6,599,540)	(1,192,226)	(3,103,277)	—	(59,958,115)
Translation adjustment	—	—	13,316,360	956,232	16,683	9,555	—	14,298,830
Closing net book amount	<u>17,501,807</u>	<u>6,952,821</u>	<u>347,109,224</u>	<u>65,576,177</u>	<u>2,811,746</u>	<u>6,746,770</u>	<u>77,582,575</u>	<u>524,281,120</u>
At 30 September 2004								
Cost	17,501,807	8,434,415	484,172,087	77,005,172	12,219,142	15,874,440	77,582,575	692,789,638
Accumulated depreciation	—	(1,481,594)	(137,062,863)	(11,428,995)	(9,407,396)	(9,127,670)	—	(168,508,518)
Net book amount	<u>17,501,807</u>	<u>6,952,821</u>	<u>347,109,224</u>	<u>65,576,177</u>	<u>2,811,746</u>	<u>6,746,770</u>	<u>77,582,575</u>	<u>524,281,120</u>

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	Land Baht	Building and building improvement Baht	Supply, support vessels and Tender rigs Baht	Tools and equipment Baht	Office equipment Baht	Motor vehicles Baht	Construction in process Baht	Total Baht
At 30 September 2004								
Cost	17,501,807	8,434,415	484,172,087	77,005,172	12,219,142	15,874,440	77,582,575	692,789,638
Accumulated depreciation	—	(1,481,594)	(137,062,863)	(11,428,995)	(9,407,396)	(9,127,670)	—	(168,508,518)
Net book amount	<u>17,501,807</u>	<u>6,952,821</u>	<u>347,109,224</u>	<u>65,576,177</u>	<u>2,811,746</u>	<u>6,746,770</u>	<u>77,582,575</u>	<u>524,281,120</u>
For the year ended 30 September 2005								
Opening net book amount	17,501,807	6,952,821	347,109,224	65,576,177	2,811,746	6,746,770	77,582,575	524,281,120
Additions	17,345,405	150,471,521	2,200,761,648	148,738,328	10,902,396	24,292,668	56,550,355	2,609,062,321
Transferred in (out)	7,379,295	3,324,094	—	66,879,186	—	—	(77,582,575)	—
Disposals	—	—	—	(2,524,248)	(578,422)	(292,519)	—	(3,395,189)
Depreciation (Note 21)	—	(2,350,194)	(126,128,474)	(19,966,216)	(1,931,865)	(4,589,364)	—	(154,966,113)
Translation adjustment	—	—	(6,120,022)	(1,881,044)	(11,572)	(21,737)	—	(8,034,375)
Closing net book amount	<u>42,226,507</u>	<u>158,398,242</u>	<u>2,415,622,376</u>	<u>256,822,183</u>	<u>11,192,283</u>	<u>26,135,818</u>	<u>56,550,355</u>	<u>2,966,947,764</u>
At 30 September 2005								
Cost	42,226,507	162,230,031	2,676,129,860	286,554,142	21,843,443	36,478,987	56,550,355	3,282,013,325
Accumulated depreciation	—	(3,831,789)	(260,507,484)	(29,731,959)	(10,651,160)	(10,343,169)	—	(315,065,561)
Net book amount	<u>42,226,507</u>	<u>158,398,242</u>	<u>2,415,622,376</u>	<u>256,822,183</u>	<u>11,192,283</u>	<u>26,135,818</u>	<u>56,550,355</u>	<u>2,966,947,764</u>

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	Land Baht	Building and building improvement Baht	Supply, support vessels and Tender rigs Baht	Tools and equipment Baht	Office equipment Baht	Motor vehicles Baht	Construction in process Baht	Total Baht
At 30 September 2005								
Cost	42,226,507	162,230,031	2,676,129,860	286,554,142	21,843,443	36,478,987	56,550,355	3,282,013,325
Accumulated depreciation	—	(3,831,789)	(260,507,484)	(29,731,959)	(10,651,160)	(10,343,169)	—	(315,065,561)
Net book amount	<u>42,226,507</u>	<u>158,398,242</u>	<u>2,415,622,376</u>	<u>256,822,183</u>	<u>11,192,283</u>	<u>26,135,818</u>	<u>56,550,355</u>	<u>2,966,947,764</u>
For the year ended 30 September 2006								
Opening net book amount	42,226,507	158,398,242	2,415,622,376	256,822,183	11,192,283	26,135,818	56,550,355	2,966,947,764
Additions	—	29,850,589	1,061,928,930	99,079,017	2,773,813	5,474,994	251,278,511	1,450,385,854
Transferred in (out)	—	26,639,470	—	15,103,781	14,807,104	—	(56,550,355)	—
Disposals	—	(202,562)	(15,355,179)	(6,076,137)	(1,470,085)	(5,370,018)	—	(28,473,981)
Write off	—	—	(10,543,421)	—	—	—	—	(10,543,421)
Depreciation (Note 21)	—	(14,599,446)	(358,260,738)	(35,431,601)	(6,476,299)	(6,403,545)	—	(421,171,629)
Translation adjustment	—	(7,493)	(190,717,688)	(6,045,062)	(55,334)	(418,321)	—	(197,243,898)
Closing net book amount	<u>42,226,507</u>	<u>200,078,800</u>	<u>2,902,674,280</u>	<u>323,452,181</u>	<u>20,771,482</u>	<u>19,418,928</u>	<u>251,278,511</u>	<u>3,759,900,689</u>
At 30 September 2006								
Cost	42,226,507	217,992,111	3,412,943,899	378,918,918	37,061,767	30,986,795	251,278,511	4,371,408,508
Accumulated depreciation	—	(17,913,311)	(510,269,619)	(55,466,737)	(16,290,285)	(11,567,867)	—	(611,507,819)
Net book amount	<u>42,226,507</u>	<u>200,078,800</u>	<u>2,902,674,280</u>	<u>323,452,181</u>	<u>20,771,482</u>	<u>19,418,928</u>	<u>251,278,511</u>	<u>3,759,900,689</u>

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Depreciation expense of Baht 368,685,416 (2005: Baht 143,839,238 and 2004: Baht 53,847,721) was charged in cost of services and Baht 52,486,213 (2005: Baht 11,126,875 and 2004: Baht 6,110,394) in administrative expenses. Lease rentals amounting to Baht 13,097,729 (2005: Baht 109,143,418 and 2004: Baht 43,729,052) and Baht 2,562,973 (2005: Baht 5,267,999 and 2004: Baht 1,931,774) relating to the lease of equipment and property, respectively, were included in the consolidated income statements.

As at 30 September 2006, 2005 and 2004, certain land and building, supply, vessels and tender rigs of the Group were mortgaged with financial institutions as collateral for loans as mentioned in Note 14.

12 Intangible assets, net

	2006 Baht	2005 Baht	2004 Baht
Computer software			
Beginning balance as at 1 October			
Cost	4,923,645	98,774	73,936
Less: Accumulated amortisation	(689,510)	(45,477)	(27,430)
Net book amount	<u>4,234,135</u>	<u>53,297</u>	<u>46,506</u>
For the year ended 30 September			
Opening net book amount	4,234,135	53,297	46,506
Additions	18,013,611	4,824,871	24,838
Amortisation charge (Note 21)	(5,007,464)	(644,033)	(18,047)
Closing net book amount	<u>17,240,282</u>	<u>4,234,135</u>	<u>53,297</u>
At 30 September			
Cost	22,937,256	4,923,645	98,774
Less: Accumulated amortisation	(5,696,974)	(689,510)	(45,477)
Net book amount	<u>17,240,282</u>	<u>4,234,135</u>	<u>53,297</u>

13 Deferred income tax

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

	2006 Baht	2005 Baht	2004 Baht
Deferred income tax assets:			
— Deferred income tax asset to be recovered more than 12 months	31,072,995	7,778,679	134,064
— Deferred income tax asset to be recovered within 12 months	168,190	2,188,911	2,413,004
Total	<u>31,241,185</u>	<u>9,967,590</u>	<u>2,547,068</u>
The gross movement on the deferred income tax account is as follows:			
Beginning of the year	9,967,590	2,547,068	4,425,143
Income statements charge	23,652,902	7,297,805	(1,913,589)
Translation adjustment	(2,379,307)	122,717	35,514
Ending of the year	<u>31,241,185</u>	<u>9,967,590</u>	<u>2,547,068</u>

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

Deferred Tax Liabilities	Accelerated Tax depreciation Baht		Total Baht	
At 1 October 2003	614,879		614,879	
Charged/(credited) to the consolidated income statements	(614,879)		(614,879)	
At 30 September 2004	—		—	
Charged/(credited) to the consolidated income statements	—		—	
At 30 September 2005	—		—	
Charged/(credited) to the consolidated income statements	—		—	
At 30 September 2006	—		—	

	Retirement benefit obligations Baht	Impairment losses Baht	Tax losses Baht	Decelerated tax depreciation Baht	Total Baht
At 1 October 2003	1,202,897	1,038,328	2,785,738	(601,820)	4,425,143
Charged/(credited) to the consolidated income statements	244,756	(884,543)	(1,974,172)	700,370	(1,913,589)
Translation adjustment	—	—	—	35,514	35,514
At 30 September 2004	1,447,653	153,785	811,566	134,064	2,547,068
Charged/(credited) to the consolidated income statements	265,653	321,820	(811,566)	7,521,898	7,297,805
Translation adjustment	—	—	—	122,717	122,717
At 30 September 2005	1,713,306	475,605	—	7,778,679	9,967,590
Charged/(credited) to the consolidated income statements	(1,593,449)	(475,605)	—	25,721,956	23,652,902
Translation adjustment	—	—	—	(2,379,307)	(2,379,307)
At 30 September 2006	119,857	—	—	31,121,328	31,241,185

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

The Group did not recognise deferred income tax assets of Baht 49,002,254 (2005: Baht 21,888,738 and 2004: Baht 90,235) in respect of losses amounting to Baht 163,340,847 (2005: Baht 72,962,459 and 2004: Baht 300,782). The expiration of tax losses are in 2011 amounting to Baht 163,340,847 (2010 amounting to Baht 72,962,459 and 2009 amounting to Baht 300,782, respectively).

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14 Borrowings

	2006 Baht	2005 Baht	2004 Baht
Non-current			
Long-term loans from financial institutions, net	2,207,423,960	2,201,287,375	109,939,773
Finance lease liabilities, net	<u>9,554,181</u>	<u>14,043,154</u>	<u>1,014,585</u>
	<u>2,216,978,141</u>	<u>2,215,330,529</u>	<u>110,954,358</u>
Current			
Bank overdrafts	38,495,377	—	—
Short-term loans from financial institution, net	160,000,000	105,291,990	—
Current portion of long-term loans from financial institutions	272,890,333	94,117,737	63,739,107
Current portion of finance lease liabilities	<u>6,392,490</u>	<u>7,437,779</u>	<u>1,639,531</u>
	<u>477,778,200</u>	<u>206,847,506</u>	<u>65,378,638</u>
Total borrowings	<u><u>2,694,756,341</u></u>	<u><u>2,422,178,035</u></u>	<u><u>176,332,996</u></u>

Maturity of total borrowings is as follows;

	2006 Baht	2005 Baht	2004 Baht
Less 1 year	477,778,200	206,847,506	65,378,638
1-5 years	1,586,709,385	1,229,601,934	100,954,358
Over 5 years	<u>630,268,756</u>	<u>985,728,595</u>	<u>10,000,000</u>
Total	<u><u>2,694,756,341</u></u>	<u><u>2,422,178,035</u></u>	<u><u>176,332,996</u></u>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2006 Baht	2005 Baht	2004 Baht
USD	2,100,114,293	2,056,279,365	—
THB	594,642,048	365,898,670	176,332,996

Borrowings in foreign currency in 2006 and 2005 were USD 55,798,750 and USD 50,022,000, respectively.

The effective rate of long-term loans from financial institutions for year 2006 is 4.75% — 8.75% per annum (2005: 5% — 6.75% per annum and 2004: 5% — 6% per annum).

Long-term loans from financial institutions

Loans for the purchase of supply, support vessels, and tender rigs

- Loans for the purchase of supply and support vessels are granted by local commercial banks, and are in Thai Baht and US Dollars, with a total outstanding balance of Baht 245,000,000 and USD 21,148,750 as at 30 September 2006 (2005: Baht 109,317,731 and USD 15,000,000; and 2004: Baht 173,678,880). As at 30 September 2006, interest rates on the Thai Baht loans and US Dollar loans are MLR and LIBOR plus between 2.25% to 3.25% per annum with repayment terms within 5 — 7 years. These loans are secured by mortgages of supply and support vessels and their integral parts and equipment as mentioned in Note 11 and are guaranteed by the Company. The remaining 1 support vessel is in the process of being mortgaged with a bank.
- Loans for the purchase of tender rigs are granted by a local commercial bank and are denominated in US Dollars with a total outstanding balance of USD 34,650,000 as at 30 September 2006 (2005: USD 34,650,000 and 2004: nil). These loans bear interest at USD-LIBOR plus 2.75% per annum (2005: USD-LIBOR plus 2.75% per annum) with repayment terms within 9 years, including a 1.5 year grace period. These loans are secured by mortgages of the tender rigs as mentioned in Note 11, and guaranteed by the Company and two subsidiaries.

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According to conditions of the above loan agreements for the purchase of supply and support vessels and tender rigs, the Group is not allowed to create any encumbrance on the assets which are used as collateral, except for encumbrances created with the prior consent of the banks and permitted liens. The Group must comply with other conditions and restrictions stated in the term loan agreements.

Loan for the purchase of land and construction of a building

A loan for the purchase of land and construction of a building has been granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 135,200,000 as at 30 September 2006 (2005: Baht 145,100,000 and 2004: nil). This loan bears interest at the rate of MLR minus 1% per annum until 14 June 2007 and MLR per annum thereafter (2005: MLR minus 1% per annum and 2004: nil) with a repayment term of 6.5 years. The loan is secured by mortgages of the Company's land and building as mentioned in Note 11.

Bank overdrafts

As at 30 September 2006, the Group had bank overdraft facilities of Baht 90 million (30 September 2005: Baht 45 million and 30 September 2004: Baht 25 million), which are guaranteed by the Company and a mortgage of the Company's land and buildings as mentioned in Note 11.

As at 30 September 2006, the Group had unused bank overdraft facilities of Baht 50 million (30 September 2005: Baht 45 million and 30 September 2004: Baht 25 million).

Short-term borrowings

As at 30 September 2006, the balance of short-term loans from financial institutions of Baht 160,000,000 (2005: Baht 90,000,000 and USD 372,000 and 2004: nil) bear interest rates at MLR minus 1.5% to MLR per annum (2005: MLR minus 0.50% to 1.50% per annum for Thai Baht loans and LIBOR plus 2.75% per annum for US Dollar loans). The maturity of the Thai Baht loans is within 35 days. The loans are secured by mortgages of certain land and buildings as mentioned in Note 11.

Finance lease liabilities

As at 30 September 2006, finance lease liabilities to purchase motor vehicles carry interest at between 7.5% — 9.0% per annum (2005: 7.5% — 9.0% per annum and 2004: 7.5% — 10.5% per annum). The leases have repayment terms within 3 — 4 years and without guarantee (2005: without guarantee and 2004: guaranteed by the Group's directors).

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

	2006 Baht	2005 Baht	2004 Baht
Beginning balance	105,291,990	—	49,428,308
Addition during year	276,435,020	357,574,640	—
Repayment during year	(217,575,710)	(252,341,240)	(49,428,308)
Unrealised loss on exchange rate	—	2,044,768	—
Translation adjustments	(4,151,300)	(1,986,178)	—
Ending balance	<u>160,000,000</u>	<u>105,291,990</u>	<u>—</u>

The carrying amounts of short-term borrowings approximate their fair value.

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

	2006 Baht	2005 Baht	2004 Baht
Beginning balance	2,295,405,112	173,678,880	200,378,701
Addition during year	467,650,840	2,214,600,000	21,190,000
Repayment during year	(106,881,467)	(62,000,000)	(63,049,018)
Unrealised (gains)/ losses on exchange rate	21,245,899	1,279,144	(6,659,477)
Translation adjustments	(197,106,091)	(32,152,912)	21,818,674
Ending balance	<u>2,480,314,293</u>	<u>2,295,405,112</u>	<u>173,678,880</u>

The carrying amounts and fair value of the long-term loan are as follows:

	Carrying amount			Fair value		
	2006 Baht	2005 Baht	2004 Baht	2006 Baht	2005 Baht	2004 Baht
Bank borrowings	2,480,314,293	2,295,405,112	173,678,880	2,462,382,138	2,302,746,591	167,278,715

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.6% — 8.1% per annum (2005: 6% — 6.8% per annum and 2004: 6% per annum).

The Group had the following undrawn borrowing facilities:

	2006 Baht	2005 Baht	2004 Baht
Floating rate:			
— Expiring within one year — USD	2,000,000	1,628,000	—
— Expiring within one year — THB	—	14,900,000	—
— Expiring beyond one year — USD	6,001,250	—	—

15 Other current liabilities

As at 30 September 2006, other current liabilities mainly comprise withholding tax and value added tax payable amounting to Baht 38.2 million (2005: Baht 11.9 million and 2004: Baht 6.6 million) and other accounts payable related to a tender rig accident amounting to Baht 24.5 million (2005 and 2004: nil)

16 Retirement benefit obligations

	2006 Baht	2005 Baht	2004 Baht
Balance sheet obligations for:			
— Retirement benefits	5,368,625	5,821,301	4,834,931
Income statements charge for:			
— Retirement benefits	1,669,201	986,370	1,046,160
Pension benefits			

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

	2006 Baht	2005 Baht	2004 Baht
Present value of funded obligations	<u>6,802,383</u>	<u>5,658,341</u>	<u>4,949,860</u>
	6,802,383	5,658,341	4,949,860
Unrecognised actuarial gains (loss)	<u>(1,433,758)</u>	<u>162,960</u>	<u>(114,929)</u>
Liability in the balance sheet	<u>5,368,625</u>	<u>5,821,301</u>	<u>4,834,931</u>

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The movement in the defined benefit obligation over the year is as follows:

	2006 Baht	2005 Baht	2004 Baht
Beginning of year	5,658,341	4,949,860	4,013,571
Current service cost	1,380,370	772,369	850,364
Interest cost	282,599	214,001	195,796
Actuarial losses/(gains)	1,602,950	(277,889)	114,929
Benefits paid	<u>(2,121,877)</u>	<u>—</u>	<u>(224,800)</u>
Ending of year	<u>6,802,383</u>	<u>5,658,341</u>	<u>4,949,860</u>

The amounts recognised in the income statements are as follows:

	2006 Baht	2005 Baht	2004 Baht
Current service cost	1,380,370	772,369	850,364
Interest cost	282,599	214,001	195,796
Amortisation of actuarial loss	<u>6,232</u>	<u>—</u>	<u>—</u>
Total, included in staff costs	<u>1,669,201</u>	<u>986,370</u>	<u>1,046,160</u>

Of the total charge, Baht 1,669,201 (2005: Baht 986,370 and 2004: Baht 1,046,160) were included in services and administrative expenses.

The principal actuarial assumptions used were as follows:

	2006 Baht	2005 Baht	2004 Baht
Discount rate	6.50%	7.00%	6.50%
Future salary increases	6.00%	6.00%	6.00%

17 Share capital

	Par value Baht	Number of Shares shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
As at 30 September 2003					
Pre — split	1,000	<u>48,980</u>	<u>48,980,000</u>	<u>—</u>	<u>48,980,000</u>
As at 14 November 2003					
Post — split	10	4,898,000	48,980,000	—	48,980,000
Issued shares	10	<u>15,496,000</u>	<u>154,960,000</u>	<u>333,775,682</u>	<u>488,735,682</u>
As at 30 September 2004	10	20,394,000	203,940,000	333,775,682	537,715,682
Issued shares	10	<u>17,926,534</u>	<u>179,265,340</u>	<u>892,576,700</u>	<u>1,071,842,040</u>
As at 30 September 2005	10	38,320,534	383,205,340	1,226,352,382	1,609,557,722
Issued shares		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 30 September 2006	10	<u>38,320,534</u>	<u>383,205,340</u>	<u>1,226,352,382</u>	<u>1,609,557,722</u>

On 30 October 2003 and 14 November 2003, the shareholders at the Extraordinary General Meetings passed resolutions to approve the split of the Company's registered share capital from 48,980 ordinary shares with a par value of Baht 1,000 per share to 4,898,000 ordinary shares with a par value of Baht 10 per share.

On 30 October 2003 and 14 November 2003, the shareholders at the Extraordinary General Meetings passed resolutions to approve an increase of registered share capital from 4,898,000 ordinary shares with a par value of Baht 10 per share to 13,596,000 ordinary shares, or an increase of 8,698,000 additional ordinary shares with a par value of Baht 10 per share. The Company sold the 8,698,000 additional shares at a price of Baht 10 per share, resulting in an additional paid-up share capital of Baht 86,980,000. The Company registered the increased share capital with the Ministry of Commerce on 21 November 2003.

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On 19 May 2004 and 3 June 2004, the shareholders at the Extraordinary General Meetings passed resolutions to approve an increase of registered share capital from 13,596,000 ordinary shares with a par value of Baht 10 per share to 20,394,000 ordinary shares, or an increase of 6,798,000 additional ordinary shares, with a par value of Baht 10 per share. The Company sold the 6,798,000 additional shares at a price of Baht 10 per share plus a premium of Baht 50 per share, totalling proceeds from share issue Baht 407,880,000. The Company registered the increased share capital with the Ministry of Commerce on 7 June 2004.

On 8 March and 23 March 2005, the shareholders at the Extraordinary General Meetings passed resolutions to approve an increase of share capital from 20,394,000 ordinary shares with a par value of Baht 10 per share to 40,788,000 ordinary shares, or an increase of 20,394,000 additional ordinary shares with a par value of Baht 10 per share. The Company sold 17,926,534 additional shares at a price of Baht 10 per share plus a premium of Baht 50 per share, totalling proceed from share issue Baht 1,075,592,040. The Company registered the increased share capital with the Ministry of Commerce on 29 April 2005. There remains another 2,467,466 unissued ordinary shares.

As at 30 September 2006, total registered number of ordinary shares is 38,320,534 shares with a par value of Baht 10 per share (2005: 38,320,534 shares and 2004: 20,934,000 shares with a par value of Baht 10 per share). All shares are fully paid-up.

18 Dividends

On 22 January 2004, the Company's Board of Directors approved to declare an interim dividend in respect of retained earnings as at 31 December 2003 to ordinary shareholders at Baht 0.63 per share, totaling Baht 8.6 Million. The interim dividend was paid on 29 January 2004.

19 Legal reserve

As a Company Limited, the legal reserve was set up in accordance with the provisions of the Civil and Commercial Code which requires the appropriation as legal reserve of at least 5% of net profits derived from the business of the Company at each dividend distribution until the reserve reaches 10% of the registered share capital.

As described in Note 1, the Company has registered as a Public Company Limited on 15 January 2007. Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

20 Other income

	2006 Baht	2005 Baht	2004 Baht
Rental income	—	—	1,443,006
Profit on disposal of property, plant and equipment	10,085,232	978,915	3,027,156
Penalty income from delay delivery	11,197,698	24,300,217	—
Gain on exchange rate	—	64,622,680	1,157,867
Miscellaneous service income	30,256,454	—	—
Others	12,801,829	59,558	615,697
Total other income	<u>64,341,213</u>	<u>89,961,370</u>	<u>6,243,726</u>

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21 Expenses by nature

	2006 Baht	2005 Baht	2004 Baht
Changes in inventories	35,055,767	53,245,148	54,661,893
Employee benefit expense (Note 22)	369,416,199	143,681,193	100,160,759
Subcontractor costs	748,911,954	340,376,127	61,627,203
Depreciation and amortisation charges (Note 11 and 12)	426,179,093	155,610,146	59,976,162
Charter hire and equipment rental	258,605,943	204,090,799	9,915,170
Other expenses	747,605,055	299,834,573	71,767,004
Total cost of services, cost of goods sold and service and administrative expenses	<u>2,585,774,011</u>	<u>1,196,837,986</u>	<u>358,108,191</u>

22 Employee benefit expense

	2006 Baht	2005 Baht	2004 Baht
Wages and salaries, including other termination benefits	235,980,724	115,940,665	78,468,730
Social security costs	1,806,612	1,732,299	702,952
Provident fund — defined contribution plans	5,331,948	2,487,995	727,019
Allowance	98,639,386	21,114,924	17,946,259
Employee insurance	9,993,950	—	—
Training expenses	4,547,435	776,069	424,740
Retirement benefit	1,669,201	986,370	1,046,160
Other staff cost	11,446,943	642,871	844,899
Total employee benefit expenses	<u>369,416,199</u>	<u>143,681,193</u>	<u>100,160,759</u>

23 Income tax expenses

	2006 Baht	2005 Baht	2004 Baht
Current tax	48,140,868	32,848,407	3,990,789
Deferred tax (Note 13)	<u>(21,273,595)</u>	<u>(7,420,522)</u>	<u>1,878,075</u>
Total	<u>26,867,273</u>	<u>25,427,885</u>	<u>5,868,864</u>

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

	2006 Baht	2005 Baht	2004 Baht
Profit before tax	413,943,853	94,164,988	70,816,521
Adjustments;			
Income not subject to tax	(694,063,152)	(84,631,447)	(60,057,552)
Expenses not deductible for tax purposes	206,336,029	2,263,617	8,503,129
Tax losses for which no deferred income tax assets was recognised	<u>163,340,847</u>	<u>72,962,459</u>	<u>300,782</u>
Profit subject to tax	89,557,577	84,759,617	19,562,880
The weighted average applicable tax rate	30%	30%	30%
Tax charges	<u>(26,867,273)</u>	<u>(25,427,885)</u>	<u>(5,868,864)</u>

24 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years.

	2006	2005	2004
Profit attributable to equity holders of the Company (Baht)	375,002,923	45,674,536	47,169,077
Weighted average number of ordinary shares in issue (shares)	38,320,534	28,006,638	14,248,452
Basic earnings per share (Baht) before share split	9.79	1.63	3.31

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The following numbers reflect the share split as mentioned in note 29.6.

	2006	2005	2004
Weighted average number of ordinary shares in issue (shares)	383,205,340	280,066,380	142,484,520
Basic earnings per share (Baht) after share split	0.98	0.16	0.33

There are no potential dilutive ordinary shares in issue for the years that ended on 30 September 2006, 2005 and 2004.

25 Bank facilities and guarantees

The Group had facilities and guarantees by currency as detailed below.

	2006 Baht	2005 Baht	2004 Baht
— Letters of guarantee issued by banks in the normal course of business			
THB	19,536,880	1,172,800	772,880
USD	23,278,670	43,162,875	113,202,192
— A facility of letters of guarantee issued by banks in the normal course of business			
THB	120,000,000	50,000,000	—
USD	75,274,600	82,215,000	—

As at 30 September 2006, 2005 and 2004, outstanding letters of guarantee were Baht 23,278,670 (USD 618,500), Baht 43,162,875 (USD 1,050,000) and Baht 113,202,192 (USD 2,721,586), respectively.

As at 30 September 2006, 2005 and 2004, outstanding facility of letters of guarantees denominated in foreign currency were Baht 75,274,600 (USD 2,000,000), Baht 82,215,000 (USD 2,000,000), and nil, respectively.

26 Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2006 Baht	2005 Baht	2004 Baht
Property, plant and equipment:			
THB	226,600,000	28,600,000	17,300,000
USD	—	114,689,925	49,913,040
EUR	73,530,324	—	—

2004

Land purchase agreement

On 3 October 2003, the Company has entered into an agreement to purchase land with a local company at a purchasing price of Baht 24.7 million. As at 30 September 2004, the Company has paid the installments amounting to Baht 7.4 million. The remaining amount of Baht 17.3 million was paid on 15 October 2004.

Equipment purchase agreement

In June 2004, the Group has entered into equipment purchase agreement for Saturation Diving System with an overseas company for a selling price of Baht 112.3 million (USD 2.7 million). As at 30 September 2004, the Group has paid a partial amount of Baht 62.4 million (USD 1.5 million). The remaining amount was fully paid in the subsequent period.

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2005

Construction agreement

As at 30 September 2005, the Company has further commitments for building construction amounting to Baht 28.6 million, which will be paid based on the percentage of work completion. The construction was completed in 2006.

Support vessel purchase agreement

On 21 July 2005, a subsidiary entered into a purchase agreement for a support vessel with an overseas company at a buying price of Baht 127.4 million (USD 3.1 million). On 11 August 2005, the subsidiary paid a deposit amounting to Baht 12.7 million (USD 0.3 million), which was included as a deposit and prepayment to purchase a support vessel on the balance sheet as at 30 September 2005.

2006

Ship building contract

In November 2005, a subsidiary entered into a ship building contract with a seller in respect of multipurpose offshore vessel at the purchase price of Baht 453.0 million. As at 30 September 2006, the subsidiary has a remaining commitment of Baht 226.0 million.

Marine diesel engines contract

In November 2005, a subsidiary entered into a marine diesel engines contract with a seller at the purchase price of Baht 92.4 million (Euro 2.0 million). As at 30 September 2006, the subsidiary has a remaining commitment of Baht 73.5 million (Euro 1.5 million). The payment was fully paid on 28 December 2006.

(b) Operating lease commitments — group company as lessee

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

	2006 Baht	2005 Baht	2004 Baht
No later than 1 year	67,726,965	43,246,216	—
Later than 1 year and no later than 5 years	—	—	—

(c) Service agreements

As at 30 September 2006, the Group has two outstanding drilling service agreements which have remaining period within 6 months.

27 Related party transactions

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

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

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As at 30 September 2006, the Group is controlled by Thoresen Thai Agencies Public Company Limited; an immediate parent company, which owns 74% of the Company's shares (2004 and 2005: 50% and 50%, respectively).

The following transactions were carried out with related parties.

(a) Sales of goods and services

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Sales of goods	1,896,949	7,969,977	4,683,202
Rendering of services	49,114,867	105,351,165	64,142,189

(b) Purchases of goods and services

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Crew expenses	12,218,170	7,717,067	29,107,185
Vessel expenses and repair and maintenance expenses	11,332,433	55,273,000	24,971,907
Vessel equipment rental	191,183,792	114,892,556	3,624,624
Management fee	3,781,911	5,587,196	4,994,276
Interest expenses	—	605,564	1,864,399

The following transaction was carried out with the parent company.

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Interest expenses	1,923,802	635,616	674,348

(c) Key management compensation

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Salaries and other short-term employee benefits	33,593,846	25,633,628	14,083,770
Termination benefits	10,212,410	—	—
	<u>43,806,256</u>	<u>25,633,628</u>	<u>14,083,770</u>

(d) Year-end balances arising from sales/purchases of goods/services

Accounts receivable and payable — related parties

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Accounts receivable — trade	15,505,297	20,632,854	10,670,572
Amounts due from related parties — others	77,408	1,570,516	3,141,769
Accounts payable — trade	35,882,162	64,483,476	18,963,637
Amounts due to related parties — others	801,027	794,220	1,229,791

(e) Long-term loan from a related party

Long-term loan from a related party

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Long-term loan from a related party — in USD	—	—	38,391,446
Less: Current portion of long-term loan	—	—	(19,195,723)
	<u>—</u>	<u>—</u>	<u>19,195,723</u>

As at 30 September 2006 and 2005, the Group had no long-term loan from related parties. As at 30 September 2004, the loan in USD from a related party, having an outstanding balance of

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USD 0.9 million, carried interest at the rate of LIBOR plus 3% and was secured by the subsidiary's shares owned by Mermaid Maritime Limited. The Company repaid all remaining loans in 2005.

The movement of long-term loan from related party is summarised as follows:

	2006 Baht	2005 Baht	2004 Baht
Beginning balance	—	38,391,446	57,982,826
Repayment during year	—	(38,391,446)	(20,973,850)
Unrealised (gain) loss on exchange rate	—	—	1,382,470
Ending balance	—	—	38,391,446

(f) *Management guarantee*

As at 30 September 2006 and 2005, there was no guarantee by the Group's directors. As at 30 September 2004, there were financial lease liabilities guaranteed by the Group's directors (Note 14).

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

- a) Sales of goods and rendering of services income are transacted at prices normally charged to a third party.
- b) Management fee income is charged based on actual cost plus margin.
- c) Crew expenses, vessel and maintenance expenses, and expenses of rental vessel and equipment are transacted at prices normally charged to a third party.
- d) Management fee expense is calculated at the rate of 2% of a subsidiary's revenue and USD 100 per day for 2006, 2005 and 2004.
- e) Interest expense is calculated at MLR plus 2% per annum for 2006 and LIBOR plus 3% per annum and MLR plus 1% per annum for 2005 and 2004.

28 Promotional privileges

As at 30 September 2006, four offshore subsidiaries (30 September 2005 and 2004: two offshore subsidiaries) received promotional privileges from the Board of Investment ("BOI") under a number of different categories, including domestic and international shipping business, services of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, and drilling services (30 September 2005 and 2004: domestic and international shipping business, services of submerged structure inspection, service of underwater equipment, and service of inspection of marine pollution). The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

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

29 Events after the balance sheet date

29.1 Sale of fixed assets

- On 6 October 2006, a subsidiary entered into a memorandum of agreement for the sale of an accommodation vessel named 'Nico Sattahip' with an overseas company amounting to USD 3.3 million, the net gain from disposal amounted to Baht 32.5 million. The vessel was delivered to that overseas company on 16 November 2006.
- On 31 October 2006, a subsidiary entered into a Bimco Standard Bareboat Charter for the sale of an accommodation vessel named "Nico Bangkok" with an overseas company amounting to USD 4.2 million, the net gain from disposal amounted to Baht 25.9 million.

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

On 16 February 2007, a subsidiary received the payment in full. The vessel's ownership was transferred to the buyer on 30 April 2007.

29.2 Purchase of fixed asset

- On 12 September, 2006, a subsidiary's tender rig was involved in an accident which resulted in operations being stopped from 13 September, 2006 to 3 October, 2006. As at 30 September 2006, net book value of damaged gantry crane of Baht 11.0 million was written off. On 14 December 2006, such subsidiary purchased a new gantry crane for USD 0.9 million to replace the damaged crane. Operations of the tender rig were resumed as of 3 October 2006.
- In November 2006, a subsidiary entered into a purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of GBP 0.5 million.
- In January 2007, a subsidiary entered into another purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of GBP 1.7 million.

29.3 Mortgage of Vessel

- In October 2006, a remaining support vessel of a subsidiary has been mortgaged and pledged with a local financial institution as a collateral for a long-term loan, amounting to Baht 205.0 million as mentioned in Note 14.

29.4 Investments

Disposals of subsidiaries

- On 27 November 2006, the Company sold its entire investments in Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. to an overseas company. The net investments at the disposed date were Baht 25.0 million and Baht 9.1 million, respectively. Gains on the sales of Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. amounted to Baht 1.3 million and Baht 1.4 million, respectively.
- On 22 December 2006, the Company sold its entire investments in MTR-3 Ltd. and MTR-4 Ltd., both of which were dormant companies, to a third party. The net investments of these two subsidiaries at the disposed date were Baht 1.0 million. The net gains from the disposals of these two subsidiaries amounted to Baht 0.1 million.
- On 17 August 2007, the Company sold its entire investment in Mermaid Supply Ltd. to a third party. The net investment of the subsidiaries at the disposed date was Baht 4.0 million. The net gain from the disposal of the subsidiary amounted to Baht 0.3 million.
- At the Extraordinary Shareholders' Meeting of Darium Thai Offshore Ltd. on 10 August 2007, the shareholders have resolution to dissolve Darium Thai Offshore Ltd. The dissolution was registered with the Ministry of Commerce on 24 August 2007.

Additional investment

- On 27 February 2007, Mermaid Drilling Ltd. acquired a share capital in a newly established subsidiary, Mermaid Drilling (Singapore) Pte. Ltd. in Singapore, with paid-up capital amounted to USD 1.

29.5 Significant agreements

- On 14 December 2006, the Group entered into a term loan facility for Baht 24.0 million with a local bank for the purchase of the ROV Scorpio 40, which was secured by a guarantee from the Company and mortgage of the ROV Scorpio 40. This facility matures in 2011 and the interest payable is based on minimum loan rate minus 1% through out the loan period.

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

- On 14 December 2006, the Group entered into the letter of guarantee facility in the amount of Baht 10.0 million and standby letter of credit facility for the amount of Baht 40.0 million, which was secured by a guarantee by the Company. The facility is renewable annually.
- On 1 February 2007, the Group entered into a letter of credit and/or trust receipt facility with a local bank for the amount not exceeding Baht 76.3 million which was secured by a guarantee by the Company and a cash fixed deposit of Baht 15.0 million by the ultimate parent company.
- On 1 February 2007, the Company entered into a guarantee agreement with the local bank to guarantee obligations of a subsidiary for the amount of Baht 76.3 million.
- On 4 April 2007, the Group entered into a credit facility type Pre-Settlement Risk (non-revolving basis) with a local bank which in the amount of Baht 321.0 million.

29.6 Others

- On 14 June 2007, a subsidiary's tender rig was involved in an accident which resulted in operations being stopped since 14 June 2007. Management estimated total loss amounting to Baht 78.0 million (USD 2.3 million) including the write off of fixed assets amounting to Baht 24.6 million (USD 0.7 million). The remaining amount of Baht 53.4 million (USD 1.5 million) is presented as accrued expenses.
- On 15 June 2007, the Company has registered as a Public Company Limited with the Department of Business Development, Ministry of Commerce. The Company has changed its name to Mermaid Maritime Public Company Limited since then.
- On 11 July 2007, the Extraordinary Shareholders' Meeting unanimously passed resolution to approve the following matters:
 - To approve the alteration of par value of the Company's share capital from Baht 10 each to Baht 1 each.
 - To increase the Company's share capital from Baht 383.2 million to Baht 674.5 million by issuing 291.3 million new ordinary shares at par value of Baht 1 per share.
 - The Company registered the alteration of par value and the increased share capital with the Ministry of Commerce on 2 August and 9 August 2007 respectively.
- At the Extraordinary General Meeting of Shareholders No. EGM $\frac{1}{2007}$ of Mermaid Maritime Public Company Limited, held on 11 July 2007, approval was given to the Company to establish an Employee Stock Option Plan ("ESOP").

MERMAID MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

30 List of subsidiary companies

Subsidiaries	Nature of business	Country of incorporation	2006		2005		2004	
			Paid up capital (million)	Investment portion (%)	Paid up capital (million)	Investment portion (%)	Paid up capital (million)	Investment portion (%)
— Darium Thai Offshore Ltd.	Ownership and operation of multi-purpose offshore service vessels	Thailand	212.4	51	212.4	51	212.4	51
— Mermaid Supply Ltd.	Ships Chandlery	Thailand	10.0	100	10.0	100	10.0	100
— Subco (Thailand) Ltd.(a)	Dormant	Thailand	—	—	—	—	1.0	51
— Mermaid Offshore Services Limited	Turn-key diving, ROV and NDT services to offshore industries	Thailand	550.0	100	350.0	100	34.0	100
— Mermaid Safety Services Ltd.	Safety equipment services and supply	Thailand	4.0	100	4.0	100	4.0	100
— Mermaid Training and Technical Services Ltd.(b)	Sub-sea engineering training and examination services	Thailand	2.0	100	—	—	—	—
— MTR-3 Ltd.(c)	Drilling services	Thailand	1.0	100	—	—	—	—
— MTR-4 Ltd.(d)	Drilling services	Thailand	1.0	100	—	—	—	—
— Mermaid Drilling Ltd.(e) which has three subsidiaries as follows:	Production and exploration drilling services and support to the offshore oil and gas industries	Thailand	410.0	95	240.0	95	—	—
MTR-1 Ltd., ...	Drilling services	Thailand	240.0	100	240.0	100	—	—
MTR-2 Ltd. and	Drilling services	Thailand	350.0	100	350.0	100	—	—
Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling services	Malaysia	Malaysia Ringgit 250,000	100	Malaysia Ringgit 2	100	—	—
Foreign:								
— Mermaid Maritime (Vietnam) Ltd.(f)	Safety equipment services and supply	Vietnam	USD 580,013	100	USD 473,694	—	—	—
— MCON Pte. Ltd.(g)	Manpower Services	Singapore	SGD 10,000	—	SGD 10,000	100	—	—

Notes:

- (a) Subco (Thailand) Ltd. hired out ROV system for underwater services to the offshore industry in Thailand and South East Asia. The Company transferred its business to a related party on 1 October 2003. After transferring the entire business, the Company ceased its commercial business. The dissolution date occurred on 12 October 2004.
- (b) On 15 November 2005, the Company registered a subsidiary in Thailand, namely Mermaid Training and Technical Services Ltd., with paid-up capital of Baht 2,000,000. The subsidiary provides sub-sea engineering training and examination services.
- (c) On 15 November 2005, the Company registered a subsidiary in Thailand, namely MTR-3 Ltd., with paid-up capital of Baht 1,000,000. As at 30 September 2006, the subsidiary has not commenced operations.
- (d) On 15 November 2005, the Company registered a subsidiary in Thailand, namely MTR-4 Ltd., with paid-up capital of Baht 1,000,000. As at 30 September 2006, the subsidiary has not commenced operations.
- (e) On 24 January 2005, the Company registered a subsidiary in Thailand, namely Mermaid Drilling Ltd. As at 30 September 2005, the Company's paid up capital in this subsidiary was Baht 240 million. Additional share capital of Baht 349 million was paid up but was not registered as at 30 September 2005. The increased capital at 170,000,000 shares was subsequently registered with the Ministry of Commerce on 30 November 2005. The subsidiary registered another additional two subsidiaries in Thailand and one subsidiary in Malaysia, namely MTR-1 Ltd. with paid-up capital of Baht 240 million, MTR-2 Ltd. with paid-up capital of Baht 350 million and Mermaid Drilling (Malaysia) Sdn. Bhd. with paid-up capital of Malaysia Ringgit 2, respectively. All subsidiaries provide production and exploration drilling services and support to the offshore oil and gas industries at any field location in the Gulf of Thailand and neighbouring areas.
- (f) On 11 October 2004, the Company registered a subsidiary in Vietnam, namely Mermaid Maritime (Vietnam) Ltd., with investment capital of USD 2,000,000 and legal capital of USD 600,000. As at 30 September 2005, the Company has paid up USD 473,694. The subsidiary's business involves the sale and service of safety equipment and supplies to merchant shipping lines and the offshore oil and gas industry. The subsidiary started operations in July 2005.
- (g) On 20 January 2005, the Company registered a subsidiary in Singapore, namely MCON Pte Ltd., with registered capital of SGD 250,000. The Company paid up capital in this subsidiary amounting to SGD 10,000. The subsidiary's business involves the supply of personnel for the offshore oil and gas industry and started operations in March 2005. On 25 October 2006, the Company sold its entire investment in MCON Pte. Ltd. to an overseas company. The loss from the sale of this investment amounted to Baht 850,993.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Mermaid Maritime Public Company Limited

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Mermaid Maritime Public Company Limited as of 31 March 2007 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers ABAS Limited
Bangkok
Anothai Leekitwattana - Partner
24 August 2007

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 MARCH 2007

	Note	31 March 2007 Baht	30 September 2006 Baht
ASSETS			
Current Assets			
Cash and cash equivalents		645,865,239	185,313,778
Trade accounts receivable			
— others, net		753,983,644	935,533,499
— related parties		145,234	15,505,297
Amounts due from related parties		719,001	77,408
Inventories		—	23,556,222
Supplies and spare parts		79,732,141	80,935,337
Other current assets		<u>170,651,813</u>	<u>122,724,688</u>
Total Current Assets		<u>1,651,097,072</u>	<u>1,363,646,229</u>
Non-Current Assets			
Property, plant and equipment, net	5	3,506,426,187	3,759,900,689
Intangible assets, net		14,943,491	17,240,282
Deferred tax assets		43,991,033	31,241,185
Other non-current assets		<u>3,173,641</u>	<u>5,690,123</u>
Total Non-Current Assets		<u>3,568,534,352</u>	<u>3,814,072,279</u>
Total Assets		<u><u>5,219,631,424</u></u>	<u><u>5,177,718,508</u></u>

The notes on pages I-53 to I-59 form an integral part of this condensed interim financial information.

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (continued)
AS AT 31 MARCH 2007

	Notes	31 March 2007 Baht	30 September 2006 Baht
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank overdrafts	7	21,277,254	38,495,377
Short-term loans from financial institutions	7	172,048,151	160,000,000
Trade accounts payable			
— others		186,383,629	224,628,346
— related parties		21,450,669	35,882,162
Amounts due to related parties		—	801,027
Current portion of long-term loans from financial institutions	7	379,796,838	272,890,333
Current portion of finance lease liabilities	7	5,238,496	6,392,490
Derivative financial instruments	10	725,742	—
Income taxes payable		7,139,646	9,427,827
Accrued expenses		75,821,625	20,960,164
Other current liabilities		99,737,471	112,032,932
Total Current Liabilities		969,619,521	881,510,658
Non-Current Liabilities			
Long-term loans from financial institutions, net	7	1,983,787,151	2,207,423,960
Finance lease liabilities, net	7	5,578,554	9,554,181
Retirement benefit obligations		2,451,478	5,368,625
Total Non-Current Liabilities		1,991,817,183	2,222,346,766
Total Liabilities		2,961,436,704	3,103,857,424
Shareholders' Equity			
Share capital	6		
Registered share capital		383,205,340	383,205,340
Issued and fully paid-up		383,205,340	383,205,340
Premium on share capital	6	1,226,352,382	1,226,352,382
Translation adjustments for investments in overseas subsidiaries		(256,174,532)	(152,325,583)
Retained earnings			
Appropriated — legal reserve		5,720,000	5,720,000
Unappropriated		770,884,707	459,856,002
Total parent's shareholders' equity		2,129,987,897	1,922,808,141
Minority interests		128,206,823	151,052,943
Total Shareholders' Equity		2,258,194,720	2,073,861,084
Total Liabilities and Shareholders' Equity		5,219,631,424	5,177,718,508

The notes on pages I-53 to I-59 form an integral part of this condensed interim financial information.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX-MONTH PERIOD THAT ENDED ON 31 MARCH 2007**

	<u>Notes</u>	<u>2007 Baht</u>	<u>2006 Baht</u>
Rendering of services	4	1,930,549,325	1,164,109,595
Sales of goods	4	<u>964,025</u>	<u>31,007,902</u>
Total rendering of services and sales of goods		<u>1,931,513,350</u>	<u>1,195,117,497</u>
Cost of services		(1,405,789,209)	(849,219,854)
Cost of goods sold		<u>(931,479)</u>	<u>(22,003,317)</u>
Total cost of services and cost of goods sold		<u>(1,406,720,688)</u>	<u>(871,223,171)</u>
Gross profit from services and sales		524,792,662	323,894,326
Service and administrative expenses		(178,524,268)	(185,107,716)
Other income		<u>116,043,116</u>	<u>53,696,218</u>
Operating profit		462,311,510	192,482,828
Finance income		2,769,271	1,224,178
Finance costs			
Interest expenses		(94,414,968)	(88,921,678)
Net foreign exchange losses on financing activities		<u>(25,754,403)</u>	<u>(18,451,032)</u>
Profit before taxes		344,911,410	86,334,296
Income taxes	8	<u>(5,944,403)</u>	<u>(8,412,119)</u>
Profit for the period		<u><u>338,967,007</u></u>	<u><u>77,922,177</u></u>
Attributable to:			
Equity holders of the Company		311,028,705	69,680,207
Minority interest		<u>27,938,302</u>	<u>8,241,970</u>
		<u><u>338,967,007</u></u>	<u><u>77,922,177</u></u>
Basic earnings per share for profit attributable to equity holders of the Company	9		
Net profit for the period		<u><u>0.81</u></u>	<u><u>0.18</u></u>

The notes on pages I-53 to I-59 form an integral part of this condensed interim financial information.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD THAT ENDED ON 31 MARCH 2007**

	Issued and paid-up share capital Baht	Premium on share capital Baht	Translation adjustments for investments in overseas subsidiaries Baht	Appropriated retained earnings- legal reserve Baht	Unappropriated retained earnings Baht	Minority interests Baht	Total Baht
Beginning balance as at 1 October 2005	383,205,340	1,226,352,382	(20,465,418)	5,720,000	84,853,079	152,846,488	1,832,511,871
Translation adjustments for investments in overseas subsidiaries	—	—	(85,250,064)	—	—	(8,860,439)	(94,110,503)
Transactions recognised directly to equity	—	—	(85,250,064)	—	—	(8,860,439)	(94,110,503)
Profit for the period	—	—	—	—	69,680,207	8,241,970	77,922,177
Total recognised income and expense for the period	—	—	(85,250,064)	—	69,680,207	(618,469)	(16,188,326)
Issued share capital	—	—	—	—	—	220	220
Ending balance as at 31 March 2006	383,205,340	1,226,352,382	(105,715,482)	5,720,000	154,533,286	152,228,239	1,816,323,765
Beginning balance as at 1 October 2006	383,205,340	1,226,352,382	(152,325,583)	5,720,000	459,856,002	151,052,943	2,073,861,084
Translation adjustments for investments in overseas subsidiaries	—	—	(103,848,949)	—	—	(21,643,142)	(125,492,091)
Transactions recognised directly to equity	—	—	(103,848,949)	—	—	(21,643,142)	(125,492,091)
Profit for the period	—	—	—	—	311,028,705	27,938,302	338,967,007
Total recognised income and expense for the period	—	—	(103,848,949)	—	311,028,705	6,295,160	213,474,916
Dividends paid by a subsidiary	—	—	—	—	—	(29,141,280)	(29,141,280)
Ending balance as at 31 March 2007	383,205,340	1,226,352,382	(256,174,532)	5,720,000	770,884,707	128,206,823	2,258,194,720

The notes on pages I-53 to I-59 form an integral part of this condensed interim financial information.

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD THAT ENDED ON 31 MARCH 2007

	<u>Notes</u>	<u>2007 Baht</u>	<u>2006 Baht</u>
Cash flows from operating activities			
Profit before taxes		344,911,410	86,334,296
Adjustments for:			
— Depreciation	5	218,179,132	191,090,869
— Interest expenses		94,414,968	88,921,678
— Amortisation of intangible assets		3,796,791	1,263,188
— (Gain)/loss on disposal of property, plant and equipment		(59,113,201)	(25,075,135)
— Write off fixed assets	5	9,564,632	—
— (Gain) from disposal of investments		(2,729,439)	—
— Unrealised loss on exchange rate	7	22,732,873	20,111,271
— Fair value loss on derivative financial instruments		725,742	—
— Provision of impairment of accounts receivable		3,357,263	5,766,368
— Deferred income taxes		(15,387,527)	(9,933,740)
— Retirement benefit obligations		(2,917,147)	151,126
Changes in working capital (excluding the effects of exchange differences on consolidation):			
— Trade accounts receivable- others		164,258,405	(341,701,816)
— Trade accounts receivable — related parties		15,360,063	10,773,342
— Amounts due from related parties		(641,593)	(529,304)
— Inventories		864,885	3,789,259
— Supplies and spare parts		1,203,196	(21,073,805)
— Other current assets		(55,157,797)	(24,043,125)
— Other non-current assets		2,448,353	(465,799)
— Trade accounts payable — others		(29,069,994)	136,481,012
— Trade accounts payable — related parties		(14,431,493)	(40,552,139)
— Amounts due to related parties		(801,027)	(328,674)
— Advance from customers		—	(6,112,339)
— Tax payments		(26,524,387)	(39,859,469)
— Accrued expenses		56,025,194	13,038,478
— Other current liabilities		<u>32,738,318</u>	<u>49,090,140</u>
Net cash generated from operating activities		<u>763,807,620</u>	<u>97,135,682</u>
Cash flows from investing activities			
Proceeds from disposal of investments in subsidiaries		30,898,576	—
Proceeds from disposals of equipment		249,076,449	46,135,512
Purchases of property, plant and equipment		(427,061,813)	(367,195,552)
Purchases of intangible assets		<u>(1,500,000)</u>	<u>(17,558,865)</u>
Net cash used in investing activities		<u>(148,586,788)</u>	<u>(338,618,905)</u>

The notes on pages I-53 to I-59 form an integral part of this condensed interim financial information.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)

	<u>Notes</u>	<u>2007 Baht</u>	<u>2006 Baht</u>
Cash flows from financing activities			
Net proceed (payment) of bank overdrafts		(17,218,123)	32,543,385
Proceeds from short-term loans from financial institutions	7	72,703,654	228,280,020
Payments on short-term loans from financial institutions	7	(60,000,000)	(137,903,000)
Payments on finance lease liabilities		(5,927,530)	(3,155,514)
Proceeds from long-term loans from financial institutions	7	115,339,628	306,500,000
Payments on long-term loans from financial institutions	7	(91,699,620)	(46,400,000)
Interest payments		(94,162,314)	(87,762,905)
Dividends paid to minority interests		(29,141,280)	—
Proceeds from issue of share capital from minority interests		—	220
Net cash (used) generated from financing activities		<u>(110,105,585)</u>	<u>292,102,206</u>
Net increase (decrease) in cash and cash equivalents		505,115,247	50,618,983
Cash and cash equivalents at the beginning of the period		185,313,778	133,260,584
Effects of exchange rate changes		<u>(44,563,786)</u>	<u>7,973,309</u>
Cash and cash equivalents at the end of the period		<u><u>645,865,239</u></u>	<u><u>191,852,876</u></u>
Non-cash transactions			
During the period that ended on 31 March 2007, the Group has non-cash transactions as follows:			
Unpaid liability under finance lease agreements for purchase of fixed assets		10,817,050	19,254,042
Unpaid liability for purchase of fixed assets		—	67,980,000

The notes on pages I-53 to I-59 form an integral part of this condensed interim financial information.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**
**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
THAT ENDED ON 31 MARCH 2007**

Selected notes to the condensed consolidated interim financial information

1 General information

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

Mermaid Maritime Public Company Limited (the “Company”) is a public limited company and is incorporated and domiciled in Thailand. The address of its registered office is as follows:

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

The Company has registered as a Public Company Limited with the Department of Business Development Ministry of Commerce effective on 15 January 2007. The Company has changed its name to Mermaid Maritime Public Company Limited since then.

This condensed consolidated interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards (“IFRS”) for the purpose of inclusion in the Company’s international offering circular as part of the Company’s initial public offering of shares to investors. The Group prepared its first annual IFRS financial statements for the year ended 30 September 2006.

This condensed consolidated interim financial information was approved for issue on 24 August 2007.

2 Basis of preparation

This condensed interim financial information for the six-month period ended on 31 March 2007 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The interim condensed financial report should be read in conjunction with the annual IFRS financial statements for the year ended 30 September 2006.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2006, as described in the annual IFRS financial statements for the year ended 30 September 2006.

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
THAT ENDED ON 31 MARCH 2007 (continued)

4 Segment information

The segment results for the periods ended 31 March are as follows:

	For six-month period that ended on 31 March 2006							
	Safety equipment services & supply Baht	Ships chandlery Baht	Ownership and operation of multi- purpose offshore service vessels Baht	Turn-key diving, ROV and NDT services to offshore industries Baht	Drilling services Baht	Training services Baht	Unallocated Baht	Total Baht
Total rendering of services.	21,980,633	—	68,647,701	574,888,395	691,686,964	—	198,754,700	1,555,958,393
Inter-segment rendering of services.	(1,714,606)	—	—	(180,000)	(196,047,692)	—	(193,906,500)	(391,848,798)
Rendering of services.	20,266,027	—	68,647,701	574,708,395	495,639,272	—	4,848,200	1,164,109,595
Total sales of goods.	17,446,669	23,884,403	—	—	—	—	—	41,331,072
Inter-segment sales of goods . . .	(2,725,057)	(7,598,113)	—	—	—	—	—	(10,323,170)
Sales of goods.	14,721,612	16,286,290	—	—	—	—	—	31,007,902
Total rendering of services and sales of goods.	34,987,639	16,286,290	68,647,701	574,708,395	495,639,272	—	4,848,200	1,195,117,497
Operating profit.	6,280,362	(11,851,931)	19,626,976	148,135,519	107,615,806	(105,578)	(77,218,326)	192,482,828
Finance income.								1,224,178
Finance cost								
Interest expenses.								(88,921,678)
Net foreign exchange losses on financing activities.								(18,451,032)
Profit before taxes.								86,334,296
Income taxes.								(8,412,119)
Profit for the period.								77,922,177

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
THAT ENDED ON 31 MARCH 2007 (continued)

For six-month period that ended on 31 March 2007								
	Safety equipment services & supply Baht	Ships chandlery Baht	Ownership and operation of multi- purpose offshore service vessels Baht	Turn-key diving, ROV and NDT services to offshore industries Baht	Drilling services Baht	Training services Baht	Unallocated Baht	Total Baht
Total rendering of services	—	—	8,651,340	1,237,171,069	679,233,825	8,839,188	—	1,933,895,422
Inter-segment rendering of services	—	—	—	—	(2,844,452)	(501,645)	—	(3,346,097)
Rendering of services	—	—	8,651,340	1,237,171,069	676,389,373	8,337,543	—	1,930,549,325
Total sales of goods	—	964,025	—	—	—	—	—	964,025
Inter-segment sales of goods	—	—	—	—	—	—	—	—
Sales of goods	—	964,025	—	—	—	—	—	964,025
Total rendering of services and sales of goods	—	964,025	8,651,340	1,237,171,069	676,389,373	8,337,543	—	1,931,513,350
Operating profit	266,722	(4,066,252)	43,133,754	283,604,466	194,755,449	650,407	(56,033,036)	462,311,510
Finance income								2,769,271
Finance cost Interest expenses								(94,414,968)
Net foreign exchange losses on financing activities								(25,754,403)
Profit before taxes								344,911,410
Income taxes								(5,944,403)
Profit for the period								338,967,007

5 Capital expenditure

The major capital expenditure during the six-month period was a) a gantry crane to replace the one that was damaged in an accident at cost of Baht 31,599,244, b) a drill pipe at a cost of Baht 24,468,161, and c) additional payment 30% instalment of ship building contract at cost of Baht 131,850,552.

Significant disposals during the six-month period comprised 2 supply vessels at net book value of Baht 184,695,997.

	Property, plant and equipments, net	
	2007 Baht	2006 Baht
Six-month periods that ended on 31 March		
Opening net book amount at 1 October	3,759,900,689	2,966,947,764
Additions	428,254,038	436,389,246
Transfer from deposit and prepayment for purchase of support vessels	—	885,930,213
Disposals of property, plant and equipment	(189,963,248)	(21,060,377)
Disposals of investments in subsidiaries	(18,509,132)	—
Write off	(9,564,632)	—
Depreciation charge	(218,179,132)	(191,090,869)
Translation adjustments	(245,512,396)	(136,917,069)
Closing net book amount at 31 March	<u>3,506,426,187</u>	<u>3,940,198,908</u>

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
THAT ENDED ON 31 MARCH 2007 (continued)

As at 31 March 2007, a support vessel, 2 remotely operated vehicles and a saturation diving system of a subsidiary have been mortgaged and pledged with local financial institutions as collateral for long-term loans. The assets are mortgaged and pledged at the total value of Baht 124,000,000, Baht 21,114,000, and Baht 127,150,000, respectively.

6 Share capital and premium on share capital

	<u>Number of shares</u>	<u>Ordinary shares Baht</u>	<u>Premium on share capital Baht</u>	<u>Total</u>
Opening balance 1 October 2005	38,320,534	383,205,340	1,226,352,382	1,609,557,722
Issues shares	—	—	—	—
At 31 March 2006	<u>38,320,534</u>	<u>383,205,340</u>	<u>1,226,352,382</u>	<u>1,609,557,722</u>
Opening balance 1 October 2006	38,320,534	383,205,340	1,226,352,382	1,609,557,722
Issues shares	—	—	—	—
At 31 March 2007	<u>38,320,534</u>	<u>383,205,340</u>	<u>1,226,352,382</u>	<u>1,609,557,722</u>

As at 31 March 2007 and 2006, total registered number of ordinary shares is 38,320,534 shares with a par value of Baht 10 per share. All shares are fully paid-up.

7 Borrowings

	<u>31 March 2007 Baht</u>	<u>30 September 2006 Baht</u>
Current		
Bank overdrafts	21,277,254	38,495,377
Short-term loans	172,048,151	160,000,000
Current portion of long-term loans from financial institutions	379,796,838	272,890,333
Current portion of finance lease liabilities	<u>5,238,496</u>	<u>6,392,490</u>
	<u>578,360,739</u>	<u>477,778,200</u>
Non-current		
Long-term loans from financial institutions	1,983,787,151	2,207,423,960
Finance lease liabilities, net	<u>5,578,554</u>	<u>9,554,181</u>
	<u>1,989,365,705</u>	<u>2,216,978,141</u>
Total borrowings	<u>2,567,726,444</u>	<u>2,694,756,341</u>

The movements of short-term loans from financial institutions are summarised as follows:

	<u>2007 Baht</u>	<u>2006 Baht</u>
Six-month periods that ended on 31 March		
Opening amount as at 1 October	160,000,000	105,291,990
Addition during period	72,703,654	228,280,020
Repayment during period	(60,000,000)	(137,903,000)
Unrealised loss on exchange rate	6,465,235	4,112,098
Translation adjustments	<u>(7,120,738)</u>	<u>(8,945,297)</u>
Closing amount as at 31 March	<u>172,048,151</u>	<u>190,835,811</u>

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
THAT ENDED ON 31 MARCH 2007 (continued)**

During the six-month period, Mermaid Offshore Services Ltd., a subsidiary, raised short-term loans from financial institutions in the amount of Baht 72,703,654 (Euro 1,534,500) bearing interest at the rate at 6.01% to 6.075% per annum. The loans are due for repayment within 90 days from 31 March 2007.

The movements of long-term loans from financial institutions are summarised as follows:

	<u>2007 Baht</u>	<u>2006 Baht</u>
Six-month periods that ended on 31 March		
Opening amount as at 1 October	2,480,314,293	2,295,405,112
Addition during period	115,339,628	306,500,000
Repayment during period	(91,699,620)	(46,400,000)
Unrealised loss on exchange rate	16,267,638	15,999,173
Translation adjustments	<u>(156,637,950)</u>	<u>(125,522,828)</u>
Closing amount as at 31 March	<u>2,363,583,989</u>	<u>2,445,981,457</u>

During the six-month period, Mermaid Offshore Services Ltd., a subsidiary, raised long-term loans from financial institutions denominated in Thai Baht of Baht 24,000,000 and denominated in US Dollars of Baht 91,339,628 (USD 2,549,250) bearing interest at the rate of MLR minus 1% per annum and LIBOR plus 2.25% per annum, respectively with repayment terms within 5-6 years. The loan of Baht 24,000,000 is secured by mortgages of its remotely operated vehicle systems.

8 Income taxes

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period is 30% (2006: 30%).

9 Basic earnings per share for profit attributable to equity holders of the Company

Basic earning per share for profit attributable to equity holders of the Company is calculated by dividing net profit for the period attributable to equity holders by the weighted average number of ordinary shares in issue during the periods (2007 and 2006: 38,320,534 shares before share split).

Adjusted shares reflecting share split for the periods ended 2007 and 2006 were 383,205,340 shares.

There are no dilutive ordinary shares in issue during the periods presented. As a result, no diluted earnings per share is presented.

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
THAT ENDED ON 31 MARCH 2007 (continued)

10 Financial instruments

During the period, the Group has entered into forward foreign exchange contracts as follows:

Forward foreign exchange contracts

As at 31 March 2007, the settlement dates on open forward foreign exchange contracts were within 1 year. The local currency amounts to be paid and contractual exchange rates of the outstanding contracts were:

	<u>31 March 2007 Baht</u>
Buying	
USD 2,089,412 at the average rate of Baht 35.49	74,158,438
GBP 681,947 at the average rate of Baht 67.98	<u>46,356,514</u>
	<u>120,514,952</u>

11 Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>31 March 2007 Baht</u>
Property, plant and equipment	
THB	90,640,000
GBP	122,033,655

Remotely operated vehicle (ROV) System Contract

In November 2006, a subsidiary entered into a purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of Baht 34,025,768 (GBP 492,643). As at 31 March 2007, the subsidiary has a remaining commitment of Baht 25,519,309 (GBP 369,482).

In January 2007, a subsidiary entered into another purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of Baht 117,916,347 (GBP 1,707,255). As at 31 March 2007, the subsidiary has a remaining commitment of Baht 96,514,346 (GBP 1,397,383).

(b) Operating lease commitments — group company as lessee

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

	<u>31 March 2007 Baht</u>
No later than 1 year	292,326,528
Later than 1 year and no later than 5 years	278,711,320

(c) Service agreements

As at 31 March 2007, the Group has two outstanding drilling service agreements. The agreement periods are between 6 months and 2 years.

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
THAT ENDED ON 31 MARCH 2007 (continued)

12 Related-party transactions

The following transactions were carried out with an immediate parent company and its related parties.

	31 March 2007 Baht	31 March 2006 Baht
<i>(a) Rendering of services and sales of goods</i>		
Rendering of services	1,273,681	34,398,544
Sales of goods	—	1,277,140
Total	<u>1,273,681</u>	<u>35,675,684</u>
<i>(b) Purchases of services</i>		
Crew expenses	4,359,430	6,904,057
Vessel expenses and repair and maintenance expenses	3,859,451	6,558,890
Vessel equipment rental	97,698,014	81,810,365
Management fee	176,849	1,377,872
Interest expenses	—	726,473
Total	<u>106,093,744</u>	<u>97,377,657</u>
<i>(c) Key management compensation</i>		
Salaries and other short-term employee benefits	19,838,817	14,899,506
Termination and retirement benefits	3,000,000	10,212,410
Total	<u>22,838,817</u>	<u>25,111,916</u>

(d) Investments in subsidiaries — equity

During the period, there were acquisition and disposals of investments as follows:

Disposals of subsidiaries

On 27 November 2006, the Company sold its entire investments in Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. to an overseas company. The net investments at the disposed date were Baht 24,998,651 and Baht 9,056,118, respectively. Gains on the sales of Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. amounted to Baht 1,251,349 and Baht 1,382,150, respectively, and were presented in the income statement.

On 22 December 2006, the Company sold its entire investments in MTR-3 Ltd. and MTR-4 Ltd., both of which were dormant companies, to a third party. The net investments at the disposed date were Baht 952,530 and Baht 951,530, respectively. The net gain from the disposals of these two subsidiaries amounted to Baht 95,940 and were presented in the income statement.

Additional investment

On 27 February 2007, Mermaid Drilling Ltd. acquired a share capital in a newly established subsidiary, Mermaid Drilling (Singapore) Pte. Ltd. in Singapore with paid-up capital amounted to USD 1.

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Consolidated Financial Statements for the financial years ended September 30, 2006, 2005 and 2004

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AUDITOR'S REPORT

To the Board of Directors of Mermaid Maritime Limited
(Presently Mermaid Maritime Public Company Limited)

We have audited the accompanying consolidated balance sheets as at 30 September 2006, 2005 and 2004, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended of Mermaid Maritime Limited and its subsidiaries. The Company's management is responsible for the correctness and completeness of information in these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position as at 30 September 2006, 2005 and 2004, and the consolidated results of operations, and cash flows for the years then ended of Mermaid Maritime Limited and its subsidiaries in accordance with generally accepted accounting principles in Thailand.

The three-year consolidated financial statements of Mermaid Maritime Limited and its subsidiaries for the years ended 30 September 2006, 2005 and 2004 are part of the statutory financial statements which we had audited and expressed opinions on 21 December 2006, 20 January 2006 and on 19 November 2004, respectively. These financial statements have been reformatted and presented only the consolidation for the purpose of an inclusion in the share offering documents of Mermaid Maritime Limited.

PricewaterhouseCoopers ABAS Limited
Bangkok
Anothai Leekitwattana - Partner
4 May 2007

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)

CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2006, 2005 AND 2004

	<u>Notes</u>	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
ASSETS				
Current Assets				
Cash and cash equivalents	3	185,313,778	133,260,584	191,244,823
Restricted cash at banks	3	—	—	100,230,000
Trade accounts receivable — others, net	4	937,000,841	258,734,354	107,193,744
— related parties	5.1	15,505,297	20,632,854	10,670,572
Amounts due from related parties	5.1	77,408	1,570,516	3,141,769
Inventories		23,556,222	23,312,395	13,347,348
Supplies and spare parts		84,233,052	31,379,656	—
Other current assets	6	124,830,863	172,412,525	22,108,240
Total Current Assets		<u>1,370,517,461</u>	<u>641,302,884</u>	<u>447,936,496</u>
Non-Current Assets				
Property, plant and equipment, net	7.1	4,182,811,733	2,991,703,288	525,270,528
Deposits and prepayments for purchase of support vessels		—	886,742,895	—
Deferred dry docking expenses, net	8	10,589,277	11,910,721	16,497,078
Other non-current assets		6,834,082	1,171,859	4,822,604
Total Non-Current Assets		<u>4,200,235,092</u>	<u>3,891,528,763</u>	<u>546,590,210</u>
Total Assets		<u>5,570,752,553</u>	<u>4,532,831,647</u>	<u>994,526,706</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Bank overdrafts	9	40,058,490	—	—
Short-term loans from financial institutions	10	160,000,000	105,291,990	—
Trade accounts payable — others		224,569,724	81,151,924	30,674,346
— related parties	5.1	35,882,162	64,483,476	18,963,637
Other accounts payable		29,365,565	—	—
Amounts due to related parties	5.1	801,027	794,220	1,229,791
Advances from customers		—	5,976,554	—
Current portion of long-term loans from financial institutions	11	272,890,333	92,800,000	62,000,000
Current portion of long-term loan from related party	5.2	—	—	19,195,723
Current portion of finance lease liabilities	12	6,477,384	7,395,288	1,632,017
Income taxes payable		9,748,432	26,814,479	2,266,193
Accrued expenses		21,756,389	28,361,599	3,559,149
Dividends payable	13	—	—	8,846,460
Other current liabilities		78,095,117	45,242,484	9,520,398
Total Current Liabilities		<u>879,644,623</u>	<u>458,312,014</u>	<u>157,887,714</u>
Non-Current Liabilities				
Long-term loans from financial institutions, net	11	2,207,423,960	2,201,287,375	108,000,000
Long-term loan from a related party, net	5.2	—	—	19,195,723
Finance lease liabilities	12	9,645,195	13,974,157	1,005,582
Total Non-Current Liabilities		<u>2,217,069,155</u>	<u>2,215,261,532</u>	<u>128,201,305</u>
Total Liabilities		<u>3,096,713,778</u>	<u>2,673,573,546</u>	<u>286,089,019</u>
Shareholders' Equity				
Share capital	14			
Registered share capital		383,205,340	383,205,340	203,940,000
Issued and fully paid-up		383,205,340	383,205,340	203,940,000
Premium on share capital	14	1,226,352,382	1,226,352,382	333,775,682
Translation adjustments for investments in overseas subsidiaries		(4,137,868)	43,736	—
Retained earnings				
Appropriated — legal reserve	15	5,720,000	5,720,000	5,720,000
Unappropriated		682,024,303	80,533,339	43,319,858
Total parent's shareholders' equity		<u>2,293,164,157</u>	<u>1,695,854,797</u>	<u>586,755,540</u>
Minority interests		180,874,618	163,403,304	121,682,147
Total Shareholders' Equity		<u>2,474,038,775</u>	<u>1,859,258,101</u>	<u>708,437,687</u>
Total Liabilities and Shareholders' Equity		<u>5,570,752,553</u>	<u>4,532,831,647</u>	<u>994,526,706</u>

Notes to the consolidated financial statements on pages F-7 to F-30 form an integral part of these consolidated financial statements.

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

	Notes	2006 Baht	2005 Baht	2004 Baht
Sales		51,307,654	86,779,844	84,757,669
Service income		3,100,039,298	1,153,889,523	358,869,141
Total sales and service income		<u>3,151,346,952</u>	<u>1,240,669,367</u>	<u>443,626,810</u>
Cost of sales		(35,055,767)	(53,245,148)	(54,661,893)
Cost of services		(1,763,519,794)	(730,338,162)	(162,451,421)
Total cost of sales and services		<u>(1,798,575,561)</u>	<u>(783,583,310)</u>	<u>(217,113,314)</u>
Gross profit from sales and services		1,352,771,391	457,086,057	226,513,496
Service and administrative expenses		(364,253,603)	(270,066,707)	(90,959,883)
Depreciation	7.2	(346,438,630)	(117,753,428)	(51,001,201)
Gains on exchange rates		149,674,655	34,472,788	1,051,009
Other income		64,896,612	32,315,619	5,416,062
Profit before interest and tax		856,650,425	136,054,329	91,019,483
Interest expenses		(189,297,017)	(43,918,697)	(15,503,700)
Profit before tax		667,353,408	92,135,632	75,515,783
Income taxes		(48,142,305)	(32,848,408)	(3,990,789)
Profit before minorities		619,211,103	59,287,224	71,524,994
Profit attributable to minority interests		(17,720,139)	(22,073,743)	(20,183,528)
Net profit for the year		<u>601,490,964</u>	<u>37,213,481</u>	<u>51,341,466</u>
Basic earnings per share	17			
Net profit for the year		<u>15.70</u>	<u>1.33</u>	<u>3.60</u>

Notes to the consolidated financial statements on pages F-7 to F-30 form an integral part of these consolidated financial statements.

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

	Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Translation adjustments for investments in overseas subsidiaries Baht	Appropriated retained earnings- legal reserve Baht	Unappropriated retained earnings Baht	Minority interests Baht	Total Baht
Beginning balance as at 1 October 2005		383,205,340	1,226,352,382	43,736	5,720,000	80,533,339	163,403,304	1,859,258,101
Issued share capital		—	—	—	—	—	220	220
Net profit for the year		—	—	—	—	601,490,964	17,720,139	619,211,103
Translation adjustments for investments in overseas subsidiaries		—	—	(4,181,604)	—	—	(249,045)	(4,430,649)
Ending balance as at 30 September 2006		383,205,340	1,226,352,382	(4,137,868)	5,720,000	682,024,303	180,874,618	2,474,038,775
Beginning balance as at 1 October 2004		203,940,000	333,775,682	—	5,720,000	43,319,858	121,682,147	708,437,687
Issued share capital	14	179,265,340	892,576,700	—	—	—	20,500,000	1,092,342,040
Payments to minority interests		—	—	—	—	—	(852,586)	(852,586)
Net profit for the year		—	—	—	—	37,213,481	22,073,743	59,287,224
Translation adjustments for investments in overseas subsidiaries		—	—	43,736	—	—	—	43,736
Ending balance as at 30 September 2005		383,205,340	1,226,352,382	43,736	5,720,000	80,533,339	163,403,304	1,859,258,101
Beginning balance as at 1 October 2003		48,980,000	—	—	5,000,000	1,263,872	129,663,666	184,907,538
Issued share capital	14	154,960,000	333,775,682	—	—	—	—	488,735,682
Legal reserve	15	—	—	—	720,000	(720,000)	—	—
Net profit for the year		—	—	—	—	51,341,466	20,183,528	71,524,994
Dividend paid	13	—	—	—	—	(8,565,480)	(28,165,047)	(36,730,527)
Ending balance as at 30 September 2004		203,940,000	333,775,682	—	5,720,000	43,319,858	121,682,147	708,437,687

Notes to the consolidated financial statements on pages F-7 to F-30 form an integral part of these consolidated financial statements.

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

	<u>Notes</u>	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Cash flows from operating activities	18	252,855,827	(1,843,504)	99,235,439
Cash flows from investing activities				
Net decrease (increase) in restricted cash at financial institutions . .		—	100,230,000	(91,082,000)
Proceeds from loan to director		—	—	1,829,057
Proceeds from sales of plant and equipment		49,102,635	4,374,103	23,744,438
Purchases of property, plant and equipment		(690,207,393)	(2,565,536,975)	(117,750,884)
Payments for deposits and prepayments for support vessels		—	(886,742,895)	—
Payments for dry-docking		(14,907,316)	(10,207,206)	(1,064,201)
Net cash outflows from investing activities		(656,012,074)	(3,357,882,973)	(184,323,590)
Cash flows from financing activities				
Net proceed (payment) of bank overdrafts		40,058,490	—	(9,265,314)
Proceeds from short-term loans from financial institutions	10	276,435,020	357,574,640	—
Payments on short-term loans from financial institutions	10	(217,575,710)	(252,341,240)	(50,000,000)
Payments on finance lease liabilities		(5,679,419)	(3,161,736)	(1,607,967)
Proceeds from long-term loans from financial institutions	11	467,650,840	2,214,600,000	21,190,000
Payments on long-term loans from financial institutions	11	(105,680,000)	(62,000,000)	(63,049,017)
Proceeds from short-term loans from related parties		—	100,000,000	—
Payments on short-term loans from related parties		—	(100,000,000)	—
Payments on long-term loans from related parties	5.2	—	(35,572,420)	(21,168,883)
Dividends paid to minority interests		—	(8,846,460)	(124,534,067)
Proceeds from issue of share capital	14	—	179,265,340	154,960,000
Proceeds from issue of share capital from minority interests		220	19,647,414	—
Proceeds from share premiums	14	—	892,576,700	333,775,682
Net cash inflows from financing activities		455,209,441	3,301,742,238	240,300,434
Net increase (decrease) in cash and cash equivalents		52,053,194	(57,984,239)	155,212,283
Cash and cash equivalents at the beginning of the year		133,260,584	191,244,823	36,032,540
Cash and cash equivalents at the end of the year		185,313,778	133,260,584	191,244,823
Supplementary information:				
Interest paid		204,759,514	19,929,303	16,731,780
Tax paid		105,115,932	8,969,963	9,495,985
Non-cash transactions				

As at 30 September 2006, 2005 and 2004, the Group has unpaid liabilities under finance lease agreements for the purchase of fixed assets of Baht 16,122,579, Baht 21,893,582 and Baht 2,637,599, respectively.

Notes to the consolidated financial statements on pages F-7 to F-30 form an integral part of these consolidated financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 General information

Mermaid Maritime Limited (the "Company") is a limited company, which is incorporated and resident in Thailand. The address of the Company's registered office is as follows:

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

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

As at 30 September 2006, 2005 and 2004, the Group employed 296 persons, 190 persons and 99 persons, respectively.

The Company is a subsidiary of Thoresen Thai Agencies Public Company Limited, which is incorporated in Thailand (2005 and 2004 : an associate).

The Company has registered as a Public Company Limited with the Department of Business Development Ministry of Commerce effective on 15 January 2007. The Company has changed its name to Mermaid Maritime Public Company Limited since then.

The directors approved the issue of the audited 3 years comparative consolidated financial statements on 4 May 2007.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation of consolidated financial statements

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

The three-year consolidated financial statements of Mermaid Maritime Limited and its subsidiaries for the year ended 30 September 2006, 2005 and 2004 are part of the statutory financial statements which were audited and expressed opinions on 21 December 2006, 20 January 2006 and on 19 November 2004, respectively. These financial statements have been reformatted and presented only the consolidation. They have been prepared for the purpose of inclusion in the share offering documents of Mermaid Maritime Limited.

The consolidated financial statements have been prepared under the historical cost convention.

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

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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2.2 Amendment to Accounting Standards effective in 2007 and 2008

On 2 May 2007, the Federation of Accounting Professions (FAP) has announced the following amendments to Thai Accounting Standards (TAS) as follows:

TAS no. 25	"Cash Flow Statements"
TAS no. 33	"Borrowing Costs"
TAS no. 44	"Consolidated and Separate Financial Statements"
TAS no. 45	"Investments in Associates"
TAS no. 46	"Interests in Joint Ventures"
TAS no. 49	"Construction Contracts"

The effective date for the revised TAS no. 44 "Consolidated and Separate Financial Statements", TAS no. 45 "Investment in Associates" and TAS no. 46 "Interests in Joint Ventures" is for the accounting periods beginning on or after 1 January 2007. The revised standards require the change from equity method of accounting to cost method of accounting for investments in subsidiaries and associates presented in the separate financial statements. Under the cost method, income from investment will be recorded when dividends are declared. The change in the accounting policy has an impact to the separate financial statements only and does not have an impact to the consolidated financial statements. In addition, a parent company is mandated to present its separate financial statements in accordance with the revised standards.

TAS no. 25 "Cash Flow Statements", TAS no. 33 "Borrowing Costs", and TAS no. 49 "Construction Contracts" will be effective for the accounting period beginning on or after 1 January 2008. However, the Group's management assessed and determined that there is no significant impact to the consolidated financial statements being presented related to the revised standards.

2.3 Foreign currency translation

Entity level

Items included in the financial statements of each entity in the Group are measured using the entities' reporting currencies. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into entities' reporting currencies using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to entities' reporting currencies at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

Consolidation level

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year. Balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency transaction differences are recognised in the consolidated statement of income as part of the gain or loss on disposal.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

2.4 Cash and cash equivalents

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

2.5 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequent measure as the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the consolidated statement of income within service and administrative expenses.

2.6 Inventories

Inventories, which mainly represent finished goods such as supplies, equipment, and consumer products for sales are stated at the lower of cost or net realisable value. Cost of supplies, equipment, and consumer products are determined by the first-in, first-out method and cost of safety equipment is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving, and defective inventories (if any).

2.7 Supplies and spare parts

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

2.8 Property, plant and equipment

Property, plant, and equipment are recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset and bringing it to the location and condition necessary for its intended use. Property, plant, and equipment, except land, are stated in the consolidated balance sheet at cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings	20 years
Building improvement	10,20 years
Tools and equipment	5,10 years
Office equipment	3,5 years
Motor vehicles	5 years
Supply vessels	6-16 years
Tender rigs	11,13 years
Motor launches	10 years

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repair and maintenance expenses are charged to the consolidated statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow for the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

2.9 Deferred dry — docking expenses

Deferred dry-docking expenses are amortised to the consolidated statement of income on a straight-line basis over the period of 3 years. Dry-docking is required at 3-year intervals.

2.10 Leases — where the Group is the lessee

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

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the period of lease.

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

2.11 Provisions

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

2.12 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of output tax, rebates, and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and

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rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is recognised when services are rendered.

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

Dividends are recognised when the right to receive payment is established.

2.13 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and financial liability or an equity instrument of another enterprise. The Group's financial assets comprise of cash and cash equivalents, trade accounts receivable, accrued income, amounts due from related parties, and loans to related parties. The Group's financial liabilities comprise bank overdrafts, loans from financial institutions, trade accounts payable, amounts due to and loans from related parties, other current liabilities, and finance lease liabilities.

2.14 Deferred income taxes

The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements, because the Thai Accounting Standard in relation to deferred income taxes has not been effective. The principal temporary differences arise from depreciation on property and equipment and tax losses carried forward.

2.15 Employee benefits

The Group operates a provident fund that is a defined contribution plan. The provident fund assets are held in a separate fund, which is managed by an external fund manager. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the income statement in the year to which they relate.

The Group has not accounted for provision for employee benefit in the consolidated financial statements.

2.16 Segment reporting

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

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

2.17 Related parties

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

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

2.18 Investments in subsidiaries

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

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

A list of the group's principal subsidiaries is set out in Note 24.

3 Cash and cash equivalents

Cash and cash equivalents comprise:

	2006 Baht	2005 Baht	2004 Baht
Cash on hand	1,183,740	1,192,226	1,058,185
Cash at banks	<u>184,130,038</u>	<u>132,068,358</u>	<u>190,186,638</u>
Total cash and cash equivalents	<u>185,313,778</u>	<u>133,260,584</u>	<u>191,244,823</u>
Restricted cash at banks.	<u>—</u>	<u>—</u>	<u>100,230,000</u>

As at 30 September 2006 and 2005, the Group had no restricted cash at banks. As at 30 September 2004, restricted cash of Baht 100,230,000 was previously pledged with local banks as collateral for the letters of guarantee issued by local banks.

4 Trade accounts receivable — others, net

Trade accounts receivable — others, net comprise:

	2006 Baht	2005 Baht	2004 Baht
Trade accounts receivable — others	899,522,700	206,984,321	107,706,360
Accrued income	<u>54,546,684</u>	<u>57,805,070</u>	<u>—</u>
	954,069,384	264,789,391	107,706,360
Less: Allowance for doubtful accounts.	<u>(17,068,543)</u>	<u>(6,055,037)</u>	<u>(512,616)</u>
Trade accounts receivable — others, net	<u>937,000,841</u>	<u>258,734,354</u>	<u>107,193,744</u>

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

	2006 Baht	2005 Baht	2004 Baht
Trade accounts receivable under credit term	533,903,617	204,888,809	39,456,966
Aging of trade accounts receivable due for payment			
Less than 3 months	339,465,530	44,542,762	51,389,390
Overdue 3 to 6 months	30,785,734	2,493,987	6,357,907
Overdue 6 to 12 months	3,573,612	4,263,821	9,199,866
Overdue 12 months	46,340,891	8,600,012	1,302,231
	954,069,384	264,789,391	107,706,360
Less: Allowance for doubtful accounts	(17,068,543)	(6,055,037)	(512,616)
Trade accounts receivable — other, net	<u>937,000,841</u>	<u>258,734,354</u>	<u>107,193,744</u>

5 Related party transactions

Significant related party transactions are as follows:

5.1 Accounts receivable and payable — related parties

	2006 Baht	2005 Baht	2004 Baht
Trade accounts receivable	15,505,297	20,632,854	10,670,572
Amount due from related parties	77,408	1,570,516	3,141,769
Trade accounts payable	35,882,162	64,483,476	18,963,637
Amount due to related parties	801,027	794,220	1,229,791

5.2 Long-term loan from a related party

	2006 Baht	2005 Baht	2004 Baht
Long-term loan from a related party — in US Dollars	—	—	38,391,446
Less: Current portion of long-term loan	—	—	(19,195,723)
	<u>—</u>	<u>—</u>	<u>19,195,723</u>

As at 30 September 2006 and 2005, the Group had no long-term loan from related parties. As at 30 September 2004, the loan in US Dollars from a related party having an outstanding balance of USD 0.92 million carried interest at the rate of LIBOR plus 3% and was secured by the subsidiary's shares owned by Mermaid Maritime Limited. The Company repaid all the remaining loan in 2005.

The movement of long-term loan from related party is summarised as follows:

	2006 Baht	2005 Baht	2004 Baht
Beginning balance	—	38,391,446	57,982,826
Repayment during year	—	(35,572,420)	(21,168,883)
Realised and unrealised (gain) loss on exchange rate	—	(2,819,026)	1,577,503
Ending balance	<u>—</u>	<u>—</u>	<u>38,391,446</u>

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5.3 Transactions with related parties

Significant related party transactions between the Group and group companies of Thoresen Thai Agencies Public Company Limited, the parent company, and other related parties other than those already disclosed in the consolidated balance sheets, are as follows:

	2006 Baht	2005 Baht	2004 Baht
Revenues			
Sales	1,896,949	7,969,977	4,683,202
Service income	49,114,867	105,351,165	64,142,189
Expenses			
Crew expenses	12,218,170	7,717,067	29,107,185
Vessel expenses and repair and maintenance expenses	11,332,433	55,273,000	24,971,907
Vessel equipment rental	191,183,792	114,982,556	3,624,624
Management fee	3,781,911	5,587,196	4,994,276
Interest expenses	1,923,802	1,241,180	2,538,747

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

- a) Sales and service income are transacted at price normally charged to a third party.
- b) Management fee income is charged based on actual cost plus margin.
- c) Crew expenses, vessel and maintenance expenses, and expenses of rental vessel and equipment are transacted at prices normally charged to a third party.
- d) Management fee expense is calculated at the rate of 2% of a subsidiary's revenue and USD 100 per day for 2006, 2005 and 2004.
- e) Interest expense is calculated at MLR plus 2% per annum for 2006 and LIBOR plus 3% per annum and MLR plus 1% per annum for 2005 and 2004.

6 Other current assets

Other current assets comprise:

	2006 Baht	2005 Baht	2004 Baht
Value added taxes refundable	37,262,946	26,845,586	5,679,595
Prepaid expenses	41,084,242	14,971,402	9,621,812
Advances to employee	1,833,718	555,367	803,343
Advances for business expenses	9,784,085	62,359,598	1,732,966
Deferred insurance claims	—	—	4,072,254
Other receivables	26,961,048	31,634,725	—
Advances for business investment	—	9,750,000	—
Advances for bid bond	—	16,492,000	—
Other current assets	7,904,824	9,803,847	198,270
	<u>124,830,863</u>	<u>172,412,525</u>	<u>22,108,240</u>

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7 Property, plant and equipment, net

7.1) Property, plant and equipment, net comprise:

Consolidated										
	Land Baht	Building Baht	Building improvement Baht	Tools and equipment Baht	Office equipment Baht	Motor vehicles Baht	Support, supply tender vessels and rigs Baht	Motor launches Baht	Construction in process Baht	Total Baht
At 30 September 2005										
Cost	42,226,507	157,755,990	360,000	300,206,673	30,033,756	37,653,299	2,644,407,927	6,203,853	59,140,479	3,277,988,484
Less: Accumulated depreciation	—	(3,364,266)	(46,364)	(46,473,706)	(12,433,511)	(11,602,542)	(206,891,516)	(5,473,291)	—	(286,285,196)
Net book amount	<u>42,226,507</u>	<u>154,391,724</u>	<u>313,636</u>	<u>253,732,967</u>	<u>17,600,245</u>	<u>26,050,757</u>	<u>2,437,516,411</u>	<u>730,562</u>	<u>59,140,479</u>	<u>2,991,703,288</u>
For the year ended										
30 September 2006										
Opening net book amount . .	42,226,507	154,391,724	313,636	253,732,967	17,600,245	26,050,757	2,437,516,411	730,562	59,140,479	2,991,703,288
Additions	—	29,424,512	770,777	116,587,855	20,561,177	5,651,995	253,723,963	—	263,899,292	690,619,571
Transferred from other accounts	—	—	—	—	—	—	886,742,895	—	—	886,742,895
Transferred in (out)	—	16,189,039	13,774,524	14,369,812	14,807,104	—	—	—	(59,140,479)	—
Disposals	—	—	(202,562)	(4,131,496)	(1,449,708)	(5,370,018)	(17,549,844)	—	—	(28,703,628)
Write off	—	—	—	—	—	—	(11,111,763)	—	—	(11,111,763)
Depreciation charge	—	(9,511,221)	(2,989,820)	(33,659,044)	(11,492,020)	(6,411,551)	(282,124,974)	(250,000)	—	(346,438,630)
Closing net book amount . .	<u>42,226,507</u>	<u>190,494,054</u>	<u>11,666,555</u>	<u>346,900,094</u>	<u>40,026,798</u>	<u>19,921,183</u>	<u>3,267,196,688</u>	<u>480,562</u>	<u>263,899,292</u>	<u>4,182,811,733</u>
At 30 September 2006										
Cost	42,226,507	203,582,952	14,392,563	402,365,300	61,776,192	32,186,944	3,714,701,603	1,231,931	263,899,292	4,736,363,284
Less: Accumulated depreciation	—	(13,088,898)	(2,726,008)	(55,465,206)	(21,749,394)	(12,265,761)	(447,504,915)	(751,369)	—	(553,551,551)
Net book amount	<u>42,226,507</u>	<u>190,494,054</u>	<u>11,666,555</u>	<u>346,900,094</u>	<u>40,026,798</u>	<u>19,921,183</u>	<u>3,267,196,688</u>	<u>480,562</u>	<u>263,899,292</u>	<u>4,182,811,733</u>

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	Consolidated									
	Land Baht	Building Baht	Building improvement Baht	Tools and equipment Baht	Office equipment Baht	Motor vehicles Baht	Support, supply vessels and tender rigs Baht	Motor launches Baht	Construction in process Baht	Total Baht
At 30 September 2004										
Cost	17,501,807	8,074,415	360,000	90,328,918	13,035,163	17,179,703	467,075,619	6,203,853	77,533,500	697,292,978
Less: Accumulated depreciation	—	(1,463,142)	(18,453)	(27,424,272)	(9,880,269)	(10,292,566)	(117,579,560)	(5,364,188)	—	(172,022,450)
Net book amount	<u>17,501,807</u>	<u>6,611,273</u>	<u>341,547</u>	<u>62,904,646</u>	<u>3,154,894</u>	<u>6,887,137</u>	<u>349,496,059</u>	<u>839,665</u>	<u>77,533,500</u>	<u>525,270,528</u>
For the year ended										
30 September 2005										
Opening net book amount	17,501,807	6,611,273	341,547	62,904,646	3,154,894	6,887,137	349,496,059	839,665	77,533,500	525,270,528
Additions	17,345,405	146,361,390	—	143,187,764	17,246,661	24,138,482	2,177,332,308	—	59,140,479	2,584,752,489
Transferred in (Out)	7,379,295	3,320,185	—	66,834,020	—	—	—	—	(77,533,500)	—
Disposals	—	—	—	(138,095)	(16,383)	(276,761)	—	—	—	(431,239)
Write off	—	—	—	—	(135,062)	—	—	—	—	(135,062)
Depreciation charge	—	(1,901,124)	(27,911)	(19,055,368)	(2,649,865)	(4,698,101)	(89,311,956)	(109,103)	—	(117,753,428)
Closing net book amount	<u>42,226,507</u>	<u>154,391,724</u>	<u>313,636</u>	<u>253,732,967</u>	<u>17,600,245</u>	<u>26,050,757</u>	<u>2,437,516,411</u>	<u>730,562</u>	<u>59,140,479</u>	<u>2,991,703,288</u>
At 30 September 2005										
Cost	42,226,507	157,755,990	360,000	300,206,673	30,033,756	37,653,299	2,644,407,927	6,203,853	59,140,479	3,277,988,484
Less: Accumulated depreciation	—	(3,364,266)	(46,364)	(46,473,706)	(12,433,511)	(11,602,542)	(206,891,516)	(5,473,291)	—	(286,285,196)
Net book amount	<u>42,226,507</u>	<u>154,391,724</u>	<u>313,636</u>	<u>253,732,967</u>	<u>17,600,245</u>	<u>26,050,757</u>	<u>2,437,516,411</u>	<u>730,562</u>	<u>59,140,479</u>	<u>2,991,703,288</u>

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Consolidated											
	Land Baht	Building Baht	Building improvement Baht	Tools and equipment Baht	Office equipment Baht	Motor vehicles Baht	Support and Supply vessels Baht	Motor launches Baht	Construction in process Baht	Deposit and prepayment Baht	Total Baht
At 30 September 2003											
Cost	17,501,807	27,591,747	11,976,779	44,269,842	12,150,718	15,102,467	466,012,229	6,203,853	—	10,703,505	611,512,947
Less: Accumulated depreciation	—	(8,900,569)	(3,847,397)	(21,053,719)	(8,817,460)	(7,599,372)	(78,487,635)	(5,113,503)	—	—	(133,819,655)
Net book amount	<u>17,501,807</u>	<u>18,691,178</u>	<u>8,129,382</u>	<u>23,216,123</u>	<u>3,333,258</u>	<u>7,503,095</u>	<u>387,524,594</u>	<u>1,090,350</u>	<u>—</u>	<u>10,703,505</u>	<u>477,693,292</u>
For the year ended											
30 September 2004											
Opening net book amount	17,501,807	18,691,178	8,129,382	23,216,123	3,333,258	7,503,095	387,524,594	1,090,350	—	10,703,505	477,693,292
Additions	—	—	360,000	36,114,726	1,263,161	2,562,617	1,063,391	—	77,533,500	—	118,897,395
Transferred in (out)	—	—	—	10,703,505	—	—	—	—	—	(10,703,505)	—
Disposals	—	(11,356,300)	(7,941,385)	(577,163)	(225,898)	(218,212)	—	—	—	—	(20,318,958)
Depreciation charge	—	(723,605)	(206,450)	(6,552,545)	(1,215,627)	(2,960,363)	(39,091,926)	(250,685)	—	—	(51,001,201)
Closing net book amount.	<u>17,501,807</u>	<u>6,611,273</u>	<u>341,547</u>	<u>62,904,646</u>	<u>3,154,894</u>	<u>6,887,137</u>	<u>349,496,059</u>	<u>839,665</u>	<u>77,533,500</u>	<u>—</u>	<u>525,270,528</u>
At 30 September 2004											
Cost	17,501,807	8,074,415	360,000	90,328,918	13,035,163	17,179,703	467,075,619	6,203,853	77,533,500	—	697,292,978
Less: Accumulated depreciation	—	(1,463,142)	(18,453)	(27,424,272)	(9,880,269)	(10,292,566)	(117,579,560)	(5,364,188)	—	—	(172,022,450)
Net book amount	<u>17,501,807</u>	<u>6,611,273</u>	<u>341,547</u>	<u>62,904,646</u>	<u>3,154,894</u>	<u>6,887,137</u>	<u>349,496,059</u>	<u>839,665</u>	<u>77,533,500</u>	<u>—</u>	<u>525,270,528</u>

As at 30 September 2006, 2005 and 2004, certain land and building, supply and support vessels of the Group were mortgaged with financial institutions as collateral for loans as mentioned in Note 9, 10 and 11.

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

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Depreciation charged to			
— Cost of service	291,034,670	106,269,217	44,872,760
— Service and administrative expenses	<u>55,403,960</u>	<u>11,484,211</u>	<u>6,128,441</u>
	<u>346,438,630</u>	<u>117,753,428</u>	<u>51,001,201</u>

8 Deferred dry docking expenses, net

Deferred dry docking expenses, net comprise the following:

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Deferred dry docking expenses	23,945,470	15,662,436	37,448,889
Less: Accumulated amortisation	<u>(13,356,193)</u>	<u>(3,751,715)</u>	<u>(20,951,811)</u>
Deferred dry docking expenses, net	<u>10,589,277</u>	<u>11,910,721</u>	<u>16,497,078</u>

9 Bank overdrafts

As at 30 September 2006, the Group had bank overdraft facilities of Baht 90 million (30 September 2005: Baht 45 million and 30 September 2004: Baht 25 million), which are guaranteed by the Company and a mortgage of the Company's land and buildings as mentioned in Note 7.

As at 30 September 2006, the Group had unused bank overdraft facilities of Baht 50 million (30 September 2005: Baht 45 million and 30 September 2004: Baht 25 million).

10 Short-term loans from financial institutions

As at 30 September 2006, the balance of short-term loans from financial institutions of Baht 160,000,000 (30 September 2005: Baht 90,000,000 and USD 372,000 and 30 September 2004: nil) bear interest rates at MLR minus 1.5% to MLR per annum (30 September 2005: MLR minus 0.50% to 1.50% per annum for Thai Baht loans and LIBOR plus 2.75% per annum for US Dollar loans). The maturity of the Thai Baht loans is within 35 days. The loans are secured by mortgages of certain land and buildings as mentioned in Note 7.

The movement of short-term loans from financial institutions for the years that ended on 30 September are as follows:

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Beginning balance	105,291,990	—	50,000,000
Addition during year	276,435,020	357,574,640	—
Repayment during year	(217,575,710)	(252,341,240)	(50,000,000)
Realised (gain) on exchange rate	(4,151,300)	—	—
Unrealised loss on exchange rate	—	58,590	—
Ending balance	<u>160,000,000</u>	<u>105,291,990</u>	<u>—</u>

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11 Long-term loans from financial institutions

Long-term loans from financial institutions comprise:

	<u>2006 Baht</u>	<u>2005 Baht</u>	<u>2004 Baht</u>
Long-term loans from financial institutions	2,480,314,293	2,294,087,375	170,000,000
Less: Current portion of long-term loans	<u>(272,890,333)</u>	<u>(92,800,000)</u>	<u>(62,000,000)</u>
Long-term portion of loans	<u>2,207,423,960</u>	<u>2,201,287,375</u>	<u>108,000,000</u>

Loans for the purchase of supply and support vessels are granted by local commercial banks, and are in Thai Baht and US Dollars, having a total outstanding balance of Baht 245,000,000 and USD 21,148,750 as of 30 September 2006 (30 September 2005: Baht 108,000,000 and USD 15,000,000; and 30 September 2004: Baht 170,000,000) with repayment terms within 5 — 7 years. As at 30 September 2006, interest on the Thai Baht loans and US Dollar loans is as follows:

- The loan balance of Baht 40,000,000 (30 September 2005: Baht 50,000,000 and 30 September 2004: Baht 60,000,000) : fixed rates of 5% per annum for the first 3 years and MLR per annum thereafter;
- The loan balance of Baht 205,000,000 (30 September 2005 and 2004: Nil) MLR minus 1.5% per annum for the first 2 years and MLR per annum thereafter;
- No outstanding loan balance. As at 30 September 2005 and 2004, loan balances of Baht 58,000,000 and Baht 110,000,000, respectively, bore interest at MLR per annum.
- The loan balance of USD 15,000,000 (30 September 2005: USD 15,000,000 and 30 September 2004: Nil): USD-LIBOR plus 3% per annum for the first year and USD-LIBOR plus 3.25% per annum thereafter; and
- The loan balance of USD 6,148,750 (30 September 2005 and 2004: Nil): USD — LIBOR plus 2.25% per annum.

These loans are secured by mortgages of supply and support vessels and their integral parts and equipment as mentioned in Note 7 and are guaranteed by the Company.

Loans for the purchase of tender rigs are granted by a local commercial bank and are denominated in US Dollars with a total outstanding balance of USD 34,650,000 as of 30 September 2006 (30 September 2005: USD 34,650,000 and 30 September 2004: nil) with repayment terms within 9 years, including a 1.5 year grace period. These loans bear interest at USD-LIBOR plus 2.75% per annum (30 September 2005: USD-LIBOR plus 2.75% per annum), are secured by mortgages of the tender rigs as mentioned in Note 7, and guaranteed by the Company and two subsidiaries.

According to a condition of the loan agreements for the purchase of supply and support vessels and tender rigs, the Group is not allowed to create any encumbrance on the assets which are used as collateral, except for encumbrances created with the prior consent of the banks and permitted liens. The Group must comply with other conditions and restrictions stated in the term loan agreements.

Loan for the purchase of land and construction of a building is granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 135,200,000 as of 30 September 2006 (30 September 2005: Baht 145,100,000 and 30 September 2004: nil) and a repayment term of 6.5 years. The loan is secured by mortgages of the Company's land and building as mentioned in Note 7. This loan bears interest at the rate of MLR minus 1% per annum until 14 June 2007 and MLR per annum thereafter (30 September 2005: MLR minus 1% per annum and 30 September 2004: nil).

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

	2006 Baht	2005 Baht	2004 Baht
Beginning balance	2,294,087,375	170,000,000	211,859,017
Addition during year	467,650,840	2,214,600,000	21,190,000
Repayment during year	(105,680,000)	(62,000,000)	(63,049,017)
Unrealised losses (gains) on exchange rate	(175,743,922)	(28,512,625)	—
Ending balance	<u>2,480,314,293</u>	<u>2,294,087,375</u>	<u>170,000,000</u>

12 Finance lease liabilities

Finance lease liabilities comprise:

	2006 Baht	2005 Baht	2004 Baht
Finance lease liabilities	18,125,967	24,735,129	2,797,801
Less: Deferred interest expenses	<u>(2,003,388)</u>	<u>(3,365,684)</u>	<u>(160,202)</u>
Total finance lease liabilities	16,122,579	21,369,445	2,637,599
Less: Current portion of finance lease liabilities	<u>(6,477,384)</u>	<u>(7,395,288)</u>	<u>(1,632,017)</u>
Long-term portion of finance lease liabilities	<u>9,645,195</u>	<u>13,974,157</u>	<u>1,005,582</u>

As at 30 September 2006, finance lease liabilities to purchase motor vehicles carry interest at between 7.5 — 9.0% per annum (2005: 7.5% — 9.0% per annum and 2004: 7.5% — 10.5% per annum). The leases have repayment terms within 3 — 4 years without guarantee (2005: without guarantee and 2004: guaranteed by the Group's directors).

13 Dividend payments

At the Company's Board of Directors Meeting on 15 July 2003, the board approved to declare an interim dividends in respect of retained earning and profit for the period from October 2002 to June 2003 to ordinary and preference shareholders totaling Baht 96,650,000 which were paid on 8 December 2003. On 22 January 2004, the Company's Board approved to declare an interim dividend in respect of retained earnings as at 31 December 2003 to ordinary shareholders totaling Baht 8,565,480 which were paid on 29 January 2004.

Dividends paid to shareholders are as follows:

	2006 Baht	2005 Baht	2004 Baht
Dividends payable at beginning of year	—	—	96,650,000
Add Dividends paid during the year	—	—	17,411,940
Less Dividends payable at the end of year	—	—	<u>(8,446,460)</u>
Cash payment for dividends during the year	<u>—</u>	<u>—</u>	<u>105,215,480</u>

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14 Share capital and premium on share capital

Share capital, issued and paid — up, comprises:

	Par value Baht	Number of Shares shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
As at 30 September 2003					
Pre — split	1,000	<u>48,980</u>	<u>48,980,000</u>	<u>—</u>	<u>48,980,000</u>
As at 14 November 2003					
Post — split	10	4,898,000	48,980,000	—	48,980,000
Issued shares	10	<u>15,496,000</u>	<u>154,960,000</u>	<u>333,775,682</u>	<u>488,735,682</u>
As at 30 September 2004	10	20,394,000	203,940,000	333,775,682	537,715,682
Issued shares	10	<u>17,926,534</u>	<u>179,265,340</u>	<u>892,576,700</u>	<u>1,071,842,040</u>
As at 30 September 2005	10	38,320,534	383,205,340	1,226,352,382	1,609,557,722
Issued shares		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 30 September 2006	10	<u>38,320,534</u>	<u>383,205,340</u>	<u>1,226,352,382</u>	<u>1,609,557,722</u>

As at 30 September 2006, the registered and paid-up share capital of the Company was Baht 383,205,340, divided into 38,320,534 ordinary shares with a par value of Baht 10 per share. All shares are fully paid-up.

On 30 October 2003 and 14 November 2003, the shareholders at the Extraordinary General Meetings passed resolutions to approve the split of the Company's registered share capital from 48,980 ordinary shares with a par value of Baht 1,000 per share to 4,898,000 ordinary shares with a par value of Baht 10 per share.

On 30 October 2003 and 14 November 2003, the shareholders at the Extraordinary General Meetings passed resolutions to approve an increase of registered share capital from 4,898,000 ordinary shares with a par value of Baht 10 per share to 13,596,000 ordinary shares, or an increase of 8,698,000 additional ordinary shares with a par value of Baht 10 per share. The Company sold the 8,698,000 additional shares at a price of Baht 10 per share, resulting in an additional paid-up share capital of Baht 86,980,000. The Company registered the increased share capital with the Ministry of Commerce on 21 November 2003.

On 19 May 2004 and 3 June 2004, the shareholders at the Extraordinary General Meetings passed resolutions to approve an increase of registered share capital from 13,596,000 ordinary shares with a par value of Baht 10 per share to 20,394,000 ordinary shares, or an increase of 6,798,000 additional ordinary shares, with a par value of Baht 10 per share. The Company sold the 6,798,000 additional shares at a price of Baht 10 per share plus a premium of Baht 50 per share, totalling proceed from share issue Baht 407,880,000. The Company registered the increased share capital with the Ministry of Commerce on 7 June 2004.

On 8 March and 23 March 2005, the shareholders at the Extraordinary General Meetings passed resolutions to approve an increase of share capital from 20,394,000 ordinary shares with a par value of Baht 10 per share to 40,788,000 ordinary shares, or an increase of 20,394,000 additional ordinary shares with a par value of Baht 10 per share. The Company sold 17,926,534 additional shares at a price of Baht 10 per share plus a premium of Baht 50 per share, totalling proceed from share issue Baht 1,075,592,040. The Company registered the increased share capital with the Ministry of Commerce on 29 April 2005. There remains another 2,467,466 unissued ordinary shares.

15 Legal reserve

As a Company Limited, the legal reserve was set up in accordance with the provisions of the Civil and Commercial Code which requires the appropriation as legal reserve of at least 5% of net profits derived from the business of the Company at each dividend distribution until the reserve reaches 10% of the registered share capital.

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As described in Note 1, the Company has registered as a Public Company Limited on 15 January 2007. Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

16 Operating profit

The following expenditure items, classified by nature, have been charged in arriving at operating profit.

	2006 Baht	2005 Baht	2004 Baht
Expenses included in cost of service			
Crew, staff and subcontractor costs	939,414,632	391,874,240	116,655,085
Vessel expenses and repair and maintenance expenses	336,748,704	33,913,651	35,144,913
Charter hire and equipment rental	131,659,946	102,781,365	20,611,089
Depreciation (Note 7.2)	291,034,670	106,269,217	44,872,760
Expenses included in service and administrative expense			
Staff cost	178,913,521	92,183,080	45,132,877
Depreciation (Note 7.2)	55,403,960	11,484,211	6,128,441

17 Basic earnings per share

The Group, therefore, calculated basic earnings per share for the years that ended on 30 September 2006, 2005 and 2004 by using the weighted average number of ordinary shares as shown below:

	2006	2005	2004
Net profit for the period attributable to ordinary shareholders (Baht)	601,490,964	37,213,481	51,341,466
Weighted average number of ordinary shares (shares)	38,320,534	28,006,638	14,248,452
Basic earnings per share (Baht)	15.70	1.33	3.60

There are no potential dilutive ordinary shares in issue for the years that ended on 30 September 2006, 2005 and 2004.

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18 Cash flows from operating activities

The reconciliation of net profit to cash flow from operating activities is as follows:

	Note	2006 Baht	2005 Baht	2004 Baht
Net profit for the year		601,490,964	37,213,481	51,341,466
Adjustments for:				
Depreciation	7	346,438,630	117,753,428	51,001,201
Amortisation		16,228,760	14,793,563	10,762,532
Net (gain) loss from sale of equipment		(9,266,867)	(1,129,735)	(3,425,479)
Realised (gain) loss on exchange rate		(4,151,300)	(2,819,025)	195,033
Unrealised (gain) loss on exchange rate		(175,743,922)	(28,454,035)	896,409
Allowance for doubtful accounts		11,013,506	5,542,421	—
Profit attributable to minority interests		17,720,139	22,073,743	20,183,528
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal of subsidiaries)				
— Trade accounts receivable — others		(689,279,993)	(157,039,295)	(60,231,596)
— Trade accounts receivable — related parties		5,127,557	(9,962,282)	13,685,930
— Amounts due from related parties		1,493,108	1,571,253	5,213,183
— Inventories		(243,827)	(9,965,047)	(257,004)
— Spare parts and supplies		(52,853,396)	(31,379,656)	—
— Other current assets		47,581,662	(140,554,285)	(4,001,550)
— Other assets		(5,662,223)	(6,099,255)	(4,700,877)
— Trade accounts payable — others		143,417,800	50,477,578	18,679,550
— Trade accounts payable — related parties		(28,601,314)	45,519,839	2,199,808
— Other accounts payable		29,365,565	—	—
— Amounts due to related parties		6,807	(435,571)	(1,730,519)
— Advances from customers		(5,976,554)	5,976,554	—
— Income tax payable		(17,066,047)	24,548,286	(4,854,865)
— Accrued expenses		(6,605,210)	24,802,450	2,694,767
— Other current liabilities		32,852,633	35,722,086	1,583,922
— Translation adjustment		(4,430,651)	—	—
Net cash inflows (outflows) from operating activities		<u><u>252,855,827</u></u>	<u><u>(1,843,504)</u></u>	<u><u>99,235,439</u></u>

19 Financial instruments

The principal financial risks faced by the Group are interest rate risk, exchange rate risk, and credit risk. The Group borrows at both fixed and floating interest rates interest to finance its investments and operations. Exchange rate risk arises from loans denominated in foreign currencies. Credit risk arises when services and sales are made on deferred credit terms. However, the Group does not make use of any derivative financial instruments to reduce the uncertainty over future cash flows arising from movements in interest rates and exchange rates and from credit risk, as management is of the opinion that the costs of hedging will outweigh the possible benefits.

As at 30 September 2006, 2005 and 2004, financial assets carried on the consolidated balance sheet include cash and cash equivalents, trade accounts receivable, and amounts due from related parties. Financial liabilities carried on the consolidated balance sheet include loans from financial institutions, trade accounts payable and other accounts payable, amounts due to related parties, finance lease liabilities, other current liabilities and loans.

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

The fair value of long-term loans bearing interest at floating rates approximates the contract amount.

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20 Promotional privileges

As at 30 September 2006, four offshore subsidiaries (30 September 2005 and 2004: two offshore subsidiaries) received promotional privileges from the Board of Investment ("BOI") under a number of different categories, including domestic and international shipping business, services of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, and drilling services (30 September 2005 and 2004: domestic and international shipping business, services of submerged structure inspection, service of underwater equipment, and service of inspection of marine pollution). The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

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

21 Bank guarantees

As at 30 September, the Group has Bank guarantees as follows:

	2006		2005		2004	
	Baht	USD	Baht	USD	Baht	USD
Letters of guarantee issued by banks in the normal course of business.	19,536,880	618,500	1,172,800	1,050,000	772,880	2,721,586

22 Commitments

22.1 Service Agreements

As at 30 September 2006, the Group has committed under contracts to customers of its tender rigs for a period not exceeding 24 months.

22.2 Capital commitments

Ship building contract

In November 2005, a subsidiary entered into a ship building contract with a seller in respect of multipurpose offshore vessel at the purchase price of Baht 453,200,000. As at 30 September 2006, the subsidiary has a remaining commitment of Baht 226,600,000.

Marine diesel engines contract

In November 2005, a subsidiary entered into a 'marine diesel engines contract' with a seller at the purchase price of Euro 1,950,000. As at 30 September 2006, the subsidiary has a remaining commitment of Euro 1,534,500. The payment was fully paid on 28 December 2006.

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

23 Business segment information

Segment information relative to the Group's business activities is as follows:

	Consolidated For the year that ended on 30 September 2006						
	Ownership and operation of multi-offshore service vessels		Ships chandlery		Turn-key diving, ROV and NDT services to offshore industries		
	Safety equipment services & supply	Baht	Baht	Baht	Baht	Baht	
Revenues							
Revenues from outside customers							
Sales	34,512,033	—	16,795,621	—	—	—	51,307,654
Service income	41,882,148	105,962,754	12,748	1,717,364,861	1,225,588,353	4,355,487	3,100,039,298
Gain (loss) on exchange rate	(463,713)	(3,514,233)	(1,034,299)	47,289,553	107,568,423	(16,817)	149,674,655
Other income	(141,428)	30,300,886	(29,388)	11,884,155	22,331,521	754	64,896,612
	<u>75,789,040</u>	<u>132,749,407</u>	<u>15,744,682</u>	<u>1,776,538,569</u>	<u>1,355,488,297</u>	<u>4,339,424</u>	<u>3,365,918,219</u>
Inter-segment revenues							
Sales	2,939,645	—	8,131,144	—	—	—	—
Service income	3,861,111	—	—	7,283,459	394,355,807	30,568	—
Management fee	—	—	—	—	17,952,689	—	—
Other income	684,356	—	—	133,210	8,332,633	—	—
	<u>7,485,112</u>	<u>—</u>	<u>8,131,144</u>	<u>7,416,669</u>	<u>420,641,129</u>	<u>30,568</u>	<u>—</u>
Total revenues	83,274,152	132,749,407	23,875,826	1,783,955,238	1,776,129,426	4,369,992	3,365,918,219
Total expenses	(83,251,762)	(131,308,840)	(30,212,071)	(1,462,653,212)	(1,435,844,203)	(6,747,120)	(2,746,707,116)
Net income (loss) before minority interest	22,390	1,440,567	(6,336,245)	321,302,026	340,285,223	(2,377,128)	619,211,103
Minority interest	—	(705,878)	—	—	(17,014,261)	—	(17,720,139)
Net profit	<u>22,390</u>	<u>734,689</u>	<u>(6,336,245)</u>	<u>321,302,026</u>	<u>323,270,962</u>	<u>(2,377,128)</u>	<u>601,490,964</u>
Property, plant, and equipment, net as at 30 September 2006	18,509,132	240,036,995	1,650,541	1,778,795,977	1,858,494,231	10,715,082	4,182,811,733
Total assets as at 30 September 2006							<u>5,570,752,553</u>

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)

Segment information relative to the Group's business activities is as follows:

	Consolidated For the year that ended on 30 September 2005					
	Ownership and operation of multi-purpose offshore service vessels Baht	Ships chandlery Baht	Turn-key ROV and NDT services to offshore industries Baht	Drilling services Baht	Others Baht	Elimination of inter-segment transactions Baht
	Safety equipment services & supply Baht					Total Baht
Revenues						
Revenues from outside customers						
Sales	31,626,215	55,153,629	—	—	—	86,779,844
Service income	28,501,837	174,418,418	603,103,382	315,855,016	32,010,870	1,153,889,523
Gain (loss) on exchange rate	—	128,815	4,985,543	25,946,300	3,412,130	34,472,788
Other income	122,420	895,261	24,545,547	6,164,175	514,785	32,315,619
	60,250,472	175,313,679	632,634,472	347,965,491	35,937,785	1,307,457,774
Inter-segment revenues						
Sales	2,458,028	34,792,386	—	—	—	—
Service income	1,038,607	30,684,523	90,276,672	—	343,051	(37,250,414)
Management fee	—	—	—	24,000,000	29,859,964	(122,342,853)
Other income	148,578	—	32,966	5,006,504	53,169,693	(53,859,964)
	3,645,213	30,684,523	90,309,638	29,006,504	83,372,708	(58,357,741)
Total revenues	63,895,685	205,998,202	722,944,110	376,971,995	119,310,493	(271,810,972)
Total expenses	(58,335,995)	(157,605,339)	(698,514,470)	(404,740,676)	(80,908,593)	241,260,940
Net income (loss) before minority interest	5,559,690	48,392,863	24,429,640	(27,768,681)	38,401,900	(30,550,032)
Minority interest	—	(23,712,502)	—	1,638,759	—	59,287,224
Net profit	5,559,690	24,680,361	24,429,640	(26,129,922)	38,401,900	(22,073,743)
Property, plant, and equipment, net as at 30 September 2005	4,523,797	290,887,588	422,932,129	1,999,379,510	276,845,206	37,213,481
Total assets as at 30 September 2005						2,991,703,288
						4,532,831,647

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

Segment information relative to the Group's business activities is as follows:

	Consolidated					
	For the year that ended on 30 September 2004					
	Safety equipment services & supply Baht	Ownership and operation of multi-purpose offshore service vessels Baht	Ships chandlery Baht	Turn-key diving, ROV and NDT services to offshore industries Baht	Others Baht	Elimination of inter-segment transactions Baht
Revenues						
Revenues from outside customers						
Sales	34,874,980	—	49,882,689	—	—	84,757,669
Service income	26,361,223	155,629,994	—	166,577,605	10,300,319	358,869,141
Gain (loss) on exchange rate	—	1,756,830	496,986	436,893	(1,639,700)	1,051,009
Other income	1,541,860	128,033	82,766	19,237	3,644,166	5,416,062
	<u>62,778,063</u>	<u>157,514,857</u>	<u>50,462,441</u>	<u>167,033,735</u>	<u>12,304,785</u>	<u>450,093,881</u>
Inter-segment revenues						
Sales	1,136,806	—	10,790,411	—	—	—
Service income	1,639,384	20,275,209	—	4,020,992	31,859	(25,967,444)
Management fee	—	—	—	—	807,392	(807,392)
Other income	476,260	—	36,712	309,655	21,552,754	(22,375,381)
	<u>3,252,450</u>	<u>20,275,209</u>	<u>10,827,123</u>	<u>4,330,647</u>	<u>22,392,005</u>	<u>—</u>
Total revenues	66,030,513	177,790,066	61,289,564	171,364,382	34,696,790	450,093,881
Total expenses	(38,520,020)	(136,141,895)	(52,961,063)	(151,334,946)	(9,637,757)	(378,568,887)
Net profit before minority interest	27,510,493	41,648,171	8,328,501	20,029,436	25,059,033	71,524,994
Minority interest	—	(20,407,604)	—	—	224,076	(20,183,528)
Net profit	<u>27,510,493</u>	<u>21,240,567</u>	<u>8,328,501</u>	<u>20,029,436</u>	<u>25,283,109</u>	<u>51,341,466</u>
Property and equipment, net as at 30 September 2004	<u>4,230,602</u>	<u>324,471,307</u>	<u>958,543</u>	<u>154,466,958</u>	<u>42,920,478</u>	<u>525,270,528</u>
Total assets as at 30 September 2004						<u>994,526,706</u>

MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004

24 Group Companies

As at 30 September, subsidiaries included in the consolidated financial statements are as follows:

Investment in subsidiary	Nature of business	Country of incorporation	Nature of relationship	2006		2005		2004	
				Paid up capital	Investment portion (%)	Paid up capital	Investment portion (%)	Paid up capital	Investment portion (%)
Subsidiaries									
Local:									
— Darium Thai Offshore Ltd.	Ownership and operation of multi-purpose offshore service vessels	Thailand	Shareholder	212.4	51	212.4	51	212.4	51
— Mermaid Supply Ltd.	Ships Chandlery	Thailand	Shareholder	10.0	100	10.0	100	10.0	100
— Subco (Thailand) Ltd.(a)	Dormant	Thailand	Shareholder	—	—	—	—	1.0	51
— Mermaid Offshore Services Limited	Turn-key diving, ROV and NDT services to offshore industries	Thailand	Shareholder	550.0	100	350.0	100	34.0	100
— Mermaid Safety Services Ltd.	Safety equipment services and supply	Thailand	Shareholder	4.0	100	4.0	100	4.0	100
— Mermaid Training and Technical Services Ltd.(b)	Sub-sea engineering training and examination services	Thailand	Shareholder	2.0	100	—	—	—	—
MTR-3 Ltd (c)	Drilling services	Thailand	Shareholder	1.0	100	—	—	—	—
MTR-4 Ltd. (d)	Drilling services	Thailand	Shareholder	1.0	100	—	—	—	—
— Mermaid Drilling Ltd. (e)	Production and exploration drilling services and support to the offshore oil and gas industries	Thailand	Shareholder	410.0	95	240.0	95	—	—
which has three subsidiaries as follows:									
MTR-1 Ltd.,	Drilling services	Thailand		240.0	100	240.0	100	—	—
MTR-2 Ltd. and Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling services	Thailand		350.0	100	350.0	100	—	—
	Drilling services	Malaysia		Malaysia Ringgit 250,000	100	Malaysia Ringgit 2	100	—	—
Foreign:									
— Mermaid Maritime (Vietnam) Ltd.(f)	Safety equipment services and supply	Vietnam	Shareholder	USD 580,013	100	USD 473,694	100	—	—
— MCON Pte. Ltd.(g)	Manpower Services	Singapore	Shareholder	SGD 10,000	—	SGD 10,000	100	—	—

**MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

- (a) Subco (Thailand) Ltd. hired out ROV system for underwater services to the offshore industry in Thailand and South East Asia. The Company transferred its business to a related party on 1 October 2003. After transferring the entire business, the Company ceased its commercial business. The dissolution date occurred on 12 October 2004.
- (b) On 15 November 2005, the Company registered a subsidiary in Thailand, namely Mermaid Training and Technical Services Ltd., with paid-up capital of Baht 2,000,000. The subsidiary provides sub-sea engineering training and examination services.
- (c) On 15 November 2005, the Company registered a subsidiary in Thailand, namely MTR-3 Ltd., with paid-up capital of Baht 1,000,000. As at 30 September 2006, the subsidiary has not commenced operations.
- (d) On 15 November 2005, the Company registered a subsidiary in Thailand, namely MTR-4 Ltd., with paid-up capital of Baht 1,000,000. As at 30 September 2006, the subsidiary has not commenced operations.
- (e) On 24 January 2005, the Company registered a subsidiary in Thailand, namely Mermaid Drilling Ltd.. As at 30 September 2005, the Company paid up capital in this subsidiary of Baht 240 million. Additional share capital of Baht 349 million was paid up but was not registered as at 30 September 2005. The increased capital at 170,000,000 shares was subsequently registered with the Ministry of Commerce on 30 November 2005. The subsidiary registered another additional two subsidiaries in Thailand and one subsidiary in Malaysia, namely MTR-1 Ltd. with paid-up capital of Baht 240 million, MTR-2 Ltd. with paid-up capital of Baht 350 million and Mermaid Drilling (Malaysia) Sdn. Bhd. With paid-up capital of Malaysia Ringgit 2, respectively. All subsidiaries provide production and exploration drilling services and support to the offshore oil and gas industries at any field location in the Gulf of Thailand and neighbouring areas.
- (f) On 11 October 2004, the Company registered a subsidiary in Vietnam, namely Mermaid Maritime (Vietnam) Ltd., with investment capital of USD 2,000,000 and legal capital of USD 600,000. As at 30 September 2005, the Company has paid up USD 473,694. The subsidiary's business involves the sale and service of safety equipment and supplies to merchant shipping lines and the offshore oil and gas industry. The subsidiary started operations in July 2005.
- (g) On 20 January 2005, the Company registered a subsidiary in Singapore, namely MCON Pte Ltd., with registered capital of SGD 250,000. The Company paid up capital in this subsidiary amounting to SGD 10,000. The subsidiary's business involves the supply of personnel for the offshore oil and gas industry and started operations in March 2005. On 25 September 2006, the Company sold its entire investment in MCON Pte. Ltd. to an overseas company. The loss from the sale of this investment amounted to Baht 850,993.

25 Subsequent events

25.1 Sale of fixed assets in a subsidiary

On 6 October 2006, a subsidiary entered into a memorandum of agreement for the sale of an accommodation vessel named 'Nico Sattahip' with an overseas company amounting to USD 3.25 million, the net gain from disposal amounted to Baht 15.2 million. The vessel was delivered to that overseas company on 16 November 2006.

On 31 October 2006, a subsidiary entered into a Bimco Standard Bareboat Charter for the sale of an accommodation vessel named "Nico Bangkok" with an overseas company amounting to USD 4.2 million, the net loss from disposal amounted to Baht 2.9 million. On 16 February 2007, a subsidiary received a payment in full. The vessel's ownership was transferred to the buyer on 30 April 2007.

**MERMAID MARITIME LIMITED
(PRESENTLY MERMAID MARITIME PUBLIC COMPANY LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEARS THAT ENDED ON 30 SEPTEMBER 2006, 2005 AND 2004**

25.2 Purchase of fixed asset in a subsidiary

On 12 September 2006, a subsidiary's tender rig was involved in an accident which stopped the operation during 13 September 2006 to 3 October 2006. On 14 December 2006, such subsidiary purchased a new gantry crane from a foreign company for USD 880,000 to replace the one that was damaged in the accident.

In November 2006, a subsidiary entered into a purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of GBP 492,643.

In January 2007, a subsidiary entered into another purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of GBP 1,707,255.

25.3 Mortgage of Vessel

In October 2006, a remaining support vessel of a subsidiary has been mortgaged and pledged with a local financial institution as a collateral for a long-term loan, amounting to Baht 205,000,000 as mentioned in Note 11.

25.4 Investments

Disposals of subsidiaries

On 27 November 2006, the Company sold its entire investments in Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. to an overseas company. Gains on sales of Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. amounted to Baht 1,251,349 and Baht 1,382,150, respectively.

On 22 December 2006, the Company sold its entire investments in MTR-3 Ltd. and MTR-4 Ltd., both of which were dormant companies, to a third party. The net gain from the disposals of these two subsidiaries amounted to Baht 95,940.

Additional investment

On 27 February 2007, Mermaid Drilling Ltd. acquired share capital in a newly established subsidiary, Mermaid Drilling (Singapore) Pte. Ltd. in Singapore, with paid-up capital amounted to USD 1.

AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Board of Directors of Mermaid Maritime Public Company Limited
(Formerly Mermaid Maritime Limited)

I have reviewed the accompanying consolidated and company balance sheets as at 31 March 2007, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the three-month and six-month periods ended 31 March 2007 and 2006 of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on our reviews.

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

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

I have audited the consolidated and company financial statements for the year ended 30 September 2006 of Mermaid Maritime Public Company Limited and its subsidiaries and of Mermaid Maritime Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 21 December 2006. The consolidated and company balance sheets as at 30 September 2006, presented for comparative purposes, are part of the consolidated and company financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

Anothai Leekitwattana - Partner
Certified Public Accountant (Thailand) No. 3442
PricewaterhouseCoopers ABAS Limited

Bangkok
4 May 2007

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**BALANCE SHEETS
AS AT 31 MARCH 2007 (UNAUDITED) AND 30 SEPTEMBER 2006 (AUDITED)**

		Consolidated		Company	
	Notes	Unaudited 31 March 2007 Baht	Audited 30 September 2006 Baht	Unaudited 31 March 2007 Baht	Audited 30 September 2006 Baht
ASSETS					
Current Assets					
Cash and cash equivalents		645,865,239	185,313,778	19,997,768	15,147,596
Trade accounts receivable — others, net	3	754,212,291	937,000,841	210,803	272,815
— related parties	4.1	145,234	15,505,297	64,984	249,938
Amounts due from related parties	4.1	719,001	77,408	104,538,338	68,464,099
Short-term loans to a related party	4.2	—	—	133,000,000	120,000,000
Inventories		—	23,556,222	—	—
Supplies and spareparts		82,217,190	84,233,052	—	—
Other current assets	5	167,068,979	124,830,863	23,342,896	18,200,047
Total Current Assets		<u>1,650,227,934</u>	<u>1,370,517,461</u>	<u>281,154,789</u>	<u>222,334,495</u>
Non-Current Assets					
Investments in subsidiaries	4.3	—	—	2,329,192,731	1,963,102,782
Property, plant and equipment, net	6	4,058,423,916	4,182,811,733	263,913,726	279,679,510
Deferred dry docking expenses, net	7	100,940,519	10,589,277	—	—
Other non-current assets		3,842,573	6,834,082	567,480	588,480
Total Non-Current Assets		<u>4,163,207,008</u>	<u>4,200,235,092</u>	<u>2,593,673,937</u>	<u>2,243,370,772</u>
Total Assets		<u><u>5,813,434,942</u></u>	<u><u>5,570,752,553</u></u>	<u><u>2,874,828,726</u></u>	<u><u>2,465,705,267</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Bank overdrafts	8	21,924,861	40,058,490	—	—
Short-term loans from financial institutions	9	172,048,151	160,000,000	—	20,000,000
Trade accounts payable — others		186,388,132	224,569,724	—	—
— related parties	4.1	21,450,669	35,882,162	15,764	624,305
Other accounts payable		16,067,898	29,365,565	2,436,728	1,595,620
Amounts due to related parties	4.1	—	801,027	—	—
Current portion of long-term loans from financial institutions	10	379,796,838	272,890,333	24,800,000	24,800,000
Current portion of finance lease liabilities	11	5,317,086	6,477,384	2,223,670	3,077,401
Income tax payable		7,401,641	9,748,432	—	—
Accrued expenses		77,759,750	21,756,389	4,031,628	3,032,505
Other current liabilities		46,504,230	78,095,117	7,717,503	3,080,479
Total Current Liabilities		<u>934,659,256</u>	<u>879,644,623</u>	<u>41,225,293</u>	<u>56,210,310</u>
Non-Current Liabilities					
Long-term loans from financial institutions	10	1,983,787,151	2,207,423,960	98,000,000	110,400,000
Finance lease liabilities	11	5,624,613	9,645,195	3,439,019	5,930,800
Total Non-Current Liabilities		<u>1,989,411,764</u>	<u>2,217,069,155</u>	<u>101,439,019</u>	<u>116,330,800</u>
Total Liabilities		<u>2,924,071,020</u>	<u>3,096,713,778</u>	<u>142,664,312</u>	<u>172,541,110</u>
Shareholders' Equity					
Share capital	12				
Registered share capital		<u>383,205,340</u>	<u>383,205,340</u>	<u>383,205,340</u>	<u>383,205,340</u>
Issued and fully paid-up		<u>383,205,340</u>	<u>383,205,340</u>	<u>383,205,340</u>	<u>383,205,340</u>
Premium on share capital	12	1,226,352,382	1,226,352,382	1,226,352,382	1,226,352,382
Translation adjustments for investments in overseas subsidiaries		6,522,948	(4,137,868)	6,522,948	(4,137,868)
Retained earnings					
Appropriated — legal reserve	13	5,720,000	5,720,000	5,720,000	5,720,000
Unappropriated		<u>1,110,363,744</u>	<u>682,024,303</u>	<u>1,110,363,744</u>	<u>682,024,303</u>
Total parent's shareholders' equity		<u>2,732,164,414</u>	<u>2,293,164,157</u>	<u>2,732,164,414</u>	<u>2,293,164,157</u>
Minority interests		<u>157,199,508</u>	<u>180,874,618</u>	<u>—</u>	<u>—</u>
Total Shareholders' Equity		<u>2,889,363,922</u>	<u>2,474,038,775</u>	<u>2,732,164,414</u>	<u>2,293,164,157</u>
Total Liabilities and Shareholders' Equity		<u><u>5,813,434,942</u></u>	<u><u>5,570,752,553</u></u>	<u><u>2,874,828,726</u></u>	<u><u>2,465,705,267</u></u>

The notes on pages F-38 to F-55 are an integral part of these interim consolidated and company financial statements.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**STATEMENTS OF INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIODS THAT ENDED ON 31 MARCH 2007 AND 2006**

	Notes	Consolidated		Company	
		2007 Baht	2006 Baht	2007 Baht	2006 Baht
Sales		257,812	15,856,064	—	—
Service income		969,610,042	573,856,349	—	1,588,256
Total sales and service income		969,867,854	589,712,413	—	1,588,256
Cost of sales		(257,812)	(8,083,957)	—	—
Cost of services		(566,342,720)	(361,406,895)	—	(1,217,971)
Total cost of sales and services		(566,600,532)	(369,490,852)	—	(1,217,971)
Gross profit from sales and providing services		403,267,322	220,221,561	—	370,285
Service and administrative expenses		(83,307,972)	(75,771,577)	(29,843,758)	(41,399,813)
Depreciation	6.2	(99,188,124)	(62,132,676)	(6,824,155)	(6,601,194)
Gains on exchange rates		33,813,451	99,472,256	18,243	50,237
Other income	4.4	45,205,369	32,974,417	36,092,458	24,075,250
Share of profit of investments in subsidiaries		—	—	242,281,619	181,710,023
Profit before interest expenses and income taxes		299,790,046	214,763,981	241,724,407	158,204,788
Interest expenses		(44,772,396)	(47,227,717)	(2,311,083)	(3,827,304)
Profit before income taxes		255,017,650	167,536,264	239,413,324	154,377,484
Income taxes		(11,697,542)	(1,854,101)	—	(155,235)
Profit before minorities		243,320,108	165,682,163	239,413,324	154,222,249
Profit attributable to minority interests		(3,906,784)	(11,459,914)	—	—
Net profit for the year		239,413,324	154,222,249	239,413,324	154,222,249
Basic earnings per share	14				
Net profit for the year		6.25	4.02	6.25	4.02

The notes on pages F-38 to F-55 are an integral part of these interim consolidated and company financial statements.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**STATEMENTS OF INCOME (UNAUDITED)
FOR THE SIX-MONTH PERIODS THAT ENDED ON 31 MARCH 2007 AND 2006**

	Notes	Consolidated		Company	
		2007 Baht	2006 Baht	2007 Baht	2006 Baht
Sales		964,025	31,007,902	—	—
Service income		1,968,911,491	1,165,350,171	—	4,848,200
Total sales and service income		1,969,875,516	1,196,358,073	—	4,848,200
Cost of sales		(931,479)	(22,003,317)	—	—
Cost of services		(1,215,844,320)	(681,079,906)	—	(2,810,790)
Total cost of sales and services		(1,216,775,799)	(703,083,223)	—	(2,810,790)
Gross profit from sales and providing services		753,099,717	493,274,850	—	2,037,410
Service and administrative expenses		(163,402,012)	(171,720,163)	(49,271,445)	(68,479,882)
Depreciation	6.2	(197,283,600)	(148,046,605)	(13,913,335)	(12,251,633)
Gain on exchange rates		81,379,680	99,486,093	61,070	50,237
Other income	4.4	72,525,390	54,920,102	75,550,204	47,786,566
Share of profit of investment in subsidiaries	4.3	—	—	421,124,695	248,082,732
Profit before interest expenses and income taxes		546,319,175	327,914,277	433,551,189	217,225,430
Interest expenses		(94,411,670)	(88,921,266)	(5,211,748)	(6,777,385)
Profit before income taxes		451,907,505	238,993,011	428,339,441	210,448,045
Income taxes		(18,694,252)	(17,493,306)	—	(155,235)
Profit before minority interests		433,213,253	221,499,705	428,339,441	210,292,810
Profit attributable to minority interests . . .		(4,873,812)	(11,206,895)	—	—
Net profit for the period		428,339,441	210,292,810	428,339,441	210,292,810
Basic earnings per share	14				
Net profit for the period		11.18	5.49	11.18	5.49

The notes on pages F-38 to F-55 are an integral part of these interim consolidated and company financial statements.

MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIODS THAT ENDED ON 31 MARCH 2007 AND 2006

	Consolidated 2007					
	Issued and paid-up share capital Baht	Premium on share capital Baht	Translation adjustments for investments in overseas subsidiaries Baht	Appropriated retained earnings-legal reserve Baht	Unappropriated retained earnings Baht	Minority interests Baht
Beginning balance as at 1 October 2006	383,205,340	1,226,352,382	(4,137,868)	5,720,000	682,024,303	180,874,618
Net profit for the period	—	—	—	—	428,339,441	4,873,812
Dividends paid by a subsidiary	—	—	—	—	—	(29,141,280)
Translation adjustments for investments in overseas subsidiaries	—	—	10,660,816	—	—	592,358
Ending balance as at 31 March 2007	<u>383,205,340</u>	<u>1,226,352,382</u>	<u>6,522,948</u>	<u>5,720,000</u>	<u>1,110,363,744</u>	<u>157,199,508</u>
						<u>11,253,174</u>
						<u>2,889,363,922</u>

	Company 2007				Total Baht
	Issued and paid-up share capital Baht	Premium on share capital Baht	Translation adjustments for investments in overseas subsidiaries Baht	Appropriated retained earnings-legal reserve Baht	
Beginning balance as at 1 October 2006	383,205,340	1,226,352,382	(4,137,868)	5,720,000	2,293,164,157
Net profit for the period	—	—	—	—	428,339,441
Translation adjustments for investments in overseas subsidiaries	—	—	10,660,816	—	—
Ending balance as at 31 March 2007	<u>383,205,340</u>	<u>1,226,352,382</u>	<u>6,522,948</u>	<u>5,720,000</u>	<u>2,732,164,414</u>
					<u>10,660,816</u>
					<u>2,732,164,414</u>

The notes on pages F-38 to F-55 are an integral part of these interim consolidated and company financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) (continued)

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The notes on pages F-38 to F-55 are an integral part of these interim consolidated and company financial statements.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIODS THAT ENDED ON 31 MARCH 2007 AND 2006**

	Notes	Consolidated		Company	
		2007 Baht	2006 Baht	2007 Baht	2006 Baht
Cash flows from operating activities	15	630,928,959	83,737,911	(17,136,854)	(45,016,477)
Cash flows from investing activities					
Proceeds from short-term loans to related parties		—	—	189,000,000	281,500,000
Payments on short-term loans to related parties		—	—	(202,000,000)	—
Proceeds from disposal of investments in subsidiaries		38,094,281	—	38,094,281	—
Payments for purchase of investments in subsidiaries		—	—	—	(205,582,089)
Dividends received from a subsidiary		—	—	30,330,720	—
Proceeds from disposals of equipment		253,863,782	45,866,087	3,815,948	2,923,916
Purchases of property, plant and equipment		(331,280,646)	(438,386,766)	(1,508,411)	(53,334,158)
Payments for dry-docking		(106,841,928)	(12,822,254)	—	—
Net cash inflows (outflows) in investing activities		(146,164,511)	(405,342,933)	57,732,538	25,507,669
Cash flows from financing activities					
Net proceed (payment) of bank overdrafts		(18,133,629)	32,875,588	—	—
Proceeds from short-term loans from financial institutions	9	72,703,654	228,280,020	—	22,812,497
Payments on short-term loans from financial institutions	9	(60,000,000)	(137,903,000)	(20,000,000)	(50,000,000)
Payments on finance lease liabilities		(5,927,530)	(3,155,514)	(3,345,512)	(1,911,136)
Proceeds from long-term loans from financial institutions	10	115,339,628	306,500,000	—	14,900,000
Payments on long-term loans from financial institutions	10	(91,858,125)	(46,400,000)	(12,400,000)	(12,400,000)
Dividends paid to minority		(29,141,280)	—	—	—
Proceeds from issue of share capital from minority interests		—	220	—	—
Net cash inflows (outflows) from financing activities		(17,017,282)	380,197,314	(35,745,512)	(26,598,639)
Net increase (decrease) in cash and cash equivalents		467,747,166	58,592,292	4,850,172	(46,107,447)
Cash and cash equivalents at beginning of period		185,313,778	133,260,584	15,147,596	50,942,380
Decrease in cash on hand from disposal of investments in subsidiaries		(7,195,705)	—	—	—
Cash and cash equivalents at the end of period		645,865,239	191,852,876	19,997,768	4,834,933
Supplementary information for cash flows:					
Interest paid		94,162,314	87,762,905	5,219,163	6,777,385
Tax paid		26,524,387	39,859,469	1,164,576	2,783,231
Non-cash transactions					
During the quarters ended 31 March 2007 and 2006, the Group and Company have non-cash transactions as follows:					
Unpaid liability under finance lease agreements for purchase of fixed assets		10,941,699	19,427,625	5,622,689	11,594,156
Unpaid liability for purchase of fixed assets		—	67,980,000	—	—

The notes on pages F-38 to F-55 are an integral part of these interim consolidated and company financial statements.

**MERMAID MARITIME PUBLIC COMPANY LIMITED
(FORMERLY MERMAID MARITIME LIMITED)**

**CONDENSED NOTES TO THE INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS THAT ENDED ON 31 MARCH 2007 AND 2006**

1 General information

Mermaid Maritime Public Company Limited (the “Company”) is a public limited company and is incorporated and domiciled in Thailand. The address of its registered office is as follows:

26/49 Orakarn Building, 9th floor
Soi Chidlom, Ploenchit Road
Kwaeng Lumpinee, Khet Pathumwan
Bangkok 10330

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

As at 31 March 2007, the Group employs 242 persons (30 September 2006: 296 persons).

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

The Company has registered as a Public Company Limited with the Department of Business Development Ministry of Commerce effective on 15 January 2007. The Company has changed its name to Mermaid Maritime Public Company Limited.

The board of directors approved the issue of the interim consolidated and company financial statements on 4 May 2007.

2 Accounting policies

2.1 Basis of preparation of interim consolidated and Company financial statements

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

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

The interim consolidated and Company financial statements have been prepared under the historical cost convention.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year that ended on 30 September 2006.

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

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

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**CONDENSED NOTES TO THE INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED) (continued)
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These interim financial statements should be read in conjunction with the 2006 annual financial statements.

As at 31 March 2007, there are 9 direct and indirect subsidiaries (30 September 2006: 12 direct and indirect subsidiaries) included in the consolidated financial statements as follows:

	Percentage of holdings	
	As at 31 March 2007 (Unaudited)	As at 30 September 2006 (Audited)
Darium Thai Offshore Ltd.	51	51
Mermaid Supply Ltd.	100	100
Mermaid Offshore Services Ltd.	100	100
Mermaid Safety Services Ltd.*	—	100
Mermaid Maritime (Vietnam) Ltd.*	—	100
Mermaid Drilling Ltd.	95	95
(which has 4 subsidiaries, MTR-1 Ltd., MTR-2 Ltd., Mermaid Drilling (Malaysia) Sdn. Bhd. and Mermaid Drilling (Singapore) Pte. Ltd. **)		
MTR-3 Ltd.*	—	100
MTR-4 Ltd.*	—	100
Mermaid Training and Technical Services Ltd.	100	100

Notes:

* The Company disposed these investments during the period as disclosed in Note 4.3.

** On 27 February 2007, Mermaid Drilling Ltd. acquired a share capital in a newly established subsidiary, Mermaid Drilling (Singapore) Pte. Ltd. in Singapore with paid-up capital amounted to USD 1.

Additional accounting policy during the period

Financial instruments

The Group is a party to financial instrument that reduce its exposure to fluctuation in foreign exchange risk. This instrument, which is foreign currency forward contracts is not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset and liability will be settled. Gains or losses from the foreign currency forward contracts will be recorded on the settlement date.

2.2 Amendment to Accounting Standards effective in 2007 and 2008

On 2 May 2007, the Federation of Accounting Professions (FAP) has announced the following amendments to Thai Accounting Standards (TAS) as follows:

TAS no. 25.	"Cash Flow Statements"
TAS no. 33.	"Borrowing Costs"
TAS no. 44.	"Consolidated and Separate Financial Statements"
TAS no. 45.	"Investments in Associates"
TAS no. 46.	"Interests in Joint Ventures"
TAS no. 49.	"Construction Contracts"

The effective date for the revised TAS no. 44 "Consolidated and Separate Financial Statements", TAS no. 45 "Investment in Associates" and TAS no. 46 "Interests in Joint Ventures" is for the accounting periods beginning on or after 1 January 2007. The amendments to Accounting standards No. 44, 45 and 46 require a change from the equity method of accounting to the cost method of accounting for investments in subsidiaries, associates and joint ventures presented in the separate financial statements. Under the cost method, income from investments will be recorded when dividends are declared. The notification is mandatory for the financial period starting from 1 January

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**CONDENSED NOTES TO THE INTERIM CONSOLIDATED AND COMPANY
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2007. Therefore, there is no effect to the Group in this period. The change in such accounting policy has an impact to the separate financial statement only and does not have an impact to the consolidated financial statements.

TAS no. 25 “Cash Flow Statements”, TAS no. 33 “Borrowing Costs”, and TAS no. 49 “Construction Contracts” will be effective for the accounting period beginning on or after 1 January 2008. However, the Group’s management assessed and determined that there is no significant impact to the consolidated financial statements being presented related to the revised standards.

3 Trade accounts receivable — others, net

Trade accounts receivable — others, net comprise:

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
Trade accounts receivable — others	690,234,236	899,522,700	1,204,478	1,316,852
Accrued income	83,059,954	54,546,684	—	—
	773,294,190	954,069,384	1,204,478	1,316,852
Less: Allowance for doubtful accounts	(19,081,899)	(17,068,543)	(993,675)	(1,044,037)
Trade accounts receivable — others, net	<u>754,212,291</u>	<u>937,000,841</u>	<u>210,803</u>	<u>272,815</u>

4 Related party transactions

Significant related party transactions are as follows:

4.1 Accounts receivable and payable — related parties

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
<u>Accounts receivable — trade</u>				
Subsidiaries	—	—	—	52,724
Other related parties	145,234	15,505,297	64,984	197,214
	<u>145,234</u>	<u>15,505,297</u>	<u>64,984</u>	<u>249,938</u>
<u>Amounts due from related parties</u>				
Subsidiaries	—	—	104,538,338	68,464,099
Other related parties	719,001	77,408	—	—
	<u>719,001</u>	<u>77,408</u>	<u>104,538,338</u>	<u>68,464,099</u>
<u>Accounts payable — trade</u>				
Other related parties	21,450,669	35,882,162	15,764	624,305
	<u>21,450,669</u>	<u>35,882,162</u>	<u>15,764</u>	<u>624,305</u>
<u>Amounts due to related parties</u>				
Other related parties	—	801,027	—	—
	<u>—</u>	<u>801,027</u>	<u>—</u>	<u>—</u>

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**CONDENSED NOTES TO THE INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED) (continued)
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4.2 Short-term loans to a related party

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
Subsidiary	—	—	133,000,000	120,000,000
	—	—	133,000,000	120,000,000

As at 31 March 2007, the Company provided short-term loans totaling Baht 133 million to Mermaid Offshore Services Ltd. (30 September 2006: Baht 120 million), which bear interest at MLR plus 1% per annum (30 September 2006: MLR plus 1% per annum). The loans are unsecured and can be called at anytime.

4.3 Investments in subsidiaries — equity

As at 31 March 2007, investments in subsidiaries comprise investments in the following companies:

		Percentage of holding	
	Country of incorporation	As at 31 March 2007 (Unaudited)	As at 30 September 2006 (Audited)
Darium Thai Offshore Ltd.	Thailand	51	51
Mermaid Supply Ltd.	Thailand	100	100
Mermaid Offshore Services Ltd.	Thailand	100	100
Mermaid Safety Services Ltd.**	Thailand	—	100
Mermaid Drilling Ltd.	Thailand	95	95
(which has 4 subsidiaries as follows:			
MTR-1 Ltd.	Thailand	100	100
MTR-2 Ltd.	Thailand	100	100
Mermaid Drilling (Malaysia) Sdn. Bhd.	Malaysia	100	100
Mermaid Drilling (Singapore) Pte. Ltd.*)	Singapore	100	100
Mermaid Maritime (Vietnam) Ltd.**	Vietnam	—	100
Mermaid Training and Technical Services Ltd.	Thailand	100	100
MTR-3 Ltd. ***	Thailand	—	100
MTR-4 Ltd. ***	Thailand	—	100

Notes:

* On 27 February 2007, Mermaid Drilling Ltd. acquired a share capital in a newly established subsidiary, Mermaid Drilling (Singapore) Pte. Ltd. in Singapore with paid-up capital amounted to USD 1.

** On 27 November 2006, the Company sold its entire investments in Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. to an overseas company. Gains on the sales of Mermaid Safety Services Ltd. and Mermaid Maritime (Vietnam) Ltd. amounted to Baht 1,251,349 and Baht 1,382,150, respectively, and were presented in the statements of income.

*** On 22 December 2006, the Company sold its entire investments in MTR-3 Ltd. and MTR-4 Ltd., both of which were dormant companies, to a third party at cost. The net gain from the disposals of these two subsidiaries amounted to Baht 95,940 and were presented in the statements of income.

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CONDENSED NOTES TO THE INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS THAT ENDED ON 31 MARCH 2007 AND 2006

The movement of investments in subsidiaries during the six-month periods that ended on 31 March 2007 and 2006 is as follows:

	Company	
	31 March 2007 (Unaudited) Baht	31 March 2006 (Unaudited) Baht
Opening balance	1,963,102,782	1,121,887,621
Additional investments	—	205,582,089
Disposal of subsidiaries	(35,958,829)	—
Dividends paid	(30,330,720)	—
Decrease in subsidiary's liability responsible by the Company	—	(120,578)
Translation adjustments	11,254,803	(3,234,433)
Share of profit in subsidiaries	421,124,695	248,082,732
Ending balance	<u>2,329,192,731</u>	<u>1,572,197,431</u>

4.4 Transactions with related parties

Significant related party transactions between the Group and group companies of Thoresen Thai Agencies Public Company Limited, the parent company, and other related parties other than those already disclosed in the consolidated and Company balance sheets, are as follows:

	For the three-month periods that ended on 31 March (Unaudited)			
	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Revenues				
Sales	—	372,377	—	—
Service income	75,000	7,629,912	—	120,559
Interest income	—	—	2,696,747	3,845,204
Management fee	—	—	29,865,000	7,653,181
Rental income	—	—	2,065,274	3,300,334
Others	77,641	—	100,836	9,286,469
Expenses				
Crew expenses	717,531	3,120,661	—	—
Vessel expenses and repair and maintenance expenses	731,450	4,564,326	—	—
Vessel equipment rental	36,346,735	32,613,521	—	—
Management fee	—	453,181	—	—
Interest expense	—	726,473	—	726,473

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**CONDENSED NOTES TO THE INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS THAT ENDED ON 31 MARCH 2007 AND 2006**

	For the six-month periods that ended on 31 March (Unaudited)			
	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Revenues				
Sales	—	1,277,140	—	—
Service income	1,273,681	34,398,544	—	563,958
Interest income	—	—	5,488,836	9,199,184
Management fee	—	—	59,906,849	16,138,422
Rental income	—	—	4,641,400	6,644,364
Dividend income	—	—	30,330,720	—
Others	130,161	—	100,836	14,683,925
Expenses				
Crew expenses	4,359,430	6,904,057	—	—
Vessel expenses and repair and maintenance expenses	3,859,451	6,558,890	—	—
Vessel equipment rental	97,698,014	81,810,365	—	—
Management fee	176,849	1,377,872	—	—
Interest expense	—	726,473	—	726,473

The Group's policy in respect of related party transactions is set out below:

- a) Sales and service income are transacted at prices normally charged to a third party.
- b) Interest income is calculated at cost of funds plus 1%.
- c) Management fee income is transacted at actual cost plus margin.
- d) Rental income is transacted at contract prices.
- e) Crew expenses, vessel and maintenance expenses, and expenses of rental vessel and equipment are transacted at prices normally charged to a third party.
- f) Management fee expense is calculated at the rate of 2% of a subsidiary's revenue (2006: at the rate of 2% of a subsidiary's revenue and US\$100 per day).
- g) Interest expense is calculated at MLR plus 2%. (2006: MLR plus 2%).

5 Other current assets

Other current assets comprise:

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
Value added taxes refundable	40,336,938	37,262,946	12,548,740	13,340,666
Prepaid expenses	15,849,023	41,084,242	904,646	901,957
Advances to employee	1,630,708	1,833,718	121,500	73,886
Advances for business expenses	52,119,404	9,784,085	—	39,886
Prepaid withholding tax	8,483,766	2,923,510	1,164,576	2,881,706
Other receivables	25,125,480	26,961,048	—	—
Other current assets	23,523,660	4,981,314	8,603,434	961,946
	<u>167,068,979</u>	<u>124,830,863</u>	<u>23,342,896</u>	<u>18,200,047</u>

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6 Property, plant and equipment, net

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

	<u>Consolidated Baht</u>	<u>Company Baht</u>
For the six-month period that ended on 31 March 2007		
Opening net book amount (Audited)	4,182,811,733	279,679,510
<u>Less:</u> Property, plant and equipment, net from disposals of investments	<u>(18,509,132)</u>	<u>—</u>
	4,164,302,601	279,679,510
Additions	332,472,871	1,508,411
Disposals	(254,004,185)	(3,815,948)
Depreciation charge	(197,283,600)	(13,913,335)
Translation adjustment	(15,865)	—
Gain on sales of fixed assets	12,952,094	455,088
Closing net book amount (Unaudited)	<u>4,058,423,916</u>	<u>263,913,726</u>

6.2) The depreciation charges during the three-month and six-month periods that ended on 31 March are as follows:

	For the three-month periods that ended on 31 March (Unaudited)			
	<u>Consolidated 2007 Baht</u>	<u>2006 Baht</u>	<u>Company 2007 Baht</u>	<u>2006 Baht</u>
Depreciation charged to				
— Cost of service	91,228,772	55,376,738	—	174,775
— Service and administrative expenses	<u>7,959,352</u>	<u>6,755,938</u>	<u>6,824,155</u>	<u>6,426,419</u>
	<u>99,188,124</u>	<u>62,132,676</u>	<u>6,824,155</u>	<u>6,601,194</u>

	For the six-month periods that ended on 31 March (Unaudited)			
	<u>Consolidated 2007 Baht</u>	<u>2006 Baht</u>	<u>Company 2007 Baht</u>	<u>2006 Baht</u>
Depreciation charged to				
— Cost of service	181,127,891	134,365,333	14,292	242,867
— Service and administrative expenses	<u>16,155,709</u>	<u>13,681,272</u>	<u>13,899,043</u>	<u>12,008,766</u>
	<u>197,283,600</u>	<u>148,046,605</u>	<u>13,913,335</u>	<u>12,251,633</u>

6.3) Property, plant and equipment as of 31 March 2007 used as collateral for loan facilities can be summarised as follows:

The Group owns 4 support vessels, 2 motor launches, 6 remoted operating vehicles, 1 saturation diving system and 2 tender rigs (30 September 2006: 2 supply vessels, 4 support vessels, 2 motor launches, 6 remoted operating vehicles, 1 saturation diving system and 2 tender rigs). 4 support vessels, 2 motor launches, 2 remoted operating vehicles, 1 saturation diving system and 2 tender rigs have been mortgaged with various banks as collateral for their loan facilities. The vessels and tender rigs are mortgaged at a total value of Baht 409.8 million (30 September 2006: Baht 137.5 million) and USD 64.5 million (30 September 2006: USD 64.5 million).

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Certain land and buildings have been mortgaged with various banks as collateral for borrowing and bank overdraft facilities of the Company and its subsidiaries. The assets are mortgaged at a total value of Baht 275 million (30 September 2006: Baht 275 million).

7 Deferred dry docking expenses, net

The movement of deferred dry docking expenses for the six-month period that ended on 31 March is as follows:

	Consolidated 31 March 2007 (Unaudited) Baht	Company 31 March 2007 (Unaudited) Baht
Opening net book amount	10,589,277	—
Additions	106,841,928	—
Disposals	(9,424,227)	—
Amortisation	(7,066,459)	—
Closing net book amount	<u>100,940,519</u>	<u>—</u>

8 Bank overdrafts

The Group has bank overdraft facilities of Baht 90 million (30 September 2006: Baht 90 million) which are guaranteed by the Company and a mortgage of the Group's land and buildings (Note 6).

As at 31 March 2007, the Group has unused bank overdraft facilities of Baht 68 million (30 September 2006: Baht 50 million).

9 Short-term loans from financial institutions

As at 31 March 2007, short-term loans from financial institutions amounted to Baht 100,000,000 and EURO 1,534,500 (30 September 2006: Baht 160,000,000), which bear interest at MLR minus 1.5% and 6% per annum (for Thai Baht loans) and 6.01% to 6.075% per annum (for EURO loans) (30 September 2006: MLR minus 1.5% to MLR per annum). The Thai Baht loans are due for repayment within 30 days. The EURO loans are due for repayment within 90 days from 31 March 2007. The loans are secured by mortgages of certain land and buildings as mentioned in Note 6.

The movement of short-term loans from financial institutions for the six-month period that ended on 31 March is as follows:

	Consolidated 31 March 2007 (Unaudited) Baht	Company 31 March 2007 (Unaudited) Baht
Beginning balance	160,000,000	20,000,000
Addition during period	72,703,654	—
Repayment during period	(60,000,000)	(20,000,000)
Unrealised gain on exchange rate	(655,503)	—
Ending balance	<u>172,048,151</u>	<u>—</u>

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10 Long-term loans from financial institutions

Long-term loans from financial institutions comprise:

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
Long-term loans from financial institutions — Baht	2,363,583,989	2,480,314,293	122,800,000	135,200,000
Less: Current portion of long-term loans	(379,796,838)	(272,890,333)	(24,800,000)	(24,800,000)
Long-term portion of loans	<u>1,983,787,151</u>	<u>2,207,423,960</u>	<u>98,000,000</u>	<u>110,400,000</u>

Loans for the purchase of supply and support vessels are granted by local commercial banks, and are in Thai Baht and US Dollars, having a total outstanding balance of Baht 241,650,000 and USD 22,248,000 as of 31 March 2007 (30 September 2006: Baht 245,000,000 and USD 21,148,750) with repayment terms within 5-7 years. The loans bear interest as follows:

- The loan balance of Baht 35,000,000 (30 September 2006: Baht 40,000,000): fixed rates of 5% per annum for the first 3 years and MLR per annum thereafter;
- The loan balance of Baht 22,650,000 (30 September 2006: Nil) MLR minus 1% per annum;
- The loan balance of Baht 184,000,000 (30 September 2006: Baht 205,000,000): MLR minus 1.5% per annum for the first 2 years and MLR per annum thereafter;
- The loan balance of USD 13,750,000 (30 September 2006: USD 15,000,000): USD-LIBOR plus 3% per annum for the first year and USD-LIBOR plus 2.50% per annum thereafter; and
- The loan balance of USD 8,498,000 (30 September 2006: USD 6,148,750): LIBOR plus 2.25% per annum.

These loans are secured by mortgages of supply and support vessels and their integral parts and equipment as mentioned in Note 6 and are guaranteed by a subsidiary.

Loans for the purchase of tender rigs are granted by a local commercial bank and are denominated in US Dollars with a total outstanding balance of USD 34,650,000 as at 31 March 2007 (30 September 2006: USD 34,650,000) with repayment terms within 9 years, including a 1.5 year grace period. These loans bear interest at USD-LIBOR plus 2.75% per annum are secured by mortgages of the tender rigs as mentioned in Note 6 and guaranteed by the Company and subsidiaries.

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

Loan for the purchase of land and construction of a building is granted by a local commercial bank and is denominated in Thai Baht with a total outstanding balance of Baht 122,800,000 as at 31 March 2007 (30 September 2006: Baht 135,200,000) and a repayment term of 6.5 years. The loan is secured by mortgages of the subsidiary's land and building as mentioned in Note 6. This loan bears interest at the rate of MLR minus 1% per annum until 14 June 2007 and MLR per annum thereafter.

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The movement of long-term loans from financial institutions for the six-month period that ended on 31 March is summarised as follows:

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	31 March 2006 (Unaudited) Baht	31 March 2007 (Unaudited) Baht	31 March 2006 (Unaudited) Baht
Beginning balance	2,480,314,293	2,294,087,375	135,200,000	145,100,000
Addition during period	115,339,628	306,500,000	—	14,900,000
Repayment during period	(91,858,125)	(46,400,000)	(12,400,000)	(12,400,000)
Unrealised gain on exchange rate	(137,745,847)	(107,248,570)	—	—
Realised gain on exchange rate	(2,465,960)	—	—	—
Ending balance	<u>2,363,583,989</u>	<u>2,446,938,805</u>	<u>122,800,000</u>	<u>147,600,000</u>

11 Finance lease liabilities

Finance lease liabilities comprise:

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
Finance lease liabilities	12,008,159	18,125,967	6,327,234	10,311,013
Less: Deferred interest expense	<u>(1,066,460)</u>	<u>(2,003,388)</u>	<u>(664,545)</u>	<u>(1,302,812)</u>
Total finance lease liabilities	10,941,699	16,122,579	5,662,689	9,008,201
Less: Current portion of finance lease liabilities	<u>(5,317,086)</u>	<u>(6,477,384)</u>	<u>(2,223,670)</u>	<u>(3,077,401)</u>
Long-term portion of finance lease liabilities	<u>5,624,613</u>	<u>9,645,195</u>	<u>3,439,019</u>	<u>5,930,800</u>

As at 31 March 2007, finance lease liabilities for purchase motor vehicles bear interest at 7.5% — 9% per annum (30 September 2006: 7.5% — 9% per annum). The leases have repayment terms within 3-4 years.

12 Share capital and premium on share capital

For the six-month period that ended on 31 March 2007 (Unaudited)

	Number of Shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
Opening balance — Audited	38,320,534	383,205,340	1,226,352,382	1,609,577,722
Issue of shares	—	—	—	—
Closing balance — Unaudited	<u>38,320,534</u>	<u>383,205,340</u>	<u>1,226,352,382</u>	<u>1,609,577,722</u>

13 Legal reserve

The Company has registered as a Public Company Limited on 15 January 2007. Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% percent of the registered capital. The legal reserve is non-distributable.

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14 Basic earnings per share

	For the three-month periods that ended on 31 March (Unaudited)	
	Consolidated 2007	Company 2006
Net profit for the period attributable to ordinary shareholders (Baht)	239,413,324	154,222,249
Weighted average number of ordinary shares (shares)	38,320,534	38,320,534
Basic earnings per share (Baht)	6.25	4.02
	For the six-month periods that ended on 31 March (Unaudited)	
	Consolidated 2007	Company 2006
Net profit for the period attributable to ordinary shareholders (Baht)	428,339,441	210,292,810
Weighted average number of ordinary shares (shares)	38,320,534	38,320,534
Basic earnings per share (Baht)	11.18	5.49

There are no dilutive ordinary shares in issue for the periods that ended on 31 March 2007 and 2006.

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15 Cash flows from operating activities

The reconciliation of net income to cash flow from operating activities is as follows:

	Notes	Consolidated		Company	
		2007 Baht	2006 Baht	2007 Baht	2006 Baht
Net income for period		428,339,441	210,292,810	428,339,441	210,292,810
Adjusted by:					
Depreciation	6	197,283,600	148,046,605	13,913,335	12,251,633
Amortisation	7	7,066,459	9,152,234	—	—
Net (gain) loss from sales of equipment		(12,952,094)	(25,075,133)	(455,088)	45,417
Write off fixed assets		140,405	—	—	—
Write off deferred dry docking expenses	7	9,424,227	—	—	—
Gain on disposals of investments		(2,729,439)	—	(2,729,439)	—
Realised gain on exchange rate	10	(2,465,960)	(1,047,010)	—	—
Unrealised gain on exchange rate	9, 10	(138,401,350)	(109,299,276)	—	—
Allowance for doubtful Accounts(*)		3,357,275	5,766,368	(50,362)	99,699
Share of profit of investments in subsidiaries, net	4.3	—	—	(421,124,695)	(248,082,732)
Profit attributable to minority interests		4,873,812	11,206,895	—	—
Changes in operating assets and liabilities (excluding the effects of acquisition and disposal)					
— Trade accounts receivable					
— others(*)		165,497,088	(300,110,413)	112,374	380,625
— related parties		15,360,063	11,574,370	184,954	(210,954)
— Amounts due from related parties		(641,593)	(529,305)	(36,074,239)	(29,928,376)
— Inventories(*)		864,885	3,789,259	—	—
— Spare parts and supplies		2,015,862	(23,613,390)	—	—
— Other current assets(*)		(49,468,921)	(15,280,873)	(5,142,849)	5,152,708
— Other non current assets(*)		3,531,741	(481,103)	21,000	34,770
— Trade accounts payable					
— others(*)		(29,006,869)	157,613,437	—	8,373,477
— related parties		(14,431,493)	(38,230,641)	(608,541)	(342,516)
— Other accounts payable(*)		(12,608,411)	—	841,108	—
— Amounts due to related parties		(801,027)	(328,674)	—	40,889
— Advances received from customers		—	(5,976,554)	—	—
— Income tax payable(*)		(814,638)	(10,282,815)	—	(2,014,682)
— Accrued expenses(*)		57,167,093	14,868,916	999,123	1,360,859
— Other current liabilities(*)		(10,925,999)	45,174,687	4,637,024	(2,470,104)
— Translation adjustment		11,254,802	(3,492,483)	—	—
Net cash inflows (outflows) from operating activities		630,928,959	83,737,911	(17,136,854)	(45,016,477)

Note:

(*) These items exclude the change in the operating assets and liabilities of four companies which were disposed during the period as mentioned in Note 4.3.

16 Financial instruments

The principal financial risks faced by the Group are interest rate risk, exchange rate risk, and credit risk. The Group borrows at both fixed and floating interest rates to finance its investments and operations. Exchange rate risk arises from loans denominated in US Dollars. Credit risk arises when services and sales are made on deferred credit terms. However, the Group does not make use of any derivative financial instruments to reduce the uncertainty over future cash flows arising from movements in interest rates and from credit risk, except for exchange rate risk, as the cost of hedging will outweigh the possible benefit.

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As at 31 March 2007, financial assets carried on the consolidated and Company balance sheets include cash and cash equivalents, trade accounts receivable, amounts due from related parties, and loans to related parties. Financial liabilities carried on the consolidated and Company balance sheets include bank overdrafts, trade accounts payable, amounts due to related parties, loans from financial institutions, and finance lease liabilities.

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

The fair value of long-term loans bearing interest at floating rates approximates the contract amount.

Forward foreign exchange contracts

As at 31 March 2007 and 30 September 2006, the settlement dates on open forward foreign exchange contracts were within 1 year. The local currency amounts to be received and contractual exchange rates of the outstanding contracts were:

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
Buying				
31 March 2007: USD 2,089,412 at the average rate of Baht 35.49 (30 September 2006: Nil)	74,158,438	—	—	—
31 March 2007: GBP 681,947 at the average rate Baht 67.98 (30 September 2006: Nil)	46,356,514	—	—	—
	<u>120,514,952</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net fair values				

The net fair values of the derivative financial instruments at the balance sheet date were:

	Consolidated		Company	
	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht	31 March 2007 (Unaudited) Baht	30 September 2006 (Audited) Baht
(Unfavourable) forward foreign exchange contracts — buying	<u>(725,742)</u>	<u>—</u>	<u>—</u>	<u>—</u>

The mark to market evaluation of forward foreign exchange contracts have been calculated using rates quoted by the Group's bankers as if the contracts were terminated at the balance sheet date.

17 Promotional privileges

As at 31 March 2007, three offshore subsidiaries received promotional privileges from the Board of Investment ("BOI") under a number of different categories, including domestic and international shipping business, service of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, and drilling service. The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

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

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18 Business segment information

Segment information relative to the Group's business activities is as follows:

	Consolidated							
	For the three-month period ended 31 March 2007 (Unaudited)							
	Ownership and multi-purpose offshore service vessels Baht	Ships chandlery Baht	Turn-key diving ROV and NDT services to offshore industries Baht	Drilling services Baht	Training services Baht	Others Baht	Elimination of Inter-segment Transactions Baht	Total Baht
Revenues								
Revenues from outside customers								
Sales	—	257,812	—	410,841,084	—	—	—	257,812
Service income	—	364	555,597,363	92,486	3,171,231	—	—	969,610,042
Interest income	4	—	—	—	—	197	—	92,687
Gain (loss) on exchange rate	(7,025,138)	353,034	14,348,192	26,132,803	(13,684)	18,244	—	33,813,451
Gain (loss) on disposal of fixed assets	(44,136)	—	(15,843)	—	—	455,087	—	395,108
Other income	591,822	—	182,880	42,955,928	—	986,944	—	44,717,574
	(6,477,448)	611,210	570,112,592	480,022,301	3,157,547	1,460,472	—	1,048,886,674
Inter-segment revenues								
Sales	—	—	—	—	—	—	—	—
Service income	—	—	75,000	15,870,000	375,540	29,865,000	(450,540)	—
Management fee	—	—	—	2,144,149	—	2,696,747	(4,840,896)	—
Interest income	—	—	—	—	—	2,088,481	(2,029,577)	—
Other income	—	—	298,296	—	(357,200)	—	—	—
	—	—	373,296	18,014,149	18,340	34,650,228	(53,056,013)	—
Total revenues	(6,477,448)	611,210	570,485,888	498,036,450	3,175,887	36,110,700	(53,056,013)	1,048,886,674
Total expenses	(3,422,401)	(420,452)	(488,916,530)	(322,872,949)	(3,926,939)	(38,978,995)	52,971,700	(805,566,566)
Net profit (loss) before minority interest	(9,899,849)	190,758	81,569,358	175,163,501	(751,052)	(2,868,295)	(84,313)	243,320,108
Minority interest	4,850,927	—	—	(8,757,711)	—	—	—	(3,906,784)
Net profit (loss) for period	(5,048,922)	190,758	81,569,358	166,405,790	(751,052)	(2,868,295)	(84,313)	239,413,324
Property, plant, and equipment, net as at 31 March 2007	67,049	—	1,941,744,190	1,847,855,367	9,913,317	263,913,727	(5,069,734)	4,058,423,916
Total assets as at 31 March 2007								5,813,434,942

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Segment information relative to the Group's business activities is as follows:

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Segment information relative to the Group's business activities is as follows:

	Consolidated							
	For the six-month period ended 31 March 2006 (Unaudited)							
	Safety Equipment services & supply Baht	Ownership and multi-purpose offshore service vessels Baht	Ships chandlery Baht	Turn-key diving ROV and NDT services to offshore industries Baht	Drilling services Baht	Others Baht	Elimination of Inter-segment Transactions Baht	Total Baht
Revenues								
Revenues from outside customers								
Sales	14,721,612	—	16,286,290	—	—	—	—	31,007,902
Service income	20,266,027	68,647,701	—	574,708,395	496,879,848	4,848,200	—	1,165,350,171
Interest income	9,401	73,633	4,585	217,194	408,113	511,117	—	1,224,043
Gain (loss) on disposal of fixed assets.	218,774	24,931,164	(29,388)	—	—	(45,417)	—	25,075,133
Gain (loss) on exchange rate	(356,043)	(1,385,260)	(747,396)	29,824,860	72,099,695	50,237	—	99,486,093
Other income	998	1,726,545	—	11,034,592	15,812,750	46,041	—	28,620,926
	<u>34,860,769</u>	<u>93,993,783</u>	<u>15,514,091</u>	<u>615,785,041</u>	<u>585,200,406</u>	<u>5,410,178</u>	<u>—</u>	<u>1,350,764,268</u>
Inter-segment revenues								
Sales	2,725,057	—	7,598,113	—	—	—	(10,323,170)	—
Service income	1,714,606	—	—	180,000	196,047,692	193,906,500	(391,848,798)	—
Management fee	—	—	—	—	5,115,690	16,137,979	(21,253,669)	—
Interest income	—	—	—	—	3,713,750	9,199,184	(12,912,934)	—
Other income	39,128	172,278	—	20,963	215,489	21,328,290	(21,776,148)	—
	<u>4,478,791</u>	<u>172,278</u>	<u>7,598,113</u>	<u>200,963</u>	<u>205,092,621</u>	<u>240,571,953</u>	<u>(458,114,719)</u>	<u>—</u>
Total revenues	39,339,560	94,166,061	23,112,204	615,986,004	790,293,027	245,982,131	(458,114,719)	1,350,764,268
Total expenses	(39,092,774)	(84,843,945)	(28,423,094)	(496,793,057)	(657,511,866)	(280,714,546)	458,114,719	(1,129,264,563)
Net profit (loss) before minority interest.	246,786	9,322,116	(5,310,890)	119,192,947	132,781,161	(34,732,415)	—	221,499,705
Minority interest	—	(4,567,837)	—	—	(6,639,058)	—	—	(11,206,895)
Net profit (loss) for period.	<u>246,786</u>	<u>4,754,279</u>	<u>(5,310,890)</u>	<u>119,192,947</u>	<u>126,142,103</u>	<u>(34,732,415)</u>	<u>—</u>	<u>210,292,810</u>
Property, plant, and equipment, net as at 31 March 2006	<u>18,970,261</u>	<u>255,226,144</u>	<u>1,908,977</u>	<u>1,713,385,296</u>	<u>1,927,355,147</u>	<u>305,412,996</u>	<u>(5,069,734)</u>	<u>4,217,189,087</u>
Total assets as at 31 March 2006								<u>5,252,721,948</u>

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19 Contingent liabilities

As at 31 March 2007, the Company and the Group have contingent liabilities as follows:

	Consolidated			
	31 March 2007 (Unaudited)		30 September 2006 (Audited)	
	Baht	USD	Baht	USD
Letters of guarantee issued by banks in the normal course of business	21,331,000	421,500	19,536,880	618,500

As at 31 March 2007, a subsidiary issued a performance guarantee as a guarantor of a third party in the amount of not exceeding USD 2,350,000.

	Company			
	31 March 2007 (Unaudited)		30 September 2006 (Audited)	
	Baht	USD	Baht	USD
A facility for letters of guarantee issued by banks in the normal course of business	100,000,000	2,000,000	90,000,000	2,000,000
A guarantee for short-term loan facilities of a subsidiary to a financial institution	321,320,000	2,000,000	195,000,000	2,000,000
A guarantee for long-term loans of subsidiaries to a financial institution.	241,650,000	56,898,000	245,000,000	55,798,750
Letters of guarantee issued by banks in the normal course of business	400,000	—	400,000	—
A guarantee for forward contract facility of a subsidiary to a financial institution	30,000,000	5,000,000	30,000,000	—

20 Commitments

Consolidated financial statements

As at 31 March 2007, the Group has committed under contracts to customers of its tender rigs for a period not exceeding 24 months.

Ship building contract

In November 2005, a subsidiary entered into a ship building contract with a seller in respect of a multi-purpose offshore vessel at the purchase price of Baht 453,200,000. As at 31 March 2007, the subsidiary has a remaining commitment of Baht 90,640,000.

Remotely operated vehicle (ROV) System Contract

In November 2006, a subsidiary entered into a purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of GBP 492,643. As at 31 March 2007, the subsidiary has a remaining commitment of GBP 369,482.

In January 2007, a subsidiary entered into another purchase contract of Remotely Operated Vehicle (ROV) System at the purchase price of GBP 1,707,255. As at 31 March 2007, the subsidiary has a remaining commitment of GBP 1,397,383.

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APPENDIX A — COMPARISON OF THAI CORPORATE LAW WITH SINGAPORE CORPORATE LAW

The following table sets forth a summary of certain differences between the provisions of the corporate laws of Thailand applicable to our Company and the laws applicable to Singapore companies (namely, under the Singapore Companies Act), respectively, and their shareholders. The summaries below are not to be regarded as advice on Thai corporate law or the differences between it and the laws of any jurisdiction, including, without limitation, the Singapore Companies Act. The summaries below do not purport to be a comprehensive description of all of the rights and privileges of shareholders conferred by Thai corporate law as compared to the Singapore Companies Act that may be relevant to prospective investors. In addition, prospective investors should also note that the laws applicable to Thai and Singapore companies may change, whether as a result of proposed legislative reforms to the Thai Public Company Act, the Singapore Companies Act or otherwise. The summaries below do not describe the regulations and requirements prescribed by the Listing Manual of the SGX-ST. Prospective investors are advised to seek independent legal advice.

Singapore Corporate Law

Thai Corporate Law

Power of Directors to Allot and Issue Shares

The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the articles of association of that company. However, notwithstanding anything to the contrary in the memorandum or articles of association of a company, prior approval of the company at a general meeting is required to authorize the directors to exercise any power of the company to issue shares, or the share issue is void under the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

The power to issue new shares in a company is a power of the shareholders. The PLCA stipulates that a company may increase the amount of its registered capital by the issuance of new shares on these conditions:

- (i) all the shares have been completely sold and paid-up in full, or if the shares have not been completely sold, the remaining authorized shares shall be the shares authorized for the exercise of rights under convertible debentures or warrants to purchase shares;
- (ii) a shareholders' meeting has passed a resolution by shareholders holding not less than three quarters of the total number of voting rights of the shareholders attending the meeting and having the right to vote; and
- (iii) the said resolution has been submitted to the registrar for the registration of a change in the registered capital within fourteen days of the date on which the meeting passed the resolution.

Therefore, the board of directors of a company has no power to issue or allocate new shares. Generally, the board of directors will propose this matter to a shareholders meeting for further consideration and approval.

The shareholders' meeting, however, may authorize the board of directors, any authorized directors, the chief executive officer or any person as it deems appropriate to have the power to specify other details and to perform acts and things in relation to the issuance and offering of shares.

Singapore Corporate Law

Power of Directors to Dispose of the Issuer's or Any of its Subsidiaries' Assets and to Conduct the Company's Business

The Singapore Companies Act provides that the business of a company is to be managed by or under the direction of the directors. The directors may exercise all the powers of a company except any power that the Singapore Companies Act or the memorandum and articles of association of the company require the company to exercise in general meeting. Under the Singapore Companies Act, prior approval of the company at a general meeting is required before the Directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property, notwithstanding anything in a company's memorandum or articles of association.

Loans to Directors

A company (other than an exempt private company) is prohibited from making a loan to a director of the company or a director of a related company (and to the spouse or natural, step or adopted children of any such director), and from giving a guarantee or providing any security in connection with such a loan, except in the following circumstances:

- (i) (subject to, inter alia, the approval of the company in a general meeting) the provision of funds to such a director to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him properly to perform his duties as an officer of the company;
- (ii) (subject to, inter alia, the approval of the company in a general meeting) a loan to a director in full time employment of the company or a related company for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director; however, not more than one such loan may be outstanding from the director at any one time;
- (iii) any loan to a director in full time employment of the company or a related company pursuant to an employee loan scheme approved in a general meeting, provided the loan is in accordance with that scheme; and
- (iv) a loan to such a director made in the ordinary course of business by a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons if the activities of that company are regulated by

Thai Corporate Law

Pursuant to the PLCA, the board of directors has the power and duty to manage a company in compliance with the laws, objectives and the articles of associations of a company as well as the resolutions of shareholders. A resolution passed by shareholders holding not less than three quarters of the total number of voting rights of shareholders who attend the meeting and have the right to vote is required for the sale or transfer of the whole or important parts of the business of a company to other persons.

A company shall not grant a loan (including a guarantee for a purchase or discount of a bill and provide the collateral for the repayment of a loan) to any directors, staff member or employees of a company unless:

- (i) it is a loan in accordance with the regulations on the welfare of the staff members and employee: or
- (ii) it is a loan in accordance with the law relating to commercial banking, life insurance or other laws.

Please note that the granting of a loan as mentioned below shall be regarded as the granting of a loan to a director, staff member or employee of a company as mentioned above:

- (a) the granting of a loan to the spouse or a child who is not sui juris of such director, staff member or employee;
- (b) the granting of a loan to an ordinary partnership in which such director, staff member or employee, or spouse or a child who is not sui juris of a director, staff member or employee, is a partner;
- (c) the granting of a loan to a limited liability partnership in which such director, staff member or employee, or spouse or a child who is not sui juris of a director, staff member or employee, is a partner with unlimited liability; or
- (d) the granting of a loan to another company or private company in which such director, staff

Singapore Corporate Law

any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

A company (the “first mentioned company”) (other than an exempt private company) is also prohibited from making loans to connected persons or entering into any guarantee or providing any security in connection with a loan made to connected persons by a third party. Connected persons of the first mentioned company include companies in which the director(s) of the first mentioned company, individually or collectively, have an interest in 20.0% or more (as determined in accordance with the Singapore Companies Act). This prohibition does not apply to:

- (i) anything done by a company where the other company is its subsidiary, holding company or a subsidiary of its holding company; or
- (ii) a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.

Giving of Financial Assistance to Purchase the Issuer’s or its Holding Company’s Shares

Generally, a company is prohibited from giving financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition of that company’s shares or shares of its holding company.

Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, and the release of a debt or obligation.

Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited. These include the payment of a dividend in good faith and in the ordinary course of commercial dealing; the payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act; the giving by a company in good faith and in the ordinary course of commercial dealing of any representation,

Thai Corporate Law

member or employee, or spouse or a child who is not sui juris of such director, staff member or employee holds shares in aggregate more than one half of the total number of shares of such another company or private company.

No equivalent prohibition under Thai law.

However, if a person who borrows money from the company to purchase the company’s shares is a nominee of a company, this will constitute the purchase by the company of its own shares which is prohibited under the PLCA. The PLCA allows the company to own its shares only in certain circumstances. See “Description of Our Share Capital Acquisition by Us of Our Own Shares”.

Singapore Corporate Law

warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares in the company; and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments.

The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances which include, subject to compliance with certain conditions and procedures under the Singapore Companies Act: (i) where the amount of financial assistance does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; (ii) where the financial assistance is approved unanimously by all the shareholders of the company; and (iii) where the company has (and if the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, has) passed a special resolution to approve the giving of the financial assistance.

Disclosure of Interest in Contracts with the Issuer

The Singapore Companies Act provides that, where a director of a company is directly or indirectly interested in a transaction or proposed transaction with that company, such a director must, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of directors of the company. For these purposes, an interest of a member of a director's family (this includes his spouse, natural, step or adopted children) is treated as an interest of that director.

The Singapore Companies Act also provides that every director of a company who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as director shall declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict. For this purpose, an interest of a member of a director's family shall be treated as an interest of the director.

Thai Corporate Law

The PLCA specifies that a director shall notify a company without delay when the following events occur:

- (i) he or she has a direct or indirect interest in any contract which is made by the company during any fiscal year, and shall indicate the nature of the contract, the names of the contracting parties and the interest of the director in the contract (if any); or
- (ii) he or she holds shares or debentures issued by the company or its affiliated company, and shall indicate any change in total number of shares or debentures during any fiscal year (if any).

In addition, a director shall not operate any business which has the same nature as and is in competition with the business of a company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of a private company or any other company operating business which has the same nature as and is in competition with the business of a company, either for his or her own benefit or for the benefit of other persons, unless he or she notifies

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the shareholders' meeting prior to the consideration of the resolution for his or her appointment as the company's directors.

A director who has interests in any matter shall not be entitled to vote in such matter.

If any director purchases property of the company or sells property to the company or does any business with the company, regardless of whether it is in his or her own name or in the name of other(s), such sale or purchase or deal shall not bind the company unless approved by the board of directors.

Remuneration

The Singapore Companies Act provides that a company shall not provide emoluments or improve emoluments for a director in respect of his office unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void.

For these purposes, the term "emoluments" in relation to a director includes fees and percentages, expenses allowance in so far as those sums are charged to income tax in Singapore, contributions paid under a pension scheme, and any benefits received otherwise than in cash in respect of his services as a director.

The PLCA provides that a company shall not pay money or give any property to any director unless it is a payment of remuneration under the articles of association of a company.

In the case that the articles of association does not stipulate such matter, the payment of remuneration shall be approved by way of a resolution passed by shareholders holding not less than two-thirds of the total number of voting rights of the shareholders present at the meeting.

Appointment, Qualification, Retirement, Resignation, Removal of Directors

Qualification and Appointment of Directors

Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company.

No person other than a natural person of full age and capacity can be a director of a company.

Every director, who is by the articles of association required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months after his appointment or such shorter period as is fixed by the articles of association.

The first directors of a company are named in the articles of association.

In the case of a public company, the appointment of directors at a general meeting must generally be voted on individually.

Qualification and Appointment of Directors

Under the PLCA, a company shall have a board of directors consisting of at least five directors to conduct the business of a company, not less than half of whom shall reside within Thailand.

The PLCA and regulations promulgated under the SEC Act also set out the qualifications of a director. These qualifications include that the directors shall be natural persons and shall:

- (i) be sui juris;
- (ii) not be bankrupt, incompetent or quasi-incompetent or not being ordered to be under receivership;
- (iii) have never been imprisoned on the final judgment of a court for an offense related to property committed with dishonest intent;
- (iv) have never been dismissed or removed from government service, or a government organization or a government agency in

Singapore Corporate Law

In addition, notwithstanding anything in the memorandum or articles of association of the company, no person of or over the age of 70 years shall be appointed as a director of a public company or of a subsidiary of a public company, unless he has been appointed, re-appointed or authorized to continue in office as a director by an ordinary resolution passed at an annual general meeting of the company until the next general meeting of the company.

Subject to the provisions of the Singapore Companies Act, the articles of association of a company may also empower the board of directors to appoint any directors to fill a casual vacancy or an additional director.

Thai Corporate Law

punishment for dishonesty in performing their duties.

- (v) not be a person named in the list of persons whom the SET considers as not suitable to be management or controlling person under the SET regulations;
- (vi) have not been accused or charged for a criminal offence by the authorities under the law relating to unfair action in securities trading transactions or forward contracts or in managing a business in a deceptive, fraudulent or dishonest manner;
- (vii) not be under a prohibited period specified by an order of the competent authorities under foreign laws to not serve as the management of the company;
- (viii) have never been under the final judgment of a court for an offence as specified in paragraph (vi) above, or have never been fined for an offence as specified in paragraph (vi) above;
- (ix) have no reason to believe that they have or had taken any action in breach of the duty of care and duty of loyalty in relation to the best interest of a company and shareholders of a company as a whole in which they are or were the management, the controlling person, or are or were a participant or a supporter of similar actions taken by others;
- (x) have no reason to believe that they have or had taken any action which leads to dishonest or fraudulent action, or are or were a participant or a supporter of similar actions taken by others;
- (xi) have no reason to believe that they have or had taken any action constituting unfairness or taking advantage of investors, or are or were a participant or a supporter of similar actions taken by others;
- (xii) have no reason to believe that they are concealing or have concealed the actual financial status or actual performance of business operation of a company listed on the SET or a company that offered its securities to the public, or that they intentionally imparted any false statement or omitted to disclose any material fact in documents to be disclosed to the public or any documents submitted to the SEC, regardless of whether such person did so for themselves or on behalf of any juristic entity

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over which such person has management power, or such person is or was a participant or a supporter of similar actions taken by others;

- (xiii) have no reason to believe that they have or had failed to perform appropriate investigations or oversight required of the management or controlling person of a company listed on the SET or a company that offered its securities to the public, of which such person was the management or controlling person, or a subsidiary of the aforesaid company, to ensure non-violation or compliance with the laws, objectives and articles of association as well as the resolutions of the company's shareholders, which failure detracts from the overall confidence in the capital markets or damages the reputation, status or business operation of such company.

An independent director of a Thai issuer company must have the following qualifications:

- (i) hold shares of not more than 5.0% of the total voting rights of the company, its parent company, subsidiary, affiliated company or any company which may have a conflict of interest (i.e. a company in which the management, major shareholder, controlling person or any person who has a relationship with the aforesaid person by blood, marriage, or registration materially holds shares or has material control or other material interests, either directly or indirectly);
- (ii) is not an employee, staff, or advisor who receives a regular salary from, or a controlling person of the company, its parent company, subsidiary, affiliated company or any company which may have a conflict of interest (as defined in sub-paragraph (i) above);
- (iii) is not a person with a relationship by blood or by registration according to the law as father, mother, spouse, sibling and child, including spouse of a child, management, major shareholder, controlling person or person(s) to be nominated as management or controlling person of the company or its subsidiary;
- (iv) has no business relationship with the company, its parent company, subsidiary, affiliated company or any other company which may have a conflict of interest (as defined in sub-paragraph (i) above), in which such

relationship may obstruct his independent thought, and any other event that may cause him not to be able to provide independent view regarding the company's operation.

With respect to the audit committee, each audit committee member must be appointed by the board of directors or shareholders meeting and must also be an independent director. He must also have sufficient knowledge and experience to review the reliability of the financial statements, including other duties as an audit committee. In addition, a member of the audit committee shall possess the qualifications as follows:

- (i) holding not more than 5.0% of the paid-up capital of the company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons;
- (ii) being a director who does not take part in the management of the company, affiliated company, associated company or related company or majority shareholder of the company, and is not an employee, staff member or advisor who receives a regular salary from the company, affiliated company, associated company, related company or majority shareholder of the company;
- (iii) being a director who has no direct or indirect benefit or interest in finance and management of the company, affiliated company, associated company or majority shareholder of the company, including the benefit or interest of the said nature during the period of one year before his appointment as a member of the audit committee except where the board of directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions;
- (iv) being a director who is not a related person or close relative of any management member or majority shareholder of the company;
- (v) being a director who is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders; and
- (vi) being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties

delegated by the board of directors free and clear of the control of the management or the majority shareholders of the company including related persons or close relatives of the said persons.

The PLCA further states that there shall be no restrictions on a shareholder becoming a director.

Appointment of Directors

Pursuant to the PLCA, unless otherwise prescribed by a company in its articles of association, the directors shall be elected at the shareholders' meeting in accordance with the following rules and procedures:

- (i) each shareholder shall have a number of votes equal to the number of shares held multiplied by the number of the directors to be elected;
- (ii) each shareholder may exercise all the votes he or she has under (i) to elect one or several persons as director or directors. If several persons are to be elected as directors, the shareholder may allot his or her votes to any person in any number; and
- (iii) after the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are ties, which would otherwise cause the number of directors to be exceeded, the remaining appointments shall be made by drawing lots.

However, if the articles of association of a company stipulate other procedures for election of directors, such articles of association shall not impair the shareholders' rights in voting for election of directors. The Company's articles of association do stipulate different procedures (see Article 14 of the Company's Articles Association set out in Appendix B.)

In case of a vacancy in the board of director for reasons other than the expiration of the director's term of office, for example death, resignation or lack of qualifications or possession of prohibited characteristics, the board of directors shall elect a person who has a qualification and possesses no prohibited characteristics as the substitute director at the next meeting of the board of directors, unless

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Disqualification of Directors

Under the Singapore Companies Act, a person may not act as a director of any corporation if he is an undischarged bankrupt unless he has the leave of the Singapore courts or the written permission of the Official Assignee to do so.

A person may be disqualified from acting as a director of a company by the Singapore courts for a period not exceeding five years if (i) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a director) and was insolvent at that time and (ii) his conduct as a director of that company either taken alone or taken together with his conduct as a director of any other company or companies makes him unfit to be a director.

A person may, subject to certain exceptions, also be disqualified from acting as a director by the Singapore courts for a period of three years if he is a director of a company which is ordered to be wound up by the Singapore courts on the ground that it is being used for purposes against national security or interest.

He could also be disqualified on other grounds; such as conviction of any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment

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the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of a director whom he or she replaces. The resolution of the board of directors shall be by a vote of not less than three-quarters of the number of directors remaining.

In case the whole board of directors vacates office, the retired board of directors shall call a shareholders' meeting to elect a new board of directors within one month of its date of retirement.

In case of vacancies in the board of directors resulting in the number of directors being less than the number required for a quorum, the remaining directors may perform any act in the name of the board of directors only in matters relating to the calling of shareholders' meeting to elect directors to replace all the vacancies within one month of the date that the number of directors falls below the number required for a quorum. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.

Disqualification of Directors

Under the PLCA and the SEC Act, a person may not act as a director of a company if he or she (i) lacks qualifications or possesses prohibited characteristics as mentioned above; (ii) is removed by a resolution of the shareholders' meeting, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who hold shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote; and (iii) is removed by a court order.

Singapore Corporate Law

for three months or more, or because of persistent default in relation to delivery of documents to the Registrar of Companies.

Resignation of Directors

Under the Singapore Companies Act, a director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore, and any purported resignation or vacation of office in breach of this provision is deemed to be invalid.

Subject to the provisions of the Singapore Companies Act, the articles of association of a company may provide that a director's resignation is effective by giving written notice of the company, unless the director's contract or the articles of association otherwise provide.

Removal of Directors

A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, notwithstanding anything in the memorandum or articles of association of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove him shall not take effect until his successor has been appointed.

Subject to the provisions of the Singapore Companies Act, the articles of association of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office

Mergers and Similar Arrangements

Merger

The Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the transferor company) is to be transferred to another company (the transferee company), to order the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to companies incorporated in Singapore.

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Resignation of Directors

Under the PLCA, any director wishing to resign from office shall submit his/her resignation letter to a company, and the resignation shall be effective from the date on which a company receives the resignation letter.

Removal of Directors

Under the PLCA, the shareholders' meeting may pass a resolution removing any directors from office prior to retirement as a result of the expiration of the directors' term, by a vote of not less than three-quarters of the number of shareholders attending the meeting and having the right to vote. Such shareholders shall hold shares totaling not less than half of the number of shares held by shareholders attending the meeting and having the right to vote.

In addition, directors may be removed from office by a court order.

Mergers

The PLCA stipulates that two or more public limited companies or a public limited company and a private company may amalgamate to become a new company by a resolution of shareholders of each company passed by shareholders holding not less than three quarters of the total number of voting rights of the shareholders attending the meeting who have the right to vote or by a special resolution passed in accordance with the Civil and Commercial Code of Thailand, in case of a private company.

Once the shareholders' resolution of each company has been passed and certain proceedings as

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The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating company must make a solvency statement in relation to both the amalgamating company and the amalgamated company. The Singapore Companies Act also provides for a more simplified form of amalgamation procedure for the amalgamation of a company with one or more of its wholly owned subsidiaries or two or more of wholly owned subsidiary companies of the same corporation.

Appraisal Rights

The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.

Conversion

The Singapore Companies Act provides that a private company may be converted to a public company and *vice versa* by, inter alia, passing a special resolution. A limited company could be converted into an unlimited company and *vice versa* by complying with the provisions in the Singapore Companies Act.

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stipulated by the PLCA have been completed, the combined shareholders' meeting shall be convened to consider and approve matters relevant to the amalgamation. A quorum of the meeting must be not less than half of each company's total number of shares sold and a vote required for approving relevant matters shall not be less than half of the combined number of voting rights of both companies.

The company shall notify its creditors in writing of the resolution of the amalgamation within fourteen days of the date on which the shareholders' meeting passes such resolution and shall specify in the notification that any objection thereto shall be submitted within two months of the date on which the creditors receive the notice of such resolution. If an objection is made, the company may not amalgamate unless it has paid its debt or given security for the debt.

When the amalgamation of a company has been accepted for registration by the registrar, the former companies shall lose their status as juristic persons. The new company shall be entitled to all the assets, liabilities, rights, duties and responsibilities of all the former companies.

Appraisal Rights

The PLCA provides that where there is a resolution for an amalgamation but a shareholder objects to the amalgamation, a company shall arrange for the purchase of shares belonging to such shareholder at the price last traded on the stock market prior to the date on which the resolution of the amalgamation is passed. In case there is no traded price on the stock market, the price determined by an independent appraiser appointed by both parties shall be adopted. If such shareholder does not agree to sell his or her shares within fourteen days of the date of receipt of the purchase offer, a company shall proceed with the amalgamation and it shall be deemed that such shareholder is a shareholder of a company formed by the amalgamation.

Conversion

The PLCA specifies that a conversion of private company into a public company requires a special resolution of shareholders of that private company in accordance with the Civil and Commercial Code. The special resolution requires two successive shareholders meetings. In the first shareholders meeting, a company shall obtain a vote of not less than three-fourths of the total number of votes of shareholders attending the meeting. In the second shareholders meeting, a vote of not

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Minority Oppression Rights

A member or a holder of a debenture of a company may apply to the Singapore courts for an order under Section 216 of the Singapore Companies Act to remedy situations where:

- (i) a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the members, shareholders or holders of debentures of the company, including the applicant; or
- (ii) a company has done an act, or threatens to do an act, or the members or holders of debentures have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant.

Singapore courts have wide discretion as to the relief they may grant under such application, including, *inter alia*, directing or prohibiting any act or cancelling or varying any transaction or resolution, providing that the company be wound up, or authorizing civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.

In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company.

Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory derivative action. The statutory procedure is

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less than two-thirds of the total number of votes confirming the first resolution to convert shall be obtained. In addition, the shareholders' meeting shall approve to amend the memorandum of association and article of association to be in line with the PLCA including appointments of directors and auditors. The newly-elected board of directors shall make an application to register the conversion into public limited company within fourteen days of the date of completion of the meeting. A company which has registered its conversion into a public limited company shall be entitled to own and assume all the assets, debts, rights and liabilities of the former private company.

- (1) Pursuant to the PLCA, any shareholder or shareholders holding in aggregate of not less than 5.0% of the total number of shares sold may bring an action to the court to claim compensation from a director (on behalf of the company) in the case where a director performs an act or does not perform any act which constitutes non-compliance with laws, objectives and articles of association of the company, including the shareholders resolution in good faith and with care to preserve the interest of the company, provided that:

- such act or omission to act causes damage to the company; and
- the company does not claim for compensation from such director even though a shareholder or shareholders holding in aggregate of not less than 5.0% of the total number of shares sold has notified the company in writing to do so.

In addition, if such act or omission to act by a director is likely to cause damage to the company, any one or more shareholders holding shares of not less than 5.0% of the total number of shares sold may request the court to order that such act be stopped.

Such shareholder may also request the court to remove such director from office.

In any event, a shareholder who will undertake the above actions must hold shares of the company at the time such director performs or does not perform the act which causes or is likely to cause damages to the company.

- (2) In case any director operates any business

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available to, inter alia, a member of a company not listed on the SGX-ST, any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act.

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which has the same nature as and is in competition with the business of the company or becomes a partner in an ordinary partnership or becomes a partner with unlimited liability in a limited partnership or becomes a director of a private company or any other company operating business which has the same nature as and is in competition with the business of the company, either for his or her own benefit or for benefit of other person(s), without notifying the shareholders meeting prior to the resolution for his or her appointment, and if:

- there is damage caused by such director; and
- the company does not claim for compensation from such director (the prescription period is one year from the date the company knows of this breach or two years from the date of such breach),

then, a shareholder or shareholders holding in aggregate of not less than 5.0% of the total number of shares sold may by written notice to direct the company to make such a claim. If the company does not proceed as directed by the shareholders within one month of the date of such notification, or if the prescription period remains less than one month, such shareholder may exercise the right to claim for compensation on behalf of the company. In this regard, paragraphs 2 and 3 of (1) above also applies.

Directors' Fiduciary Duties

Every director by virtue of his office occupies a fiduciary position with respect to the company. A director is not permitted to place himself in a situation where his interests conflict with his duty. Duties are imposed upon any person who becomes a director of a company and breaches of these duties may lead to criminal or civil liabilities. Such duties are governed by statute and common law. Such duties include (without limitation) duties of care and skill and duties to act in good faith in the best interest of the company, as well as the statutory duty under the Singapore Companies Act to act honestly and to use reasonable diligence in the discharge of the duties of his office at all times.

The PLCA does not make express reference to directors' fiduciary duties. Nevertheless, the PLCA states that in conducting the business of the company, the directors shall comply with all laws, the objectives and the articles of association of the company, and the resolution of the shareholders in good faith and with care to preserve the interests of the company. In addition, if any director purchases property of the company or sells property to the company or does any business with the company, regardless of whether it is in his or her own name or in the name of other persons, unless approved by the board of directors, such purchase, sale or deal shall not bind the company.

Shareholder Action by Written Consent

Notwithstanding any other provision of the Singapore Companies Act, a private company may pass any resolution by written means in accordance with the provisions of the Singapore

No equivalent provision in Thailand. All shareholders' meetings must take place by way of physical meetings.

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Companies Act except for a resolution from which special notice is required. There is no corresponding provision in the Singapore Companies Act which applies to a public company.

Shareholder Proposals

Under the Singapore Companies Act, (i) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates or (ii) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Members holding not less than 10.0% of the paid up capital of a company may requisition for an extraordinary general meeting in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months, after the receipt by the company of the requisition.

Members holding not less than 10.0% of the paid up capital of a company may requisition for an extraordinary general meeting in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months, after the receipt by the company of the requisition.

Two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) may also call a meeting of the company in accordance with the provisions of the Singapore Companies Act.

Appointment of proxies

The Singapore Companies Act provides that a member of a company entitled to attend and vote at a meeting of the company, or at a meeting of any class of members of the company, shall be entitled to appoint another person or persons, whether a member or not, as his proxy to attend and vote instead of the member the meeting and a proxy appointed to attend and vote instead of a member

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Pursuant to the PLCA, the board of directors may call an extraordinary general meeting of shareholders any time the board considers it expedient to do so. In addition, shareholders holding shares in aggregate amounting to not less than one-fifth of the total number of shares sold or shareholders numbering not less than twenty-five persons holding shares in aggregate amounting to not less than one-tenth of the total number of shares sold may submit their names in a written request directing the board of directors to call an extraordinary general meeting at any time, but the reasons for calling such meeting shall be clearly stated in such request. The board of directors shall proceed to call a shareholders meeting to be held within one month of the date of receipt of such request from the said shareholders.

A shareholder may only grant a proxy to one person with regard to all shares held by him to attend and vote in a general meeting. A shareholder cannot grant proxies to more than one person. All votes by a shareholder in relation to each resolution proposed, shall be voted on in the same manner and the shareholder and/or its proxy may not split his vote among the different alternatives.

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shall also have the same right as the member to speak at the meeting, but unless the articles otherwise provide (a) a proxy shall not be entitled to vote except on a poll; (b) a member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting; and (c) where a member appoints 2 proxies the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The Singapore Companies Act further provides that where book-entry securities of a company are deposited with the CDP, the CDP shall be deemed not to be a member of the company and the persons named as the depositors in a depository register shall, for such period as the book-entry securities are entered against their names in the depository register, be deemed to be members of the corporation in respect of the amount of book-entry securities (relating to the stocks or shares issued by the corporation) entered against their respective names in the depository register.

Cumulative Voting for Election of Directors

Singapore law does not provide for cumulative voting for election of directors.

Transactions with Interested Shareholders

The Singapore Companies Act does not impose compliance requirements relating to transactions with interested shareholders. The compliance requirements imposed on a company listed on the SGX-ST under the Listing Manual of the SGX-ST, insofar as transactions with interested persons are concerned, apply to that company regardless of whether such company is incorporated in Singapore or elsewhere.

Dissolution; Winding Up

Dissolution

A company incorporated in Singapore may be dissolved:

- (i) through the process of liquidation pursuant to the winding up of the company;

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If the Shares are held through CDP, CDP will be the only holder of record of the Shares and, accordingly, as a matter of Thai law, the only person or entity recognized as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. However, as CDP is not permitted under Thai law to split its vote with regard to the Shares that it holds, neither CDP nor any of its designees will exercise any right to attend, speak or vote at any shareholders' meeting in respect of the Shares deposited with CDP.

The PLCA stipulates cumulative voting for election of directors and provides that each shareholder shall have a number of votes equal to the number of shares held multiplied by the number of the directors to be elected. Nevertheless, the articles of association of a company may stipulate other procedures for election of directors, but such articles of association shall not restrict the shareholders' rights in voting for election of directors.

The PLCA does not impose compliance requirements relating to transactions with interested shareholders. However, any shareholder who has a special interest in any matter shall not be entitled to vote on such matter, except for voting on the election of directors. Regulations promulgated under the SEC Act requires a company to comply with certain procedures with respect to transactions with interested shareholders. See "Interested Person Transactions Compliance with Connected Transaction Requirements under Thai Law".

Dissolution

Where one of the following grounds exists, a company shall be dissolved:

- (i) when the shareholders' meeting passes a resolution dissolving a company by a vote of

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- (ii) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or
- (iii) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.

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shareholders holding not less than three quarters of the total number of voting rights of shareholders attending the meeting who have the right to vote;

- (ii) when the company becomes bankrupt; or
- (iii) when the court issues a final court order dissolving the company in accordance with the provisions of the PLCA.

As noted in (iii) above, the shareholders who hold shares amounting to not less than one-tenth of the total number of shares sold may submit a motion to court to order the dissolution of a company when one of the following grounds exists:

- (i) the promoters have contravened or failed to comply with the provisions relating to the statutory meeting or preparation of the report on the establishment of a company, or the board of directors has contravened or failed to comply with the provisions relating to payment on shares, the transfer of ownership in property to the company, or the making of documentation available to a company for its use of the various rights for payment for shares, the preparation of the list of shareholders, or the registration of a company;
- (ii) the number of shareholders decreases to fewer than fifteen; or
- (iii) the business of a company, if operated further, will bring only losses and recovery is hopeless.

When a motion is made in court as mentioned in (i) or (ii), the court may order the company to rectify or to comply with the law within a specified period of time, which period shall not be more than six months, instead of ordering the dissolution of the company.

Winding up

The winding up of a company may be done in the following ways:

- (i) members' voluntary winding up;
- (ii) creditors' voluntary winding up;
- (iii) court compulsory winding up; and
- (iv) an order made pursuant to Section 216 of the Singapore Companies Act for the winding up of the company.

Winding up

In the case a company is dissolved on grounds other than bankruptcy, the liquidation shall proceed.

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The type of winding up depends, *inter alia*, on whether the company is solvent or insolvent.

Variation of Rights of Shares

Under the Singapore Companies Act, if a provision is made in the memorandum or articles of association of a company for authorizing the variation or abrogation of the rights attached to any class of shares in the company and in pursuance of that provision such rights are at any time varied or abrogated, the holders of not less in aggregate than 5.0% of the issued shares of that class (excluding treasury shares) may apply to the Singapore courts to have the variation or abrogation canceled in accordance with the Singapore Companies Act. The Singapore courts may, if satisfied that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and shall, if not so satisfied, confirm it.

Amendment of Governing Documents

Alteration of memorandum of association

Unless otherwise provided in the Singapore Companies Act, a company's memorandum of association may be altered by way of special resolution, except that any entrenching provision in the memorandum and any provision contained in the memorandum before April 1, 2004 which could not be altered before that date may be removed or altered only if all members of the company agree. For these purposes, the term "entrenching provision" means a provision of the memorandum or articles of association of a company to the effect that other provisions of the memorandum or articles (i) may not be altered in the manner provided by the Singapore Companies Act, or (ii) may not be so altered except by a resolution passed by a specific majority greater than 75.0%, or where other specified conditions are met.

Alteration of articles of association

Subject to the Singapore Companies Act and to any conditions in its memorandum, a company's articles of association may be altered by way of special resolution except that any entrenching provision in the articles of association may be removed or altered only if all members of the company agree.

Any alteration to the articles of association takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.

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Under the PLCA, preferential rights accruing to preferred shares already issued shall not be changed. In addition, a preferred share shall not be convertible into an ordinary share unless otherwise stipulated by a company in its articles of association. In addition, a preferred share may have less than one vote if specified clearly in the articles of association.

Alteration of memorandum of association and articles of association

Pursuant to the PLCA., a company may amend its memorandum of association or articles of association only when a resolution of the shareholders has been passed by shareholders holding not less than three quarters of the total number of voting rights of shareholders attending the meeting and having the right to vote. A company shall apply to register the amendment within fourteen days of the date on which the resolution was passed at the meeting.

APPENDIX B — OUR ARTICLES OF ASSOCIATION

(Translation)

Articles of Association of Mermaid Maritime Public Company Limited

Chapter 1

General Provisions

- Article 1. These Articles of Association shall be called the Articles of Association of Mermaid Maritime Public Company Limited.
- Article 2. The term “**Company**” in these Articles shall mean Mermaid Maritime Public Company Limited.
- Article 3. Unless otherwise herein provided, the provisions of the law governing public limited companies, and the law governing securities and exchanges shall apply to the Company.

Chapter 2

Issuance of Shares

- Article 4 All shares of the Company are ordinary shares in the form of a named certificate having equal par value. The shares shall be fully paid-up in cash and/or property other than money, or having given or having permitted the use of copyright in any literary, artistic, or scientific work, patents, trademarks, designs or models, drawings, formulae, or any secret processes, or having provided information concerning experience in the field of industry, commerce, or science.
- The Company may issue ordinary shares, preference shares, debentures, convertible debentures, convertible preference shares, warrants and any other securities under the law governing securities and exchange. The Company may convert convertible debentures and convertible preference shares into ordinary shares in accordance with the law governing public limited companies and the law governing securities and exchanges.
- Article 4 bis. The Company's share is indivisible. If two (2) or more persons subscribe for or hold one (1) share or several shares jointly, those persons shall be jointly liable for the payment on shares and any amount in excess of the par value of such shares, and shall appoint only one (1) among themselves to exercise the rights as a subscriber or shareholder, as the case may be.
- Article 5 Share certificates issued by the Company shall specify the name of the shareholder and shall carry either the signature or a printed signature of at least one (1) director. In this regards, the director may delegate to the share registrar to sign or print a signature on his behalf. Such a signature or print shall be in accordance with the law governing securities and exchanges.
- The Company may appoint an individual or a legal person or the Stock Exchange of Thailand to act as the share registrar. If the Company appoints Thailand Securities Depository Company Limited as the share registrar, the procedures relating to share registration shall be as prescribed by the share registrar. Any issue of share certificates may be subject to a charge according to applicable laws.
- Article 5 bis In the event of preference shares being issued the par value of issued preference shares shall be at any time equal to the par value of the issued ordinary shares and preference shareholders shall have the same rights as the ordinary shareholders as regards receiving of notices, reports and balance sheets and attending and casting their votes at any general meetings of shareholders of the Company.
- The Company has power to issue further preference capital with the rights equal to, or preferential to preference shares already issued.

- Article 6 The issuance of share certificates to the shareholders shall be made within two (2) months from the date the share registrar has accepted to register the Company or from the date the payment of shares has been received in full, in the event where the Company sells newly issued shares after the registration of the Company.
- Article 6 bis. Every member shall be entitled to receive share certificates in reasonable denominations for his holding where a charge is made for certificates, such charge shall not exceed two (2) Singapore dollars or the Baht equivalent pursuant to the Bank of Thailand's Foreign Currency Exchange Rate as of the date of issuance of share certificates.
- Article 7 If any share certificates is lost, stolen, destroyed, defaced, worn out or materially damaged, the shareholder may request the Company to issue a new share certificate to the shareholder. The Company shall issue a new share certificate to the shareholder within the period required by law. Any issue of new shares certificates may be subject to a charge which shall not exceed two (2) Singapore dollars or the Baht equivalent pursuant to the Bank of Thailand's Foreign Currency Exchange Rate as of the date of issuance of share certificates.
- In the event that a share certificate is lost, stolen or destroyed, the shareholder shall present to the Company evidence of a police report or other proper evidence and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member company of the Exchange or on behalf of its/their client(s) as the directors of the Company shall require, to confirm the necessary facts. In the event that a share certificate is defaced, damaged or worn out the shareholder shall surrender the said share certificate to the Company.
- The lost, destroyed, defaced or damaged share certificate(s) for which a new share certificate(s) has been issued in substitution shall be deemed cancelled.
- In the case of loss or destruction, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the company all expenses incidental to the investigations by the company of the evidence of such loss or destruction.
- Article 7 bis. In case of the death of a shareholder of the Company resulting in other persons being entitled to the shares, if such persons have produced lawful and complete evidence of entitlement, the Company shall register them in the shareholder register and issue new share certificates to them within one (1) month of the date of receipt of such evidence.
- Article 8 The Company shall not own its shares or take them in pledge, except in the following circumstances:
- (1) the Company may repurchase its shares from dissenting shareholders who vote against a resolution of the shareholders' meeting approving an amendment to the Articles of Association of the Company regarding voting rights and the right to receive dividends which, in their opinion, is considered unfair.
 - (2) the Company may repurchase its shares for financial management purposes when the Company has accumulated profits and excessive liquidity, provided that the share repurchase will not cause financial difficulties for the Company.
- The repurchased shares held by the Company shall not count towards the constitution of a quorum for shareholders' meetings and shall not have voting rights or the right to receive dividends.
- The Company shall dispose of the repurchased shares as mentioned in the first paragraph within the period prescribed in the share repurchase plan specified by the Company. If the Company is unable to complete the disposition within the prescribed period, the Company shall reduce its paid-up capital by cancellation of such unsold shares.
- The repurchase of shares, disposition of shares and cancellation of the unsold shares shall be done in compliance with the rules and procedures as prescribed in the Ministerial Regulations.
- A repurchase of shares in an amount of not more than ten (10) per cent of the paid-up capital is within the scope of powers of the Board of Directors. If the amount of shares

repurchased exceeds ten (10) per cent of the paid-up capital, the repurchase of shares must be approved by a majority of the shareholders attending the meeting and having the right to vote. The Company shall repurchase the shares within one (1) year from the date the resolution has been passed.

Chapter 3

Share Transfer

Article 9 Shares shall be freely transferable, except where the said transfer would result in the Company's loss of any rights and benefits to which the Company is lawfully entitled.

Article 10 A share transfer shall be valid upon the transferor endorsing the share certificate by stating the name of the transferee, having the certificate signed by both the transferor and the transferee and delivering the share certificate to the transferee.

Such transfer of shares will be set up against the Company upon the receipt by the Company of the request to register the transfer of the shares, and it can be set up against a third party upon such transfer being registered in the share register of the Company.

If the Company considers that such transfer of shares is in compliance with law, the Company shall register the transfer of the shares within fourteen (14) days from the date of the receipt of the request. If the Company considers that such transfer is incorrect or incomplete, the Company shall notify the applicant within seven (7) days from the date of the receipt of the request.

When the shares of the Company have been registered on the Stock Exchange of Thailand or any other Securities Exchanges, the transfer of such shares shall be in accordance with the law governing securities and exchange.

Any fee charged on the transfer of securities shall not exceed two (2) Singapore dollars or the Baht equivalent pursuant to the Bank of Thailand's Foreign Currency Exchange Rate as of the date of the request for share transfer.

Article 11 In the event that a transferee wishes to acquire a new share certificate, such transferee may submit a written request bearing signatures of the transferee and of at least one (1) witness in certificate thereof and return the old share certificate or other evidence to the Company. If the Company considers that such transfer of shares is in compliance with law, the Company shall register the transfer of the shares within seven (7) days from the date of the receipt of the request and the Company shall issue a new share certificate within one (1) month from the date of the receipt of such request.

Article 12 The Company may suspend registration of a transfer of shares during twenty-one days (21) before each shareholders' meeting by making an announcement of such close of registration to the shareholders at the head office and every branch office of the Company not less than fourteen days (14) days in advance before the closing date.

Chapter 4

Board of Directors

Article 13 A Board of Directors shall consist of not less than five (5) persons. Not less than one half (1/2) of the numbers of such Directors must reside within the Kingdom of Thailand. The Directors of the Company shall have the qualifications as prescribed by the law on public limited companies and the law on securities and exchange.

Article 14 The Directors shall be elected at the shareholders' meeting in accordance with the following criteria and procedures:

- (1) Each shareholder shall have one (1) vote per share;
- (2) Each shareholder may exercise all the votes he or she has under (1) to elect one or several persons as a Director or Directors, but a shareholder cannot divide his or her votes to any person in any number; and

- (3) Persons who receive the highest number of votes are those who are elected to be Directors, in descending order, according to the number of Directors who are to be elected. In the event of a tie for the last position to be elected and this exceeds the said number of Directors, the Chairman of the meeting shall cast the deciding vote.

Article 15 At every annual ordinary shareholders' meeting, one-third (1/3) of the number of Directors shall vacate office. If the number of Directors cannot be divided exactly into three (3) parts, the number of Directors nearest to one-third (1/3) shall retire from office.

The Directors to retire from office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the Directors who have remained in office for the longest time shall vacate office. A vacating Director may be eligible for re-election.

Article 16 A Director shall have the right to receive remuneration from the Company in the form of rewards, meeting allowances, gratuity, bonus or other benefits in accordance with the approval of the shareholders' meeting. This may be prescribed in a fixed amount, or in accordance with rules and may be periodically fixed or permanently fixed until changed. Moreover, a Director shall have a right to receive the allowance and welfare according to the Company's rule.

Directors' fees and remuneration shall be fixed by shareholders in the shareholders' general meeting subject to the Articles of Association of the Company.

The ordinary fees and remuneration of the Directors shall from time to time be determined by a resolution passed at a general meeting by shareholders holding not less than two-thirds (2/3) of the total number of voting rights of the shareholders present at the meeting and shall not be increased except pursuant to a resolution passed at a general meeting by shareholders holding not less than two-thirds (2/3) of the total number of voting rights of the shareholders present at the meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees and remuneration is payable shall be entitled only to rank in such division for a proportion of fees and remuneration related to the period during which he has held office.

The fees and remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

The provisions in this Article shall not affect the right of the officers or employees of the Company who have been appointed as Directors to receive remuneration and benefit in his/her capacity as an officer or employee of the Company.

Article 17 Apart from vacating upon completion of a term, Directors are deemed to have vacated office upon:

- (1) death;
- (2) resignation;
- (3) disqualification or possession of prohibited characteristics under the law governing public limited companies and the law governing securities and exchange;
- (4) being removed by a resolution of the shareholders' meeting under the law governing public limited companies and the law governing securities and exchange;
- (5) removal pursuant to a court order; or
- (6) becoming a bankrupt, incompetent or quasi-incompetent.

Article 18 Any Director wishing to resign from his position shall submit a resignation letter to the Company. Such resignation letter shall become effective upon the date on which it reaches the Company.

A Director who has resigned in the manner according to the foregoing paragraph may also inform the registrar of his resignation.

Article 19 In the event that the position of a Director becomes vacant for any reason other than by rotation, the Board of Directors shall, at the next Board meeting, appoint a qualified person, not subject to prohibitions under the Public Company Limited Act B.E. 2535 as a replacement Director, except where the remaining term of the vacating Director is less than two (2) months. The replacement Director shall only hold office for the remaining term of the Director whom he replaces.

The resolution of the Board of Directors pursuant to the first paragraph must be passed by a vote of not less than three-fourths (3/4) of the number of the remaining Directors.

Article 19 bis. In case of vacancies in the board of directors resulting in the number of Directors being less than the number required for a quorum, the remaining Directors may perform any act in the name of the Board of Directors only in matters relating to the calling of a shareholder meeting to elect Directors to replace all the vacancies.

The meeting under the first paragraph shall be held within one (1) month of the date that the number of directors falls below the number required for a quorum.

Article 20 The shareholders' meeting may pass a resolution to remove any Director from office prior to retirement by rotation, by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting and having the right to vote. The shares held by them shall, in aggregate, be not less than one half (1/2) of the number of shares held by the shareholders attending the meeting and having the right to vote.

Article 21 A Director need not be a shareholder of the Company.

Article 22 The Board of Directors shall elect one (1) of the Directors to be the Chairman of the Board of Directors.

If the Board of Directors deems appropriate, the Board may elect one (1) or several Directors to be a Vice-Chairman or Vice-Chairmen. The Vice-Chairman shall have duties according to the Articles of Association in the business assigned by the Chairman of the Board.

Article 23 At a meeting of the Board of Directors, there must be present at least one half (1/2) of the total number of Directors to form a quorum. If the Chairman of the Board is not present at the meeting or cannot perform his or her duty, and if there is a Vice-Chairman, the Vice-Chairman present at the meeting shall be the Chairman of the meeting. If there is no Vice-Chairman or if there is a Vice-Chairman, but he or she cannot perform his or her duty for whatever reason, the Directors present at the meeting shall elect one of the Directors to be the Chairman of the meeting.

Decisions of the Board of Directors' meeting shall be made by majority vote.

Each Director shall have one (1) vote, except for a Director who has an interest in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the Chairman of the meeting shall cast the deciding vote.

Article 24 To convene a meeting of the Board of Directors, the Chairman of the Board, the Vice-Chairman or the person assigned by the Chairman shall send a written notice calling for such meeting to the Directors not less than seven (7) days prior to the date of the meeting. Where it is necessary or urgent to preserve the rights or benefits of the Company, the meeting may be called by other methods and the date of the meeting may be scheduled sooner.

If two (2) or more Directors request to convene a Board of Directors meeting, the Chairman of the Board or the Vice-Chairman or the person assigned by the Chairman of the Board shall fix the date of the meeting and call the meeting within fourteen (14) days from the date or receipt of the request.

Article 25 The Directors shall perform their duty in accordance with the law, objects and Articles of Association of the Company, including the resolutions of the shareholders' meeting.

- Article 26 No Director shall operate any business which has the same nature as and is in competition with the business of the Company or becomes a partner in an ordinary partnership or becomes a partner with unlimited liability in a limited partnership or becomes a Director of a private company or any other company operating a business of the same nature as and is in competition with the business of the Company, whether for his or her own benefit or others' benefit, unless he or she notifies the shareholders at the shareholders' meeting of the fact before he is so appointed by resolution of the shareholders' meeting.
- Article 27 A Director shall inform the Company without delay when he or she directly or indirectly has an interest in any contract to which the Company is a party, or when the amounts of shares or debentures of the Company or an affiliate company, which he or she holds, are increased or decreased.
- Article 28 The meeting of the Board of Directors shall be held once at least every three (3) months.
- Article 29 A meeting of the Board of Directors can be held in the locality of the head office of the Company or a neighbouring province or at any other places as fixed by the Chairman of the Board of Directors, the Vice-Chairman or the person assigned by the Chairman of the Board.
- Article 30 The number of Directors who are authorized to sign to bind the Company are any two (2) Directors jointly signing together with the Company's seal affixed. However, the Board of Directors is entitled to fix and to amend the name(s) of Director(s) who shall be authorized to sign his/her name to bind the Company.
- Article 31 The Board of Directors have the following powers and duties:
- (1) To appoint and remove employees of the Company. In this regard, the Board of Directors may grant such power to any one (1) or more Directors to act on its behalf.
 - (2) To fix the payment of remuneration to officers or employees of the Company or to other persons temporarily or permanently working for Company.
 - (3) To fix the interim dividend payable to the shareholders.
 - (4) To transact the Company's business in accordance with the law, its objects, Articles of Association and resolutions of shareholders' meetings.
- In this regard, the Board of Directors may empower any Director or Directors or other persons to perform the above actions on its behalf.
- Article 32 The Board of Directors may appoint one (1) or more Managing Director(s) for a period of time, which may be stipulated by the Board of Directors. Where an appointment is for a fixed term, such term shall not exceed five (5) years. The Managing Director(s) shall at all times be subject to the control of the Board of Directors. The Board of Directors may confer upon the Managing Director(s) powers, as the Board of Directors deem appropriate, provided that such powers are not by law, or by the Articles of Association, required to be exercised by the shareholders.
- Article 33 The Board of Directors is empowered to appoint a member of the Board of Directors as an Executive Committee to perform the work(s) assigned by the Board of Directors of the Company, with or without condition(s) as stipulated by the Board of Directors. The Committee members are entitled to receive remuneration as stipulated by the meeting of the Board of Directors, and such payment of remuneration shall not affect the rights of the Executive Directors to receive remuneration and other benefits granted to them under the Articles of Association as a Director.
- Article 33 bis. The Board of Directors may from time to time determine the scope of the borrowing powers of the Board of Directors.

Chapter 5
Shareholders' Meeting

- Article 34 The Board of Directors shall convene a shareholders' meeting which is an annual general meeting of shareholders within four (4) months from the last day of the fiscal year of the Company.
- Shareholders' meetings other than the one referred to in the first paragraph shall be called extraordinary general meetings. The Board of Directors may summon an extraordinary general meeting of shareholders at any time as deemed appropriate. Moreover, shareholders holding shares in aggregate of not less than one-fifth (1/5) of the total number of shares sold or shareholders numbering not less than twenty-five (25) persons holding shares in aggregate not less than one-tenth (1/10) of the total number of shares sold, may at any time submit their names and request the Board of Directors in writing to call for an extraordinary general meeting, provided that, the reasons for the request to call such meeting shall be clearly stated in the said written request. In such an event, the Board of Directors shall proceed to call a shareholders' meeting to be held within one (1) month from the date of the receipt of such request from the said shareholders.
- Article 35 In summoning the shareholders' meeting, the Chairman of the Board shall be the Chairman of shareholders' meetings. If the Chairman of the Board is not present at a meeting or cannot perform his duty, and if there is a Vice-Chairman, the Vice-Chairman present at the meeting shall be the chairman of the meeting. If there is no Vice-Chairman or there is a Vice-Chairman, but he cannot perform his duty for whatever reason, the shareholders present at the meeting shall elect one (1) shareholder to be the Chairman of the meeting.
- Article 36 The shareholders' meeting may be at the locality where the head office is located or a neighbouring province or at any other venue as fixed by the Board of Directors.
- Article 37. At the shareholders' meeting, the shareholders may appoint another person as their proxy to attend and vote on their behalf. A proxy need not be a shareholder of the Company.
- The instrument appointing proxy shall be dated and signed by the shareholder giving proxy and shall be in the form so prescribed by the share registrar. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to propose any resolution or amendment thereof and to speak at the meeting. A proxy shall be entitled to vote on a show of hands or by poll or ballot on any matter at any general meeting.
- The instrument appointing proxy shall be delivered to the Chairman of the Board or a person entrusted by the Chairman at the meeting prior to the time of the meeting.
- Article 38 To convene a shareholders' meeting, the Board of Directors or the Chairman of the Board, a Vice-Chairman or the person assigned by the Chairman of the Board shall prepare a written notice specifying the place, date, time, agenda of the meeting and the matters to be proposed to the meeting in appropriate detail by clearly indicating whether it is a matter proposed for acknowledgement, for approval or for consideration, as the case may be, including the opinion of the Board of Directors on the said matters. The said notice shall be distributed to the shareholders and the share registrar not less than fourteen (14) days prior to the date of the meeting. The notice shall be published in a newspaper for not less than three (3) consecutive days and not less than three (3) days prior to the date of the meeting.
- Article 39 At a shareholders' meeting, there shall be not less than twenty five (25) shareholders and proxies (if any) attending the meeting or not less than one-half (1/2) of the total number of shareholders, whichever is lower, and in either case such shareholders shall hold shares amounting to not less than one-third (1/3) of the total number of shares sold of the Company, whereby a quorum would then be constituted.
- At any shareholders' meeting, if one (1) hour has passed from the time specified for the meeting and the number of shareholders attending the meeting is still inadequate for a quorum as prescribed in the first paragraph, and if such shareholders' meeting was called

as a result of a request of the shareholders, the meeting shall be cancelled. If the meeting was not called as a result of a request of the shareholders, a new meeting shall be called for and the notice calling for such meeting shall be dispatched to shareholders not less than seven (7) days prior to the date of the meeting. At the subsequent meeting, a quorum is not required.

- Article 40 A resolution of the shareholders' meeting shall require:
- (1) the shareholders shall be entitled to one (1) vote per one (1) share.
 - (2) in an ordinary event, the majority votes of the shareholders who attend the meeting and cast their votes. In the case of a tie, the Chairman of the meeting shall have a casting vote.
 - (2) in the following events, a vote of not less than three-fourths (3/4) of the total number of votes of shareholders who attend the meeting and have the right to vote is required:
 - (a) the sale or transfer of the whole or the substantial part of the Company's business to any other person;
 - (b) the purchase or acceptance of the transfer of the business of other companies or private companies by the Company; or
 - (c) entering into, amending, or terminating of contracts relating to the leasing out of the whole or substantial part of the business of the Company, the assignment to any other person to manage the business of the Company, or the consolidation of the business with other persons with an objective towards profit and loss sharing.
- Article 41 The matters which are obliged to be conducted by the annual general meeting of shareholders are as follows:
- (1) to consider the report of the Board of Directors concerning the Company's business in the previous year;
 - (2) to consider and approve the balance sheet and the statement of profit and loss of the previous fiscal year;
 - (3) to consider profit allocation;
 - (4) to consider and elect Directors;
 - (5) to consider and appoint an auditor; and
 - (6) other business.

Chapter 6

Accounting, Financial and Auditing

- Article 42 The fiscal year of the Company shall commence on the 1st day of October and end on the 30th day of September of every year.
- Article 43 The Company shall prepare and maintain accounts and audit the accounts as required by relevant laws, including preparing balance sheets and statements of profit and loss at least once every twelve (12) months as per the fiscal year of the Company.
- Article 44 Within four (4) months after the close of the Company's financial year, the Board of Directors shall prepare the balance sheet and the statement of profit and loss as of the last day of the fiscal year of the Company for submission to the shareholders for consideration and approval at the annual general meeting. The Board of Directors shall arrange for the balance sheet and the statement of profit and loss to be examined by an auditor prior to submission to the shareholder meeting.

- Article 45 The Board of Directors shall deliver the following documents to the shareholders together with the notice calling for an annual general meeting of shareholders:
- (1) copies of the balance sheets and statement of profit and loss, which have been duly examined by the auditor, including the auditor's report; and
 - (2) annual report of the Board of Directors.
- Article 46 No dividend shall be paid otherwise than out of profits. If the Company has accumulated losses, no dividend may be paid.
- Dividends shall be equally allocated to each share.
- The Board of Directors may from time to time pay interim dividends to the shareholders if it believes that the Company's profit justifies such payment and shall report such dividend payment to the shareholders at the next shareholders' meeting.
- Payment of dividends shall be made within one (1) month from the date of the resolution of the shareholders' meeting or of the Board of Directors' meeting as the case may be. The shareholders shall be notified in writing of the payment of dividends and the notice shall also be published in a newspaper.
- Article 47 The Company shall allocate not less than five per cent (5%) of the annual net profit less the accumulated loss brought forward (if any) to a reserve fund until this fund reaches an amount not less than ten per cent (10%) of the registered capital.
- Article 48 The auditor shall not be the Company's Director, officer, employee or person who holds any position or has any duty in the Company.
- Article 49 The auditor has the authority to examine during the office hours of the Company the accounts, documents and any other evidence relating to the revenue and expenditure including the assets and liabilities of the Company. In this regard, the auditor shall also have the authority to call the Directors, officers, employees, persons who hold any position or have any duty in the Company and agents of the Company to render any statement or clarification of any matter and submit documents or evidence relating to the business operation of the Company.
- Article 50 The auditor has the duty to attend every shareholders' meeting of the Company at which the balance sheet, profit and loss account and problems pertaining to the Company's accounts are to be discussed in order to elaborate the audit of accounts to the shareholders. The Company shall make available to the auditor the Company report and documents which are to be received by the shareholders at such shareholders' meeting.

Chapter 7

Debentures

- Article 51 The borrowing by the Company by means of the issuance of debentures for offer for sale to the public shall be in accordance with the law governing securities and exchange
- The resolution approving the issuance of debentures under the first paragraph shall require the resolution of the shareholders meeting passed by a vote of not less than three-quarter (3/4) of the total number of votes of the shareholders attending the meeting and having the right to vote.

Chapter 8

Additional Provisions

- Article 52 Any amendments and alterations to these Articles of Association shall, when necessary, be made by the shareholders' meeting in accordance with the law.
- Article 53 In case the Company or its subsidiaries decide to execute any connected transaction or transaction relating to the acquisition or sale of the Company's or its subsidiaries' assets, under the meaning stipulated by the notification of the Stock Exchange of Thailand,

enforced in relation to connected transactions by the listed company or the acquisition or sale of the asset of the listed company as the case may be, the Company shall act in accordance with the rules and procedures stipulated by the related notification.

This Article shall apply only where the Company must comply with the rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

Article 54 Affixed hereunder is the Company's seal:

Article 55 For so long as the ordinary shares of the Company are listed on the stock exchange in Singapore the persons below (to the extent that they would have duties to report or disclose as stated below under Singapore law if they held shares in a Singapore incorporated company listed on the stock exchange in Singapore) have the following duties:

- (a) the duty of each Director to forthwith notify the Company and the stock exchange in Singapore of the particulars of the ordinary shares owned by him at the time of his appointment and, for so long as he remains the Director, of any change in such particulars;
- (b) the duty of each holder of the ordinary shares to (i) upon becoming a substantial shareholder of ordinary shares; (ii) for so long as he remains a substantial shareholder of ordinary shares, upon a change in the percentage level of his interest(s) in the Company; and (iii) upon ceasing to be a substantial shareholder of ordinary shares, give the Company and the stock exchange in Singapore a notice in writing of (x) the particulars of the ordinary shares owned by him, or (y) the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or (z) the particulars of the date and circumstances of the cessation of substantial shareholding of ordinary shares, as the case may be, within two (2) business days after (xx) becoming a substantial shareholder of ordinary shares, (bb) the date of change in the percentage level of his interests, or (cc) the date of cessation, as the case may be; and
- (c) the duty of each holder of the Company's ordinary shares to disclose particulars of his interest and persons having an interest in those ordinary shares, to the Company upon the Company's written request.

For the purpose of Article 55, the term "substantial shareholder" shall have the meaning in Sections 81(1) and 81(2) of the Companies Act, Chapter 50 of Singapore ("Companies Act"), the term "interest(s)" shall have the meaning in Section 7 of the Companies Act and the term "percentage level" shall have the meaning in Section 83(3) of the Companies Act.

Article 56 The Company may increase the amount of its registered capital by the issuance of new shares. The new shares may be offered for sale, in whole or in part, and may be first offered for sale to the shareholders in proportion to the number of shares already held by each of them or may be offered for sale to the public or other persons, either in whole or in part, in accordance with the resolution of a shareholders' meeting.

Article 57 Upon liquidation of the Company, the distribution of assets to shareholders will be in accordance with the applicable Thai laws.

**APPENDIX C — RULES OF EMPLOYEE STOCK OPTION PLAN OF
MERMAID MARITIME PUBLIC COMPANY LIMITED**

1. Objective

The employee stock option plan offered by the Company (as defined below) is intended to maximize the interests of the Company and its subsidiaries by providing employees with additional incentives through the grant of options based on the performance of the Company, thereby increasing the personal stake of such employees in the continued success and growth of the Company and encouraging them to remain in the employment of the Company.

2. Interpretation

- 2.1 In these terms and conditions unless the context otherwise requires the following terms and expressions shall have the following meanings:

Auditors means the auditors of the Company for the time being;

Board means the Board of Directors of the Company;

CDP means The Central Depository (Pte) Limited;

CPF means the Central Provident Fund;

Committee means a committee comprising directors of the Company duly authorised, appointed and nominated by the Board pursuant to the rules of the Plan to administer the Plan, which shall be the Remuneration Committee of the Company from time to time;

Singapore Companies Act means the Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time;

Company or **Mermaid** means Mermaid Maritime Public Company Limited, a public company incorporated under the laws of Thailand (Registration No. 0107550000017);

Controlling Shareholder means a Shareholder exercising control over the Company and unless rebutted, a person who controls directly or indirectly a shareholding of 15.0% or more of the Company's issued share capital shall be presumed to be a Controlling Shareholder of the Company;

Director means a person holding office as a director for the time being of the Company;

Eligible Employee means any full time employee (including any Director) of the Group and who is determined by the Committee at its absolute discretion, to be eligible to participate in the Plan, and such person must be confirmed in his/her employment with the Group;

Exercise Price means the average closing price of the Company's shares traded on the SGX-ST for 15 consecutive trading days before the issue date of Options, (subject to the adjustment should the event, which requires the adjustment of rights, has occurred);

Group means the Company and its subsidiaries;

Issue Date means the date on which the Option was granted to the Participant;

Issued Capital means issued ordinary Shares in the capital of the Company;

KPI means key performance indicators;

Market Day means a day on which the SGX-ST is open for trading in securities in Singapore;

Memorandum and Articles of Association means the Memorandum and Articles of Association of the Company, as amended from time to time;

Options means a right to subscribe for Shares pursuant to the Plan and for the time being subsisting;

Participant means an Eligible Employee who has accepted an offer from the Committee to hold Options under the Plan;

Plan means this employee stock option plan approved by shareholders of the Company in general meeting on July 11, 2007;

Public Company Act means the Public Companies Limited Act B.E. 2535 (1992) of Thailand as amended from time to time;

Record Date means the date fixed by the Company for the purpose of determining entitlements to dividends or other distributions to or rights of holders of Shares;

Securities Accounts means the securities accounts maintained by a Depositor with CDP;

SGX-ST means the Singapore Exchange Securities Trading Limited;

SGX-ST Listing Rules mean the rules of the SGX-ST Listing Manual as amended from time to time;

Share means a fully paid ordinary share in the capital of the Company;

Shareholders means registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares;

Term means a period of five years from the date on which an Option is granted to an Eligible Employee under the Plan;

SEC means The Securities and Exchange Commission of Thailand; and

Trading Day means a day on which the Shares are traded on the SGX-ST.

- 2.2 In this Plan, an Option is deemed to have been granted on the date on which an Option is allocated in accordance with Clause 3.
- 2.3 Words denoting the singular number shall include the plural number and, *vice versa*, words denoting any gender shall include all other genders and the headings herein are for the purpose of reference only and shall not affect the construction hereof.
- 2.4 Words used in these terms and conditions which are defined in the Singapore Companies Act have the same meaning in these terms and conditions.
- 2.5 These terms and conditions shall be governed by and construed in accordance with the laws for the time being in force in Thailand.
- 2.6 These terms and conditions and the entitlements of Participants under these terms and conditions are subject to the relevant notification of the SEC, the SGX-ST Listing Rules and the Memorandum and Articles of Association of the Company.
- 2.7 The terms “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Singapore Companies Act and the term “associate” shall have the meaning ascribed to it by the SGX-ST Listing Rules or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as modified, supplemented or amended from time to time).
- 2.8 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.9 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted.

3. Allocation

- 3.1 Subject to the terms and conditions of the Plan, the Committee may in its discretion determine the number of Options to be granted to each Eligible Employees based on an achievement of KPIs by such Eligible Employee. Such KPI may be described in terms of Company wide objectives and objectives which are related to performance of the employee or of the subsidiary, division, department or function within the Company in which the employee is employed. The Non-Executive Directors of the Company, and persons who are Controlling Shareholders and their associates, shall not be eligible to participate in the Plan.
- 3.2 A final allocation shall be made in writing and shall specify the following:
 - (a) the name and address of the Eligible Employee to whom the allocation is made;
 - (b) the number of Options being allocated; and
 - (c) the Exercise Price.

- 3.3 A copy of the terms and conditions of the Plan must be provided forthwith to an Eligible Employee to whom an offer has been made on the request of that person.
- 3.4 An allocation may be accepted in whole or in part by the Eligible Employee signing and returning to the secretary of the Company the acceptance form attached to or otherwise accompanying the allocation together for the grant of the Options no later than 5.00 pm on the closing date specified in the allocation, failing which such allocation shall automatically lapse and become null and void and of no effect.
- 3.5 An Eligible Employee may only accept the allocation in his or her name.
- 3.6 An allocation to an Eligible Employee is personal to him or her and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned pledged or otherwise disposed of, in whole or in part.

4. Exercise of Options

- 4.1 A Participant can exercise the Options every six months after the third anniversary of the Issue Date. Subject to the paragraph below, if any of such exercise dates falls on a day which is not a business day, a Participant is entitled to exercise his Options on the business day immediately following such date.

The last exercise date shall fall on the last business day of the end of the five-year period after the issue date of the Options.

There is no limitation on the number of the Options which must be exercised.

The Options which are outstanding or are not exercised on any exercise date may be carried over to the next exercise date until the end of the term of the Options.

As regards the last exercise period, the Option holders shall send a notice of exercise of Options at no less than 15 days prior to the expiry of the Options.

- 4.2 To exercise an Option a Participant must lodge with the Company:

- (a) a written notice of exercise of Option, specifying the number of Options being exercised; and
- (b) a cheque, cashier's order, bankers' draft or postal order in favour of the Company or such other mode of payment as may be acceptable to the Company for an amount equal to the Exercise Price in relation to the Options multiplied by the number of Options being exercised.

An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the total amount payable for Shares which may be allotted upon the exercise of the Option.

- 4.3 Options can only be exercised if as a result of their exercise the number of Shares which will be allotted is a minimum of 100 Shares.

- 4.4 Notwithstanding Clause 4.1:

- (a) if under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled subject to Clause 4.4(d), to exercise any Option then held by that Participant which has not then expired or lapsed, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, during the period commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry or 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later, whereupon the Option shall lapse and become null and void;
- (b) if an order is made for the winding-up of the Company on the basis of its insolvency, all Options to the extent unexercised, shall lapse and become null and void;
- (c) if notice is given by the Company to its members to convene a general meeting for the purpose and if thought fit, approving a resolution for the voluntary winding-up of the Company, the Company shall on the same date or as soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of

the provision of this Clause 4.4(c) and thereupon, each Participant (or his personal representative) may exercise all or any Options then held by that Participant which has not then expired or lapsed at any time not later than two business days prior to the proposed general meeting of the Company by giving notice to the Company accompanied by a remittance for the total amount payable upon the exercise of the Option whereupon the Company shall as soon as possible and no later than the business day immediately prior to the date of the proposed general meeting allot the relevant Shares to the Participant credited as fully paid;

- (d) if in connection with the scheme referred to in Clause 4.4(a) or the winding-up referred to in Clause 4.4(c), arrangements are made (which are confirmed in writing by the auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Clause 4.4; and
- (e) to the extent that an Option is not exercised within the periods referred to in this Clause 4.4, it shall lapse and become null and void.

4.5 An Option which is not exercised within the Term, shall lapse and become null and void.

4.6 Subject to the provisions of the Memorandum and Articles of Association of the Company and such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and compliance with the terms of the Plan, the following actions shall be taken:

- (a) the Company shall register the increase of the paid-up capital within 14 days of its receipt of the notice of exercise and cheque referred to in Clause 4.2 above and those cheques are honoured; and
- (b) the Committee shall, within 14 Market Days after the Company's receipt of a notice of exercise and a cheque referred to in Clause 4.2 above, allot and issue to the Participant the number of Shares which is equal to the number of Options being exercised and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may think fit.

4.7 Shares to be allotted and issued upon the exercise of Options will, upon issue:

- (a) be subject to all the provisions of the Public Company Act and the Memorandum and Articles of Association of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

4.8 As soon as practicable after allotment of Shares pursuant to the exercise of Options, the Company will apply for permission to deal in and for quotation of such Shares on the Official List of the SGX-ST if necessary. Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent or, where applicable, the CPF investment account maintained with a CPF agent bank.

4.9 The Options shall not be quoted on SGX-ST.

4.10 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

5. Lapse of Options

If an Eligible Employee's employment with the Company or a subsidiary of the Company terminates then the following provisions of this clause apply.

- (a) Termination due to death or disability:

If the employment of a Participant is terminated as a result of death or disability (as determined by the Committee), his/her heir or guardian will be entitled to exercise the Options until the

expiry of the Options, provided that the relevant legal documents have been completely presented.

- (b) Termination by the Company without fault committed by the employee or early retirement due to the Company:

If the employment of a Participant is terminated as a result of the termination of employee without fault committed by the Company or early retirement for the convenience of the Company (as determined by the Committee), the Options will become fully exercisable and will remain exercisable until the expiry of the Options.

- (c) Normal retirement programme:

If the employment of a Participant is terminated as a result of the termination of employees due to a normal retirement programme of the Company or its subsidiaries or otherwise (as determined by the Committee), at any time before the expiry date of the term of the Option, the Committee may, in its absolute discretion, extend the exercise period for up to three years after such termination or cessation (as the case may be), provided that such extended period does not expire after the expiry of the term of the Option. Following his/her retirement no additional portions of his/her will become exercisable, and the Participant will be limited to the number of Options which he/she was entitled to exercise under the Plan on the date of his/her retirement.

- (d) Other Reasons:

If the employment of a Participant is terminated for any reason other than paragraphs (a), (b), or (c) above or breach of such Participant's employment contract, the exercise period will expire upon 60 days after such termination of his/her employment, provided that such 60 days extended period does not expire after the expiry of the term of the Option. Following the termination of his/her employment no additional portions of his/her Option will become exercisable, and the Participant will be limited to the number of Options which he/she was entitled to exercise under the Plan on the date of the termination of his/her employment.

If the employment of a Participant is terminated for any reason, other than those specified above, such Participant will no longer be entitled to exercise the allocated Options and must return the non-exercised Options to the Company for further allocation to other employees (except those who are also acting as Directors) whose qualifications meet the eligibility criteria. However, if any employee is entitled to more than five per cent of the total Options under the Plan, the Company shall first seek approval from a Shareholders' meeting.

6. Limitation on Size of the Plan, Maximum Entitlement and Adjustment Events

- 6.1 The aggregate number of new Shares granted under the Plan shall be limited to 1.0% of the Issued Capital. The restriction on the size of the Plan shall not be amended without the prior approval of Shareholders of the Company.
- 6.2 Subject to the terms and conditions of the Plan, the aggregate number of Shares in respect of which Options may be allocated to an Eligible Employee in accordance with the Plan shall be determined at the discretion of the Committee, based on the KPI of such employee.
- 6.3 The Options shall not be transferable or assignable to any person, except for the transfer to the Participant's legitimate heirs.
- 6.4 In the event of any variation (whether by way of rights issue, offering shares, payment dividend or otherwise as defined by the relevant notifications of the SEC) of the Issued Capital, the number of Options to which each holder is entitled to and/or the Exercise Price of the Options shall be adjusted.
- 6.5 Nothing in this section shall prevent the rights of an Option holder being changed to the extent necessary to comply with the SGX-ST Listing Rules applying to a reorganization of capital at the time of the reorganization.
- 6.6 Notwithstanding Clause 6.4, no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive. Any adjustment (except in relation to a capitalization issue) must be confirmed in writing by the Auditors to be in their opinion, fair and reasonable.

- 6.7 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when such Share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not be regarded as a circumstance requiring adjustment.
- 6.8 Upon any adjustment required to be made pursuant to this Clause 6, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Options. Any adjustment shall take effect upon such written notification being given.

7. Powers of the Committee and Administration of the Plan

- 7.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. No member of the Committee shall participate in any deliberation or decision in respect of Options granted to him/her or held by him/her.
- 7.2 The Committee shall have the power, from time to time, to:
- (a) determine appropriate procedures for administration of the Plan consistent with these terms and conditions; and
 - (b) resolve and determine conclusively any matter, questions of fact or interpretation in connection with, pertaining or pursuant to the Plan and any dispute and any uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan.
- 7.3 Neither the Plan nor the grant of Options under the Plan shall impose on the Company or the Committee any liability whatsoever in connection with:
- (a) the lapsing or early expiry of any Options pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise of the Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 7.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

8. Commencement and Termination of the Plan

- 8.1 Subject to the passing of any necessary resolution approving the establishment of the Plan, the Plan shall take immediate effect and shall thereafter continue to be in force at the discretion of the Committee, subject to a maximum period of one year from the date approval is obtained from the SEC, provided that the Plan may continue beyond the above period with the approval of the Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required and of the Option holders by the resolution passed by a simple majority of the Option holders' meeting.
- 8.2 The Plan may be terminated at any time by resolution of the Company in a general meeting, and of the Option holders by the resolution passed by a simple majority of the Option holders' meeting, subject to all relevant approvals which may be required but any such termination shall not affect the rights of any of the then existing holders of Option. If the Plan is terminated, no further Option shall be allocated by the Company thereafter.

9. Overriding Restrictions on Grant of Options

Notwithstanding any term of the Plan or the terms of any Option, no Option may be granted or exercised if to do so would contravene the Thai Public Company Act or the SGX-ST Listing Rules.

10. Governing Law

The Options are governed by and construed in accordance with the laws of the Thailand. The Participants, by accepting Options in accordance with the Plan, and the Company submit to the non-exclusive jurisdiction of the courts of Thailand.

11. Duties and Taxes and Expenses

- 11.1 All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Plan shall be borne by that Participant.
- 11.2 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Options in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank.
- 11.3 Save as provided above, all fees, costs and expenses incurred by the Company in relation to the Plan shall be borne by the Company.

12. Disclosure in Annual Report

- 12.1 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:
- (a) the names of the members of the Committee administering the Plan;
 - (b) the information in respect of Options granted to the following Participants:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders of the Company and their associates; and
 - (iii) other than those in (i) and (ii) above, Participants who receive five (5) per cent or more of the total number of Options available under the Plan, as shown in the table set out below:

Name of Participant	Number of Shares comprised in Options granted during financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of Plan to end of financial year under review	Aggregate number of Shares comprised in Options exercised since commencement of Plan to end of financial year under review	Aggregate number of Shares comprised in Options outstanding as at end of financial year under review

- (c)
 - (i) The names of, number and terms of Options granted to each employee of the parent company and its subsidiaries who receives five (5) per cent or more of the total number of Shares comprised in Options available to all employees of the parent company and its subsidiaries under the Plan, during the financial year under review; and
 - (ii) the aggregate number of Options granted to the employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the Plan to the end of the financial year under review.

13. Modifications to the Plan

- 13.1 No provisions of the Plan may be modified and/or altered at any time, except:
- (a) by the resolution of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than a simple majority in the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of the Shareholders in a general meeting;
 - (c) modifications or alterations which comply with the provisions and/or requirements of the SGX-ST Listing Rules; and
 - (d) a prior approval of any regulatory authorities as may be necessary is obtained.

- 13.2 Notwithstanding anything to the contrary contained in Clause 13.1, the term of the Plan may be modified in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Clause 13 shall be given to all Participants.

14. Disclaimer of Liability

Notwithstanding any provisions of the Plan, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages howsoever arising, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST.

15. Abstention from Voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan.





Mermaid Maritime Public Company Limited