



MERMAID MARITIME
PUBLIC COMPANY LIMITED



CATCHING THE WAVES OF SUCCESS

ANNUAL REPORT

2014

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ANNUAL REPORT 2014
MERMAID MARITIME PUBLIC COMPANY LIMITED

01 FINANCIAL HIGHLIGHTS

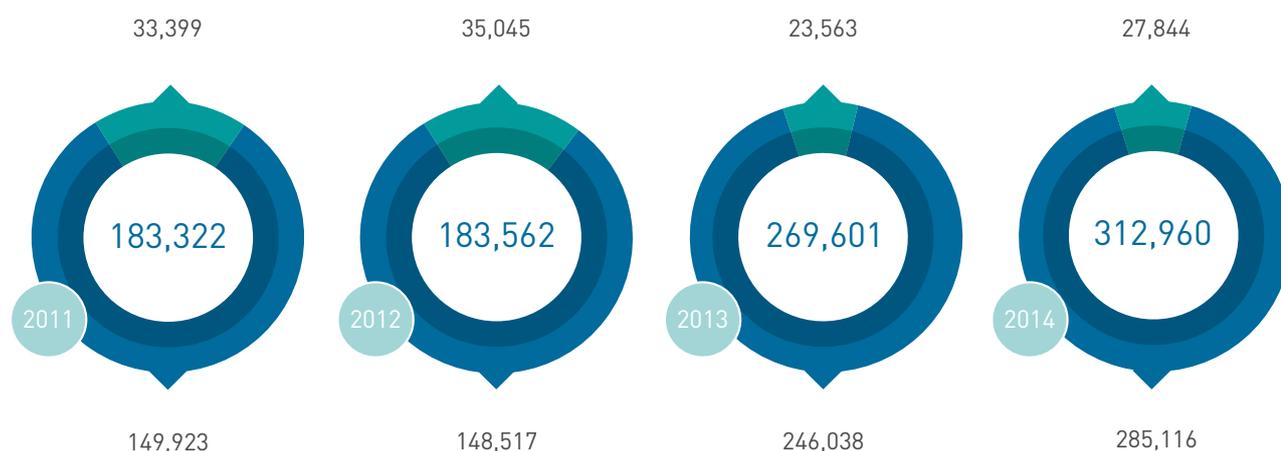
MERMAID MARITIME PUBLIC COMPANY LIMITED

(Consolidated numbers)
Year Ended 30 September

	2011	2012	2013	2014
(US Dollar in thousand, except share, per share data and ratios)				
Service income	183,322	183,562	269,601	312,960
Earnings before finance costs, income taxes, depreciation and amortization	39,751	43,325	49,012	52,467
Net profits (losses)	(5,337)	4,013	15,429	45,276
Book value per share	13.78	13.78	11.38	11.87
Return on shareholders' equity (%)	(1.42)	1.07	3.46	8.40
Net profits (losses) margin (%)	(2.91)	2.19	5.72	14.47
Total debt to total capitalisation (Times)	0.25	0.26	0.21	0.17

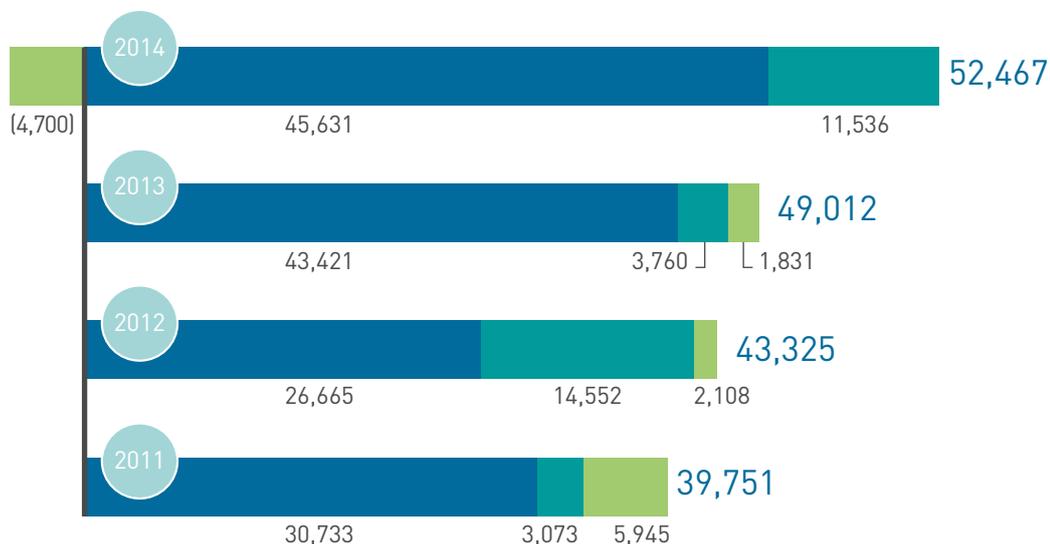
SERVICE INCOME

Unit : US Dollar in thousand



EBITDA

Unit : US Dollar in thousand





MR. PRASERT BUNSUMPUN CHAIRMAN OF THE BOARD

Dear Shareholders,

It is my great pleasure to present to you our Annual Report 2014. This has been another exciting year in Mermaid's story with significant developments that have placed us on the foundations for stability and growth.

Our story began in 1983 when a team of Danish mariners started Mermaid's business focusing on maritime related safety services. Today, we are a leading international specialist subsea and offshore drilling services company incorporated in Thailand and listed on the Singapore Stock Exchange with operations bases in various locations in South East Asia and the Middle East. Our business model is centered on owning and operating a diversified portfolio of subsea vessels and drilling rigs providing a complete suite of turnkey services. Our quality customer base and significant contract backlog provides earnings visibility and our operational performance and proven track record has given us premium status amongst our peers.

02 MESSAGE FROM THE CHAIRMAN

MERMAID MARITIME PUBLIC COMPANY LIMITED



2014 Was Our Best Year Ever

During the financial year that ended 30 September 2014 ("2014"), our executive team has focused on pursuing corporate strategies for growth, operational excellence and most importantly in delivering bottom line results throughout the organization.

I am therefore pleased to report that Mermaid delivered consolidated net profits of USD 45.3 million in 2014, representing a 193.4 percent increase compared to net profits of USD 15.4 million in the previous financial year ("2013").

Significant performance improvements were attributable to both subsea and drilling divisions mainly from secured high-margin long-term contracts. Equity income, generated mainly from the drilling services contract with the Saudi Arabian Oil Company ("Saudi Aramco") for all three jack-up rigs under its 33.76 percent owned associate, Asia Offshore Drilling Limited ("AOD") also increased by 601.7 percent year-on-year.

Performance Improvements in Subsea and Drilling Services

Total revenue of USD 313.0 million, up 16.1 percent year-on-year were achieved primarily due to higher contributions from the subsea business as more full service contracts, such as the Saudi Aramco diving services contract, led to higher average day rates of 31 percent year-on-year. The average subsea own vessels utilization rate was 66 percent in 2014, similar to 2013. Mermaid also chartered-in additional subsea vessels in 2014 to service customers that also contributed to higher revenue.

Revenue from the drilling business was driven mainly by 'MTR-2', operating at 98 percent average utilization rate. The 'MTR-2' remained on contract in Indonesia with Chevron in 2014. However, the unit had been working as work-over unit with Chevron since the third financial quarter of 2014 at a reduced rate and was eventually demobilized early as the customer was unable to secure their own government permits to continue drilling. This incident occurred through no fault of Mermaid. Meanwhile, 'MTR-1' had been actively seeking a new contract since the accommodation barge service contract ended in the fourth quarter of 2013.

Equity income surged from USD 4.2 million in 2013 to USD 31.3 million in 2014 due to contribution from AOD. AOD's three high-specification jack-up rigs commenced their three-year contracts with Saudi Aramco in 2013 and experienced full year performance in 2014.

Gross profit increased 13.5 percent year-on-year but gross margins was down slightly to 18.4 percent compared with 18.8 percent in 2013 due to one of subsea vessel being on standby in 2014, while SG&A rose by 16.2 percent year-on-year to USD 36.1 million due to increased personnel in the Middle East region. All in, EBITDA increased by 7.0 percent year-on-year to USD 52.5 million.

02 MESSAGE FROM THE CHAIRMAN

As at 1 October 2013, our combined subsea and drilling order book, excluding earnings from associates such as AOD, stood at approximately USD 470 million as we were able to retain large contracts from our customers. This is an endorsement of their trust in us and our services. In addition, the AOD pro-rata contribution to Mermaid is expected to add another USD 110 million to this order book. The major contracts secured represent a stream of stable revenue, profit and cash flow over the next few years, and is a clear and positive step towards the growth ambitions of Mermaid.

New Rig and Vessel Orders

In January 2014, Mermaid entered into agreements to build two performance class tender assist drilling rigs and one DP2 dive support and construction vessel with China Merchants Industry Holdings Co. Ltd. All three assets are under construction in China and are scheduled for delivery in 2016. These assets will be state-of-the-art when they are delivered.

During the year, Mermaid had also chartered-in a number of specialized subsea vessels to support existing and potential work requirements which is expected to contribute to revenue base in 2015 as they continue to perform service contracts already secured.

Board of Directors

The Executive Committee at the Board level continues to provide checks and balances to our decision making processes in line with global best corporate governance practices. One important fact that should not be overlooked is that we have maintained senior management stability in Mermaid. This fact underscores the willingness of our shareholders, the Board, and management to work together towards our stated objectives of growing Mermaid and creating maximum value for shareholders as a result.

Our Competitive Edge

Customer service remains our crucial differentiator. There are many reasons why our customers choose us. We have an excellent health, safety and environment track record which we are proud of. We also offer first tier service quality in a competitive price mix. We have capability and resources to handle large and small projects as required, and to this end provide a 'one-stop-shop' service point. We are supported by a large pool of in-house experienced and dedicated personnel, strategic local partnerships in various geographies, local talent development programs and local content compliance initiatives, and we are fully compliant with international standards on our vessels, rigs and equipment.

We have also worked hard to earn a track record of successful projects with reputable clients, to develop regionally based operations with long-term customer relationships, and have systems in place to allow dedicated customer support and quick response to emergency call outs and variation orders at all times and in all situations. As a result, we are pleased to receive continued repeat business from our customers.



Riding the High Tide and Low Tide

The year 2014 started off as a robust year for us. Mermaid has been fortunate to be positioned to catch this rising tide. Our achievements have set the stage for continued demand for our services. With our track record of stringent execution, technical expertise and a large fleet size of modern and comprehensive range of vessels, these are opportunities that Mermaid has positioned to capture.

Mermaid takes a cautionary perspective on the oil and gas outlook over the next 12 months, given the recent fall in oil price and news that oil and gas companies may be reviewing their spending. However, with the ongoing contributions from AOD's jack-up rigs that will remain on contract throughout 2015 and the execution of subsea contracts already secured, both of Mermaid's subsea and drilling divisions are expected to continue to perform in 2015.

There are several reasons why Mermaid is in the position to remain competitive in this new environment of oil price uncertainty. Firstly, most of our international oil companies are becoming more cost conscious due to narrower margins and rising costs. To this end, Mermaid's tender rigs provide cost effective drilling solutions and our subsea services can be provided within the region meeting local content requirements at reduced costs. Mermaid's services are also shallow water focused which offers more stability in demand due to its lower cost to oil majors compared to spending for similar services in deeper water fields.

Secondly, our customers who are national oil companies continue to focus on increasing production with enhanced oil recovery techniques and the race to build up reserves in the midst of declining production. Most of Mermaid's key customers today comprise national oil companies and Mermaid's services are almost entirely dedicated to the production phase and therefore suited to benefit from this focus.

Thirdly, with aging subsea infrastructure and the expensive cost of new installations, the demand for inspection, repair and maintenance ("IRM") services are set to grow. This is one of Mermaid's core strengths and expertise that has accounted for many of our international successes to date. Furthermore, the surge in E&P expenditure in the past years had led to developed fields that now require regular IRM services in the next stage of the oilfield cycle.

Fourthly, there still remain pockets of opportunity depending on location and local partnerships. Mermaid has positioned itself in key growth areas in the Middle East, South East Asia and the North Sea. In particular, Mermaid has made in-roads into Saudi Arabia and Indonesia and continues to have the dominant position in Thailand and a growing market in Qatar. A new office has also recently opened in the United Arab Emirates that has already won several services contracts to date. We are also reviewing business opportunities in Malaysia, Myanmar and Nigeria, among other locations.



Finally, we continue to note that oil majors prefer newer assets operated by seasoned professionals with established track record compared to new players or existing contractors with an aging fleet. Most of Mermaid's subsea fleet is young and decked by seasoned veterans. Mermaid also has an enviable track record and in particular our higher than industry average health, safety and environment track record. Our additional new assets scheduled for delivery in 2016 already has customers interested.

Overall, Mermaid continues to observe that the long-term fundamentals in the oil and gas industry remain strong and will drive ongoing growth in the segments that Mermaid operates in.

02 MESSAGE FROM THE CHAIRMAN



2015 Priorities

To maintain our competitive position, Mermaid's priorities for 2015 will be to continue to expand our service offerings to existing customers and to win new customers in order to grow our revenue base further. We will also continue to pursue potential mergers and acquisitions for immediate opportunistic growth. We intend to continue to market the new build rigs and subsea vessel under construction with the aim to secure contracts for them when they are delivered in 2016, and we will continue to supervise construction of these assets to be on time, on quality and on budget. Mermaid will also continue to focus on optimizing performance and maximizing cost efficiencies in its businesses.

Word of Thanks

Reflecting back on the milestone developments in 2014, our achievements would not have been possible without the support of our various stakeholders. To our Board, I would like to thank you for your invaluable contribution and commitment. To our management and staff, the results we have achieved bears testimony to your hard work and dedication. Ultimately, it is our people who make the real difference in setting us apart from the competition. To our business partners and customers, we thank you for your faith and trust in us. We truly value our win-win relationship which we hope will endure in the long term.

I would like to conclude by expressing my heartfelt appreciation to our shareholders for your continued support all these years and for your continued confidence in us and particularly given the additional investments we have already made to strengthen our asset and revenue base.

I am also pleased that many of our shareholders attended our Singapore Shareholders Forum held on 2 December 2014. We also announced a final dividend of US 0.47 cents per share which, subject to approval at our upcoming Annual General Meeting in January 2015, is expected to be paid in February 2015.

As we focus towards a new chapter of our growth, the Board and management will remain committed to comply with corporate governance best practices across our businesses and delivery of bottom line results to shareholders.

Yours sincerely,

Prasert Bunsumpun
Chairman of the Board
15 December 2014

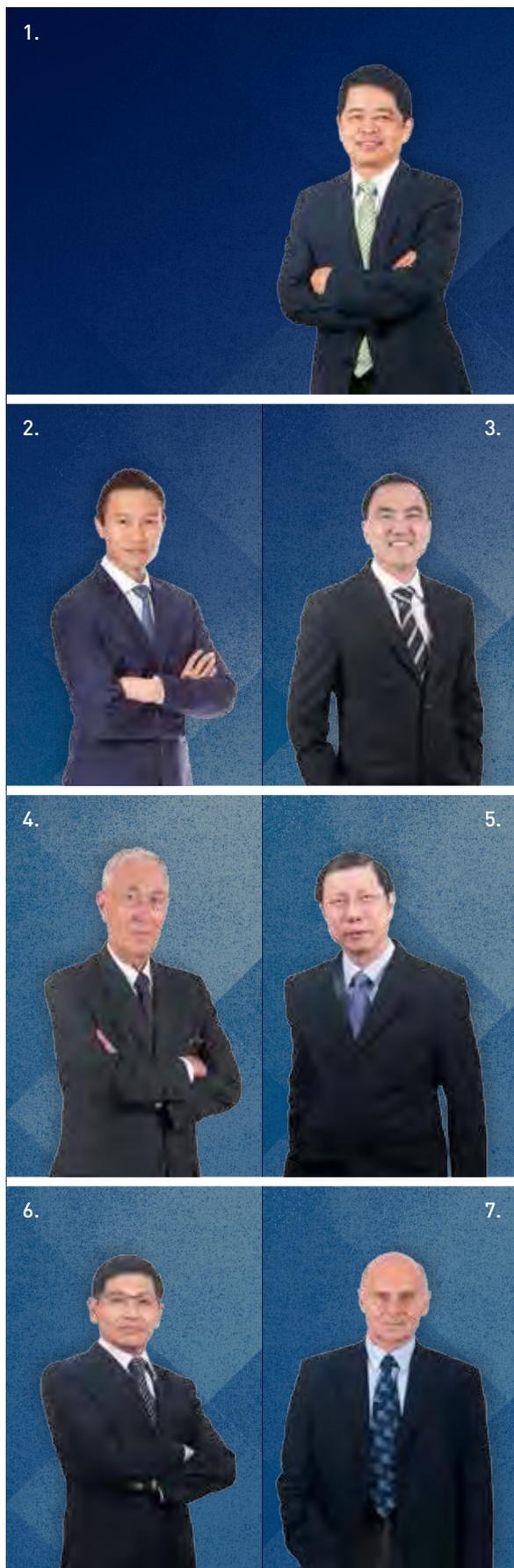


“WE ARE
MOVING FORWARD
IN A CONSTRUCTIVE
MANNER”

*Prayudh Mahagitsiri,
Honorary Adviser*



03 THE BOARD OF DIRECTORS



The Board of Directors (“Board”) is responsible for the overall management and strategic direction of Mermaid. The Board is required to meet on a quarterly basis to review and monitor our financial position and operations. Ad-hoc meetings are also called to discuss other major issues, such as establishment and capital increases of new subsidiaries, significant asset investments, and annual budget approvals. The Board consist of not fewer than five (5) Directors as per the Articles of Association.

1. Mr. Prasert Bunsumpun *Non-Executive Chairman (Age 62) Executive Committee Member*

Mr. Prasert Bunsumpun brings to Mermaid 30 years of experience in the oil and gas industry. Besides his role in Mermaid, he serves as Chairman of other Boards, including Thoresen Thai Agencies Plc., PTT Global Chemical Plc., Krungthai Bank Plc., and as a Director on the board of PTT Plc. and Intouch Holdings Plc. He also previously served as Chairman of IRPC Plc. and Thai Lube Base Plc. He was President and CEO of PTT Plc. for over eight years and has served in a number of senior roles at PTT Exploration and Production Plc., PTT Chemical Plc., PTT Aromatic and Refinery Plc., Thai Oil Plc., and Bangchak Petroleum Plc. Mr. Bunsumpun holds a Master in Business Administration (M.B.A.) from Utah State University, U.S.A., a Bachelor of Engineering in Civil Engineering (B.Eng.) from Chulalongkorn University in Thailand, and has a number of Honorary Doctorates from renowned universities in Thailand. He also completed his Certificate in Advanced Management Program (AMP 155) from Harvard Business School, U.S.A.

2. Mr. Chalermchai Mahagitsiri *Executive Vice Chairman (Age 36) Executive Committee Member*

Mr. Chalermchai Mahagitsiri brings a proven track record of successfully managing and growing a variety of businesses through his service as Chief Executive Officer of PM Group Co. Ltd., Director of Quality Coffee Products Co. Ltd., Vice Chairman of Posco-Thainox Public Co. Ltd., Vice Chairman of Thai Film Industries Public Co. Ltd., and Managing Director of Lakewood Country Club Co. Ltd. He also serves as Executive Vice Chairman and President and CEO of Thoresen Thai Agencies Plc. and is Executive Vice Chairman of its subsidiary, Unique Mining Services Plc. Mr. Chalermchai holds a Master of Science (M.Sc.) in Finance from Boston University and a Bachelor of Science (B.Sc.) in Finance from Suffolk University, both in the U.S.A.

3. Mr. Chia Wan Huat Joseph

Executive Director (Age 55)

Executive Committee Member

Mr. Chia Wan Huat Joseph currently serves as Senior Executive Vice President of PM Group Co. Ltd. He also serves on the board of Thoresen Thai Agencies Plc. He brings to Mermaid over 13 years of experience in financial management. He previously worked at Advance Finance Plc., focusing on the steel, mining, paper, and energy sectors. Mr. Chia holds an Executive Master of Business Administration (M.B.A.) from the Sasin Graduate Institute of Business Administration of Chulalongkorn University, Thailand.

4. Dr. Jean Paul Thevenin

Non-Executive Director (Age 74)

Executive Committee Member

Dr. Jean Paul Thevenin has a Ph.D. in Metallurgy from Orsay University in France and has produced many publications in the field of steel and the steel industry, where he developed his longstanding career. He also serves as a director of Thoresen Thai Agencies Plc. He was the former Managing Director and Chief Executive Officer of Thainox Stainless Public Company Limited, a stainless steel manufacturer in Thailand, which he was in charge of building and managing since 1991. He had also served for many years as President of the Franco–Thai Chamber of Commerce in Thailand and is a recipient of the National Order of Merit, a French decoration awarded in recognition of his distinguished civil achievements, as well as an honorary Ph.D. from King Mongkut Institute of Technology in Thailand.

5. Mr. Ng Cher Yan

Independent Director (Age 55)

Mr. Ng Cher Yan is a professional accountant with more than 30 years of experience in his discipline. He worked for an international accounting firm in both Singapore and Australia for six years before starting his own accounting practice in 1990. He serves as a director on several Singapore listed companies, including Ecowise Holdings Ltd., Samko Timber Ltd., Moneymax Financial Services Ltd. and Vicplas International Ltd. He graduated with a Bachelor of Accountancy from the National University of Singapore and is a Member of the Institute of Chartered Accountants in Australia and Fellow Member of the Institute of Certified Public Accountants of Singapore (ICPAS). He is currently also the Chairman of the Citizens Consultative Committee of the Braddell Heights constituency. Mr Ng was awarded the Pingat Bakti Masyarakat, or the Public Service Medal in 2007.

6. Mr. Toh Wen Keong Joachim

Independent Director (Age 50)

Mr. Toh Wen Keong Joachim is presently Deputy Chief Investment Officer at the National University of Singapore (Investment Office). He is a former Executive Vice President and Head of Investment Management at Great Eastern Holdings and Head of Insurance Asset Management at Straits Lion Asset Management Pte. Ltd. He has also worked for the Investment Company of the People's Republic of China (ICPRC) and ING Bank, Singapore. He brings with him strategic asset, investment and risk management skills, earned during his years of experience in the finance and investment industry. He holds a Bachelor of Business Administration (Finance) from the University of North Texas and is a Chartered Financial Analyst (CFA).

7. Dr. Jan Jozef Skorupa

Independent Director (Age 67)

Dr. Jan Jozef Skorupa is currently Managing Director and a major shareholder of Clesol Co. Ltd. (Clean Environment Solutions), a company involved with process and equipment of the MAGUIN Group from France for bio-ethanol plants and conversion of biomass into energy. He is the former Managing Director of Fives Asia Office in Bangkok, an important French Engineering Group focusing on process and equipment for cement, steel, glass, sugar and energy industries. Prior to that, he had served as a Director of the Milling and Combustion Department of ALSTOM Group in France where he was responsible for marketing and sales of milling and combustion equipment for power generation and mining industries. He obtained a Master Degree in Mining Engineering from Polytechnic University of Silesia in Poland and a Doctorate Degree (Ph.D.) at University of Cape Town in South Africa in 1989.

04 KEY EXECUTIVES



1. Mr. Paul Whiley *Executive Director, Mermaid Subsea Services*

Mr. Paul Whiley has been associated with Subtech Ltd. since 1993 and his passion of the subsea business led him to become full time in 2003. He progressed through the roles of Diving Superintendent, Offshore Construction Manager, Senior Project Manager, Business Development Manager and Managing Director. Subsequent to Mermaid's acquisition of Subtech in 2010 and as a result of his efforts in the successful growth of this company, Paul was appointed head of Mermaid Subsea Services with the responsibility to oversee this unit's expansion globally. Prior to Subtech/Mermaid, Paul worked with Comex, later Stolt Offshore, then Acergy (now part of Subsea 7).



Paul began his career as a diver in 1988 after he graduated in English and Law from the University of Natal in South Africa, and further studies at the University of South Africa in Sociology. During the years that followed university, his military career culminated in him becoming the most highly decorated soldier in South African Naval history after he was awarded the Honouris Crux Gold (Bravery). In the civilian realm, Paul also received numerous other awards including a Special Award for Outstanding Commitment and Human Endeavour from the University of Natal and Special Award for International Countenance from the Afrikaans Businessman's Society in South Africa.

04 KEY EXECUTIVES

2. Mr. Peter Reichlmeier *Group Regional Director, Eastern Hemisphere*

Mr. Peter Reichlmeier is an engineering surveyor with 25 years of experience in the offshore construction and subsea industry. He was initially project based, mostly offshore, as a survey party chief on offshore / subsea construction and related survey projects. He later built up his managerial career onshore as a Project Manager and Operations Manager with Comex, later Stolt Offshore, then Acergy (now part of Subsea 7). Co-founding Seascope Surveys Ltd. back in 2005 and as its Managing Director for many years, he led the growth and transformation of this company and was subsequently promoted to Group Regional Director for Mermaid Subsea Services.

3. Mr. Neil Howie *Group Regional Director, Western Hemisphere*

Mr. Neil Howie joined Mermaid Subsea Services in 2010 and brings with him 35 years of experience in the diving and subsea construction industry. Neil started his career as a Navy diver and after a couple of years sailing around the world, he moved to onshore diving and marine civil engineering. He has worked offshore with Comex as an air and saturation diver and hyperbaric welder and progressed through the ranks to Offshore Construction Manager for Technip and Acergy (now Subsea 7) managing all types of diving and subsea construction including pipe, flexible and cable laying and ROV construction projects. Moving onshore, Neil's achievements include setting up and managing projects in the North Sea, Qatar, Thailand and Saudi Arabia before moving to Abu Dhabi where he is now Group Regional Director for Mermaid Subsea Services, overseeing its western region and setting up the cable and flexible lay division.

4. Mr. Jeffery Allen Breal *Operations Manager, Mermaid Drilling*

Mr. Jeffery Allen Breal started his career with Santa Fe Drilling in 1975 on offshore rigs in the United States Gulf of Mexico and later joined Sedco Inc. in 1984. During this period, he shifted his focus from offshore to management roles with reputable drilling service companies. Prior to leaving the industry to achieve personal goals, he rounded off with being a Rig Manager of various rigs with Transocean Inc. and PT Apexindo in Indonesia. Jeff joined Mermaid Drilling in 2008 and his qualities as well as the depth of his knowledge and experience in the drilling industry has seen him promoted up the rank and file from Rig Manager to General Manager and now Operations Manager overseeing both Mermaid's existing rigs and new build rigs under construction.

5. Mr. Katarat Suksawang *Chief Financial Officer*

Mr. Katarat Suksawang joined Mermaid as Chief Financial Officer in January 2014 bringing 25 years of experience in group financial statements consolidation, internal control, projection planning, fund raising, budget implementation and forecast including relationship with banks and financial institutions. Katarat previously worked as a Country Controller for the Neptune Orient Lines group in Thailand from 1996 to 2013 during which he oversaw the Indochina sub-region for eight years and dually took the role of Country Human Resources Manager between 1999 and 2002. Prior to joining Neptune Orient Lines, he served as a Financial Controller of Penn Asia Co. Ltd. in Thailand and Management Accounts Manager for POSCO-Thainox Plc., a listed company in the Stock Exchange of Thailand. Katarat's credentials include a B.A. and M.B.A. in Accounting and General Management. He is also a Certified Public Accountant (C.P.A.) in Thailand.

Note: The above Key Executives are in addition to Mr. Chalermchai Mahagitisri (Chief Executive Officer) and Mr. Chia Wan Huat Joseph (Executive Director). Both of their profiles can be found in the section on Board of Directors.



MERMAID COMPANY PROFILE

Mermaid is a leading international subsea and offshore drilling services company. Our corporate headquarters is in Thailand and we are listed on the Singapore Stock Exchange. We have operational bases in Thailand, Singapore, Indonesia, Qatar, Saudi Arabia and the United Arab Emirates.

We provide full turnkey services to oil and gas majors operating offshore through our diversified portfolio of subsea vessels, specialized diving equipment, remotely operated vehicles and drilling and accommodation rigs. We have been in the offshore business for over 30 years and we are today present in five geographical regions with a team of over 1,000 professional divers, drillers, technicians, surveyors, management and support staff. Our vision is to be a premium service provider to the offshore oil and gas industry and to constantly deliver enhanced return to our shareholders.

SUBSEA SERVICES

Mermaid Endurer
(Built in 2010)



The DSV **'Mermaid Endurer'** is a Norwegian purpose-built DP2 dive support and light construction vessel, specially designed for operations in severe weather conditions such as the North Sea. The vessel has high manoeuvrability and station keeping capabilities and is equipped with a built in 18-man single bell saturation diving system complete with a self-propelled hyperbaric lifeboat. The vessel has a 100-tonne active heave-compensated knuckle boom crane and accommodation for 86 personnel. The DSV 'Mermaid Endurer' is DNV classed and flies the Panama flag.

Mermaid Asiana
(Built in 2010)



The DSV **'Mermaid Asiana'** is a purpose-built DP2 dive support and light construction vessel. The vessel is equipped with a built in 12-man single bell saturation diving system complete with a self-propelled hyperbaric lifeboat. The vessel also has a 100-tonne active heave-compensated knuckle boom crane and accommodation for 100 personnel. This vessel is designed for operations in the Middle East and Asia-Pacific region. The DSV 'Mermaid Asiana' is ABS classed and flies the Panama flag.

Mermaid Commander
(Built in 1987)



The DSV **'Mermaid Commander'** is a purpose-built DP2 diving support vessel currently operating in the Gulf of Thailand. The vessel is equipped with a built in 16-man twin bell saturation diving system complete with a self-propelled hyperbaric lifeboat. The vessel has a 60-tonne crane and accommodation for 87 personnel. This vessel has an outstanding reputation for performance of diving operations worldwide, including offshore Brazil and the North Sea. The DSV 'Mermaid Commander' is DNV classed and flies the Panama flag.

SUBSEA SERVICES

Mermaid Sapphire (Built in 2009)



The RSV '**Mermaid Sapphire**' is a DP2 remotely operated vehicle ("ROV") support vessel equipped with a deepwater work-class ROV, a 23-tonne knuckle boom crane and accommodation for 60 personnel. In 2012, the vessel supported James Cameron in his historical deep sea dive to the Challenger Deep, the world's deepest point in the Pacific Ocean's Mariana Trench, 10.99km below ocean surface. The RSV 'Mermaid Sapphire' is ABS classed and flies the Panama flag.

Mermaid Challenger (Built in 2008)



The MV '**Mermaid Challenger**' is a DP1 offshore support vessel with 72-tonne bollard-pull capacity, and is also suitable for performing ROV support vessel duties. This vessel can be equipped with heavy work-class ROVs and has accommodation for 38 personnel. Originally built as an anchor handling and tug supply vessel, the vessel has supported offshore operations in Vietnam for the past few years. The MV 'Mermaid Challenger' is DNV classed and flies the Panama flag.

Barakuda (Built in 1982)



The SS '**Barakuda**' (formerly MV 'Mermaid Supporter') is a utility vessel equipped with an omni-directional bow thruster and accommodation for 30 personnel. This vessel has an extensive track record for performance of platform inspection and FPSO (Floating Production Storage and Offloading) facility underwater inspection projects in South-East Asia using a combination of ROV and surface diving methods. The SS 'Barakuda' is DNV classed and flies the Indonesian flag.

SUBSEA SERVICES

Mermaid Ausana
(Under construction with delivery in 2016)



The DSCV **'Mermaid Ausana'** is a DP2 multipurpose subsea dive support and construction vessel that will be equipped with an 18-man twin bell saturation system and will have two self powered hyperbaric lifeboats. The vessel will also be equipped with diesel electric frequency controlled propulsion, highly efficient azimuth thrusters, dynamic positioning systems, offshore cranes and a large platform deck for construction duties. Based on the Norwegian MT6024 design, the vessel will have excellent characteristics for deployment worldwide. Scheduled for delivery in 2016, the DSCV 'Mermaid Ausana' will be DNV classed, fully OGP compliant and will fly the Singapore flag.

Endeavour (Chartered-In)
(Built in 2008)



The RSV **'Endeavour'** is a DP2 ROV support vessel chartered-in by Mermaid's Indonesian unit. The vessel has been specially modified for Inspection, Repair and Maintenance ("IRM") duties and construction support tasks and is also capable of geophysical and geotechnical survey. This vessel is equipped with a 25-tonne main crane, 3-tonne general purpose crane, 40-tonne and 30-tonne A-frame and accommodation for 57 personnel. The RSV 'Endeavour' is Bureau Veritas/BKI classed and flies the Indonesia flag.

Resolution (Chartered-In)
(Built in 2013)



The RSV **'Resolution'** is a DP2 ROV and diving support vessel chartered-in by Mermaid's Indonesian unit. The vessel has been specially modified for IRM duties and construction support tasks and is also capable of geophysical and geotechnical survey. This vessel is equipped with a 20-tonne main crane, 3-tonne general purpose crane, 25-tonne A-frame and accommodation for 60 personnel. The RSV 'Resolution' is Bureau Veritas/BKI classed and flies the Indonesia flag.

SUBSEA SERVICES

Mubarak Supporter (Chartered-in) (Built in 2014)



The DPB **'Mubarak Supporter'** is a purpose-built DP2 construction barge designed and equipped specifically for cable and flexible pipe laying support worldwide. The vessel is chartered-in by Mermaid's Middle East unit. Designed to specifications determined by Mermaid, the vessel has the capability to carry a large quantity of cable, works effectively in shallow water, equipped with a 250 tonne crane, 8 point mooring capability and accommodation for 208 personnel. The DPB 'Mubarak Supporter' is BV classed and flies the United Arab Emirates flag.

Bourbon Evolution 806 (Chartered-in) (Built in 2013)



The MSV **'Bourbon Evolution 806'** is a purpose-built DP3 multi-purpose subsea support services vessel designed and equipped for subsea operations worldwide. The vessel is chartered-in by Mermaid's Middle East unit. The vessel's capabilities include lifting and installation, diving, ROVs, survey and floatel services. It is equipped with a 150 tonne and 40 tonne active heave-compensated crane and has a large deck space with accommodation for 105 personnel. The MSV 'Bourbon Evolution 806' is Bureau Veritas classed and flies the Luxembourg flag.

Windermere (Chartered-in) (Built in 2010)



The DSV **'Windermere'** is a purpose-built DP2 diving support vessel. The vessel is chartered-in by Mermaid's Indonesian unit and has worldwide capabilities. The vessel is equipped with a built in 15-man saturation diving system complete with a self-propelled hyperbaric lifeboat. The vessel has a 50-tonne active heave-compensated subsea crane, a 40 tonne active heave-compensated crane and accommodation for 120 personnel. The DSV 'Windermere' is ABS classed and flies the Indonesian flag.

DRILLING AND ACCOMMODATION BARGE SERVICES

MTR-1

(Built in 1978 and upgraded in 1998)



The **'MTR-1'** is barge with an extensive service record. Before conversion in 2010, it was a tender assist drilling rig that completed numerous successful drilling campaigns for both national and international oil and gas majors in Malaysia and Indonesia. As an accommodation and work over barge, it has completed several successful campaigns in Indonesia with an excellent track record for efficiency, safety and reliability. Being a former tender drilling rig, it is equipped with a large deck space, mud pumps and a heavy lift crane that offers a competitive advantage over other standard barges. This barge is ideal for accommodation and work over services in South East Asia and West Africa, has a water depth rating of 100 meters on conventional mooring and 680 meters on pre-laid mooring and accommodation for 112 personnel. The 'MTR-1' is ABS classed and flies the Singapore flag.

MTR-2

(Built in 1981 and upgraded in 1997 and 2007)



The **'MTR-2'** is a tender assist drilling rig also with an extensive service record. It is uniquely characterized by its light weight drilling package that is suitable for light weight platforms in the South East Asian region. In addition, it has the ability to deliver fast rig-up time for its drilling package compared to other tender rigs thus offering cost savings to oil and gas majors. It also has an excellent track record for efficiency, safety and reliability and has completed several successful campaigns in Thailand and Indonesia. This rig is ideal for drilling on light weight platforms in South East Asia and West Africa and has a water depth rating of 100 meters on conventional mooring and 680 meters on pre-laid mooring, a drilling depth rating of 5,500 meters and accommodation for 126 personnel. The 'MTR-2' is ABS classed and flies the Thai flag.

DRILLING AND ACCOMMODATION BARGE SERVICES

MTR-3 & MTR-4

(Under construction with delivery in 2016)



The **'MTR-3'** and **'MTR-4'** are performance class tender assist drilling rigs. These state-of-the-art rigs incorporate the latest modern design features and will be the most advanced tender rigs in the market when they are delivered. The rigs will each be equipped with a modern drilling package supplied by leading drilling equipment specialist National Oilwell Varco. Compared to other tender rigs, these rigs will feature larger deck space, bigger cranes, faster rig moves, larger and more living quarter capacity, larger tank storage and offline activity systems. The rigs will be able to operate in water depths of up to 243 meters with conventional mooring and 914 meters with pre-laid mooring. They will each also have a drilling depth rating of 7620 meters and accommodation for 200 personnel. All these features will make them more marketable to customers looking for a complete solution to their production drilling programs. Delivery of the 'MTR-3' is scheduled for the first quarter of 2016 and 'MTR-4' on the second quarter of 2016. Both will be ABS classed and will fly the Singapore flag.

AOD I & AOD II & AOD III (Built in 2013)

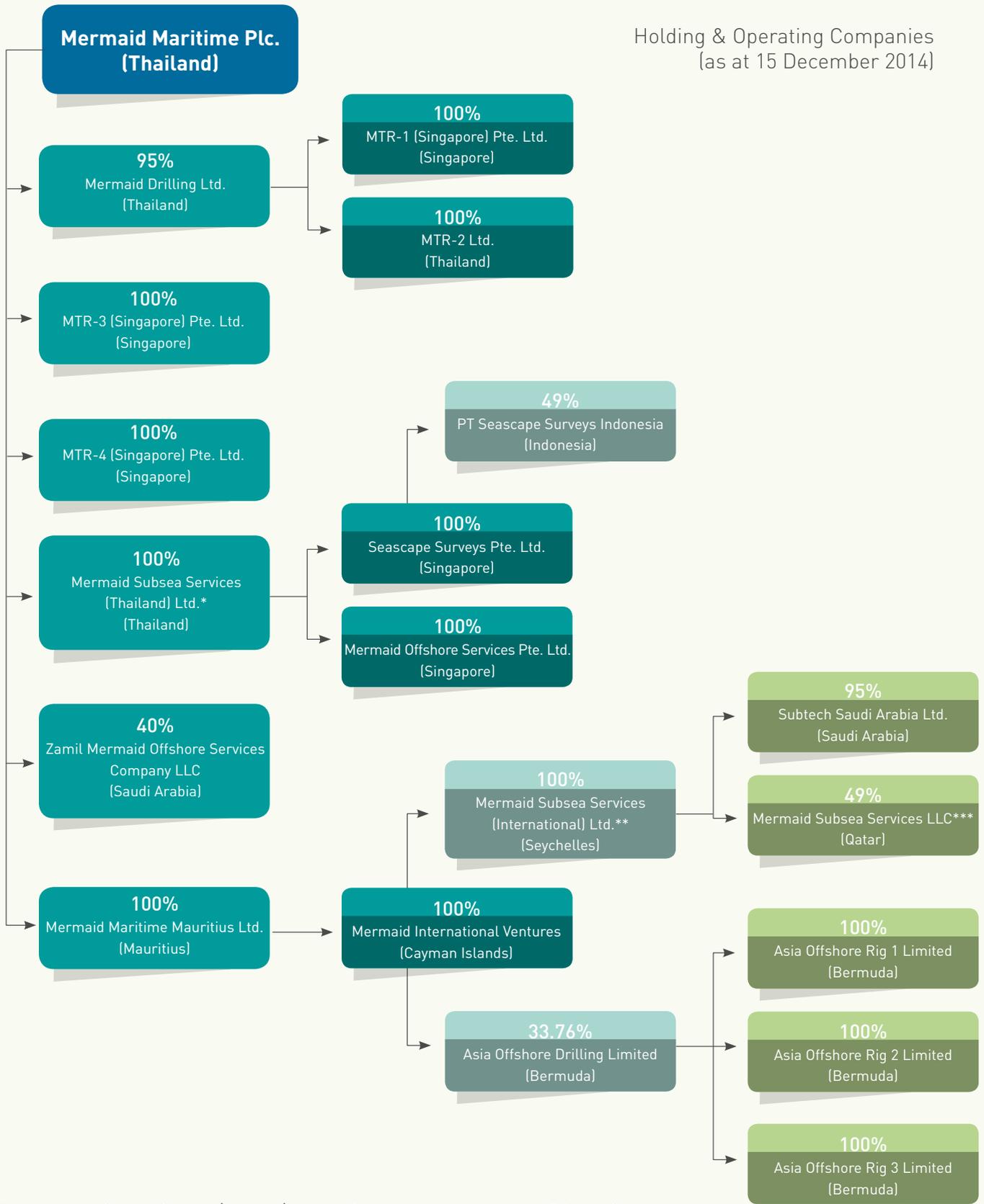


The **'AOD I'**, **'AOD II'** and **'AOD III'** are high specification jack-up drilling rigs. Built to the popular MOD V B-Class model by Keppel FELS in Singapore, these rigs are on long term drilling contracts from 2013 to 2016 in Saudi Arabia with extension options. The rigs had undergone customization at client expense to suit working conditions and workplace configuration and have achieved high operational efficiency, safety and reliability since commencement of their respective drilling programs to date. Each rig can work in water depths of up to 400 meters, has a drilling depth rating of 30,000 feet and has accommodation for 150 personnel. The 'AOD I', 'AOD II' and 'AOD III' are ABS classed and fly the Panama flag. These rigs are owned by Asia Offshore Drilling Limited in which Mermaid has a 33.76 percent ownership interest.

(as at 15 December 2014)

06 CORPORATE STRUCTURE

Holding & Operating Companies
(as at 15 December 2014)



* Mermaid Subsea Services (Thailand) Ltd. was formerly known as Mermaid Offshore Services Ltd.

** Mermaid Subsea Services (International) Ltd. was formerly known as Subtech Ltd.

*** Mermaid Subsea Services LLC was formerly known as Subtech Qatar Diving & Marine Services LLC.

INTRODUCING MERMAID

*ANSWERS TO THE TOP 10
FREQUENTLY ASKED QUESTIONS
BY INVESTORS AND THE GENERAL PUBLIC*



CHALERMCHAI MAHAGITSIRI
CHIEF EXECUTIVE OFFICER

1. WHAT IS MERMAID'S BUSINESS MODEL?

Mermaid is a leading international subsea and offshore drilling services company. Our corporate headquarters is in Thailand and we are listed on the Singapore Stock Exchange. We have operational bases in Thailand, Singapore, Indonesia, Qatar, Saudi Arabia and the United Arab Emirates.

We provide full turnkey services to oil and gas majors operating offshore through our diversified portfolio of subsea vessels, specialized diving equipment, remotely operated vehicles and drilling and accommodation rigs. We have been in the offshore business for over 30 years and we are today present in five geographical regions with a team of over 1000 professional divers, drillers, technicians, surveyors, management and support staff. Our vision is to be a premium service provider to the offshore oil and gas industry and to constantly deliver enhanced return to our shareholders.

2. WHO ARE MERMAID'S TARGET CUSTOMERS?

Mermaid's customers comprise three segments. In the first segment are national oil and gas companies that include Saudi Aramco, Qatar Petroleum, PTT Exploration and Production and Pertamina. The second are international oil and gas majors such as Chevron, BP, Shell and Exxonmobil. The third are major contractors such as Saipem, LS Cable, Bibby and CUEL. We count them all as our regular customers and can service them in South East Asia, Middle East and the North Sea. In fact, 90 percent of our business comes from our repeat customers. We would like to see more business from our existing customers and also from new customers.

We realize that all our customers have invested a lot in their business and desire to find specialized contractors like us to support them to achieve their production targets. Customer satisfaction is key in this business and we treat all customers with the highest degree of care and deliver customized solutions for them to meet their objectives on time, safely, efficiently and within their budget. This work culture has accounted for much of our international successes to date.

3. WHAT ARE THE AVERAGE UTILISATION RATES OF MERMAID'S SUBSEA FLEETS AND DRILLING RIGS?

Mermaid's subsea vessels have an average utilization rate of 70 percent which is within industry standards. However, our dive support vessels which deliver more than half of our subsea revenue enjoys average utilization of over 80 percent thus resulting in higher than industry overall returns. Our tender rig 'MTR-2' performs at an average utilization rate of 98 percent at a time when the industry average for this sector is only 67 percent. Our three jack-up drilling rigs in Asia Offshore Drilling also deliver an average utilization rate of 94 percent which is higher than their industry average of 80 percent.

Overall, we are pleased that our assets are utilized at a level that is higher than industry standards. In order to be profitable, we recognize that utilization must also be accompanied by improved profit margins whilst still maintaining safety and efficiency. This is a strategy that we have successfully implemented over the past two years and we are constantly seeing improved bottom line returns as a result of this group-wide effort.

4. WILL MERMAID FOCUS MORE UPON SUBSEA OR DRILLING GOING FORWARD?

Our earnings are generally balanced between our two businesses and we intend to see this balance maintained so that our shareholders can receive a diversified portfolio of returns. To this end, we are constantly looking for opportunistic growth in both our subsea and offshore drilling business that will add to our bottom line results.

To improve Mermaid's future earnings capability, we had in early 2014 placed orders for two new build tender rigs and one new build subsea diving construction and support vessel. These new assets, which will be state-of-the-art at the time of their completion, are scheduled for delivery in 2016.

To further accelerate our growth, we are also studying other strategic options such as mergers and acquisitions. While it is sound business practice to focus on growth to reach one economies of scale after another, we also continue to keep an eye to delivering maximum bottom line results for our shareholders.

5. MERMAID INVESTED IN ASIA OFFSHORE DRILLING IN 2010, HOW IS THIS VENTURE PROGRESSING?

Asia Offshore Drilling owns and operates three high-specification jack-up rigs built in Singapore and delivered in 2013. All three rigs are currently contracted in Saudi Arabia until 2016. The venture with Seadrill, who owns 66.24 percent with Mermaid owning 33.76 percent, has been a successful one to date. These rigs have gone through customization to serve offshore oil and gas fields in Saudi Arabia and we therefore expect all of them to remain on contract for the long term. Our partner Seadrill is one of the largest drilling contractors in the world and we appreciate their professionalism and outlook in this venture that Mermaid started.

6. WHERE IS MERMAID POSITIONED WITHIN THE OIL & GAS INDUSTRY?

Before offshore underground hydrocarbon deposits can be extracted for oil and gas, it must first go through exploration, installation and commissioning which can take between 3-5 years to complete. We offer our customers subsea installation support and cable lay support during this phase. This is followed by the production phase which can last up to 30 years. In this phase, we provide our customers with production drilling and regular survey, inspection, repair and maintenance services. We also offer emergency call out services and salvage services when required. In fact, most of Mermaid's business is in supporting this production phase of the E&P process. It is also traditionally the more stable and long term part of the upstream oil and gas value chain.

7. WHAT ARE THE KEY DRIVERS FOR INDUSTRY DEMAND AND SUPPLY?

Population and income growth will be the main driver for increase in energy demand in the long term. By 2030, world population is projected at 8.3 billion which means an additional 1.3 billion will need energy. In particular, emerging economies will account for most of this growth due to their rapid industrialization, urbanization and motorization. We all need energy for power generation, industry and transportation. Renewable energy use will grow but oil and gas are expected to still dominate the energy market. A lower price for oil and gas will make it more affordable for countries that import them.

Supply on the other hand is driven by the ability to produce at a price that is above minimum rate of returns. Although the oil and gas prices have recently weakened to a two year low, typical costs of onshore and offshore oil projects suggest that most existing projects remain profitable at current prices. Because Mermaid operates on the production side of the oil and gas sector, we expect the impact to be soft since the first reaction by oil and gas majors to declining oil and gas prices is to reduce new investments and not existing operations. We may even benefit in the scenario where our customers prefer to enhance oil and gas recovery in existing fields by investing more in maintaining the integrity of their existing subsea infrastructure and drilling more wells from existing platforms rather than to invest in new ones.

8. WHAT DIFFERENTIATES MERMAID FROM ITS COMPETITORS?

Mermaid has a track record of successful projects with reputable clients. This is our most valuable asset next to our people. We are also fully compliant with international standards on vessels and equipment which gives us the ability to compete on an international scale. Customers also value us for our excellent health, safety and environment track record. With operational bases in Thailand, Singapore, Indonesia, Qatar, Saudi Arabia and the United Arab Emirates, we have the capability and resources to handle large and small projects as required and are able to quickly respond to customers within the region at all times and in all situations. Putting all this together, we believe we can offer customers the best service at competitive prices. We are proud to have achieved a contract backlog of USD 470 million to date which should provide a steady flow of activity in 2015 and 2016 with still room to grow.

9. WHAT ARE THE BIGGEST RISKS FACING YOUR BUSINESS?

Our personnel are our most important asset because nothing can be done without the people behind them. An important factor to Mermaid's success internationally is its ability to recruit, train and retain qualified and experienced personnel. This is a highly skilled business where job mobility is very high for those with the right skills. We are fortunate to have been able to retain our key operations management team over the past few years. Our safety record and family approach to our work culture has also contributed to making Mermaid a choice employer for many.

Health, safety and care for the environment remain our first priority under our Zero Incident Program. As a result, we have received numerous safety awards and commendations from customers over the years. We regularly take a proactive role to addressing our risks and have a robust risk management system in place to address general business risks identified from time to time.

10. WHERE DO YOU SEE MERMAID IN FIVE YEARS FROM NOW?

My mission is to see Mermaid achieve its vision to become a premium service provider to the oil and gas industry and to consistently deliver enhanced returns to shareholders. We aim to achieve this by delivering a world class service to the region from within the region. As a major shareholder myself, this vision is particularly important as it is in alignment with all shareholders generally. They constantly remind me and depend on me to see their investment prosper and generate attractive returns over the long term.

Since becoming CEO in 2012, Mermaid has achieved a strategic turnaround in its business expansion and bottom line results thanks to the effort of all our team. Our full year net profits tripled in 2013 compared to 2012 and our full year net profits in 2014 also tripled what we achieved in 2013. This is a nine-fold increase in net profits in three years! For the past two years, we also returned to shareholders at least 25 percent of our annual net profits in the form of cash dividends.

I wish to express my heartfelt appreciation to our personnel, business partners, customers and shareholders for all your continued support and confidence in us. The future outlook for Mermaid is bright and we will ride on the strong gains we have made to date and the successful execution of our plans to build further on them.

Chalermchai Mahagitsiri
Chief Executive Officer
15 December 2014

08 MERMAID GROUP COMPANIES

MERMAID MARITIME PUBLIC COMPANY LIMITED

as at 15 December 2014

No.	Company	Type of Business	Place of Incorporation	Date of Incorporation	Company Registration No.	Type of Share	Paid-up Capital	Shares Issued	% of Mermaid Shareholding
1.	Mermaid Maritime Public Company Limited	Holding Co.	Thailand	15 January 2007 (as public company)	0107550000017	Ordinary	THB1,413,081,038	1,413,081,038	-
2.	Mermaid Subsea Services (Thailand) Ltd. (a)	Subsea	Thailand	24 June 2003	0105546072562	Ordinary	THB2,930,000,000	293,000,000	100% (direct)
3.	Seascope Surveys (Thailand) Ltd.	Survey & positioning	Thailand	26 March 2008	0105551035432	Ordinary	THB34,000,000	3,400,000	100% (indirect)
4.	Seascope Surveys Pte. Ltd.	Survey & positioning	Singapore	24 November 2004	200415192D	Ordinary	SGD100	100	100% (indirect)
5.	PT Seascope Surveys Indonesia	Survey & positioning	Indonesia	19 January 2005	09.03.1.74.44960	Ordinary	Rp7,328,000,000 (USD200,000)	800	49% (indirect)
6.	Mermaid Subsea Services (International) Ltd. (b)	Subsea	Seychelles	05 March 2008	046418	Ordinary	USD1	1	100% (indirect)
7.	Mermaid Subsea Services LLC (c)	Subsea	Qatar	11 November 2008	40867	Ordinary	QAR200,000	200	49% (indirect)
8.	Subtech Saudi Arabia Ltd.	Subsea	Saudi Arabia	8 April 2011	623353	Ordinary	SAR500,000	5,000	95% (indirect)
9.	Zamil Mermaid Offshore Services Company LLC	Subsea	Saudi Arabia	18 September 2012	2051050298	Ordinary	SAR2,000,000	2,000	40% (direct)
10.	Mermaid Offshore Services Pte. Ltd.	Subsea	Singapore	28 March 2011	201107423W	Ordinary	USD100	100	100% (indirect)
11.	Mermaid Drilling Ltd.	Holding Co.	Thailand	24 January 2005	0105548011196	Ordinary	THB410,000,000	41,000,000	95% (direct)
12.	Mermaid Drilling (Singapore) Pte. Ltd.	Holding Co.	Singapore	27 February 2007	200703192D	Ordinary	USD50,999,926	50,999,926	100% (direct)
13.	Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling	Malaysia	5 August 2005	705457A	Ordinary	RM500,000	500,000	95% (indirect)
14.	MTR-1 Ltd.	Drilling	Thailand	15 March 2005	0105548036890	Ordinary	THB240,000,000	24,000,000	95% (indirect)

08 MERMAID GROUP COMPANIES

ANNUAL REPORT 2014

No.	Company	Type of Business	Place of Incorporation	Date of Incorporation	Company Registration No.	Type of Share	Paid-up Capital	Shares Issued	% of Mermaid Shareholding
15.	MTR-2 Ltd.	Drilling	Thailand	15 March 2005	0105548036881	Ordinary	THB350,000,000	35,000,000	95% (indirect)
16.	MTR-1 (Singapore) Pte. Ltd.	Drilling	Singapore	27 September 2007	200717860H	Ordinary	USD40,000	40,000	95% (indirect)
17.	MTR-2 (Singapore) Pte. Ltd.	Drilling	Singapore	27 September 2007	200717875R	Ordinary	USD1	1	95% (indirect)
18.	MTR-3 (Singapore) Pte. Ltd.	Drilling	Singapore	30 July 2008	200814981N	Ordinary	USD20,000,100	20,000,100	100% (direct)
19.	MTR-4 (Singapore) Pte. Ltd.	Drilling	Singapore	8 January 2014	201400893C	Ordinary	USD20,000,079	20,000,100	100% (direct)
20.	Mermaid MTN Pte. Ltd. (d)	Drilling	Singapore	8 January 2014	201400899G	Ordinary	SGD100	100	100% (direct)
21.	Asia Offshore Drilling Limited	Holding Co.	Bermuda	29 October 2010	44712	Ordinary	USD40,000,100	40,000,100	33.76% (direct)
22.	Asia Offshore Rig 1 Limited	Drilling	Bermuda	29 October 2010	44713	Ordinary	USD36,000,000	36,000,000	33.76% (indirect)
23.	Asia Offshore Rig 2 Limited	Drilling	Bermuda	29 October 2010	44714	Ordinary	USD36,000,000	36,000,000	33.76% (indirect)
24.	Asia Offshore Rig 3 Limited	Drilling	Bermuda	1 July 2011	45551	Ordinary	USD100	100	33.76% (indirect)
25.	Mermaid Maritime Mauritius Ltd.	Holding	Mauritius	25 March 2014	121881	Ordinary	USD1	1	100% (direct)
26.	Mermaid International Ventures	Holding	Cayman Islands	26 August 2014	291210	Ordinary	USD100	100	100% (indirect)

(a) Mermaid Subsea Services (Thailand) Ltd. was formerly known as Mermaid Offshore Services Ltd.

(b) Mermaid Subsea Services (International) Ltd. was formerly known as Subtech Ltd.

(c) Mermaid Subsea Services LLC was formerly known as Subtech Qatar Diving & Marine Services LLC.

(d) Mermaid MTN Pte. Ltd. was formerly known as MTR-5 (Singapore) Pte. Ltd.

2014 Financial Year and Subsequent Events to 15 December 2014

In the 2014 financial year, Mermaid built on the successes of the previous years and further developed its platform for growth, stability, and most importantly profitability. This cumulated in Mermaid achieving historical net profits of USD 45.2 million being the highest level of annual net profits earned since Mermaid started business in 1983. A list of key developments during the year is set forth below.

In September 2013, Mermaid completed its rights issue with a 90.7 percent subscription rate and commenced its private placement to third parties for remaining unsubscribed rights shares. In the same month, Mermaid also announced the disposal of the 'Mermaid Performer', its smallest vessel, as part of its fleet renewal plan.

In October 2013, Mermaid announced the completion of the private placement for the remaining 9.3 percent unsubscribed rights shares to independent third parties and therefore the successful completion of the raising of SGD 157.1 million in gross proceeds, as intended.

In the same month, Mermaid also announced the early adoption of functional currency reporting in USD to eliminate unrealized translation-related foreign exchange gains and losses in its financial statements and also to allow Mermaid to present its financial statements in a currency that is more understandable to its international base of shareholders and investors.

This was followed by another announcement that its tender assist drilling rig 'MTR-2' had been awarded a Safety Milestone Award from the International Association of Drilling Contractors for achieving four (4) years of no loss time incidents. This is considered by Mermaid to be a significant achievement and exemplifies Mermaid's dedication to safety that is in par with its operating efficiency.

In December 2013, Mermaid's Indonesian unit took delivery of a new build DP2 remotely operated vehicle support vessel ("RSV") 'Resolution' for a charter of three years with options for up to an additional two years. This addition to the subsea fleet represented a boost to Mermaid's capabilities and was prompted following the award of two major inspection, repair and maintenance ("IRM") contracts in Indonesia for Mermaid's other charter-in vessel DP2 RSV 'Endeavour' resulting in the latter vessel being mostly committed through to 2016.

Also in December 2013, Mermaid announced that its dive support vessel ("DSV") 'Mermaid Commander' retained its subsea construction support role in the Gulf of Thailand. This became the ninth consecutive year that Mermaid had been awarded the work. The 2014 campaign was valued at USD 32 million and comes with options for two additional campaign years.

In January 2014, Mermaid announced the order of two new build performance class tender rigs and one new build subsea DP2 multi-purpose dive support and construction vessel. These new orders will be built in shipyards owned by China Merchants Industry Holdings Co. Ltd. in China. The aggregate sum of the investment was USD 436 million. The delivery of the tender rigs, named 'MTR-3' and 'MTR-4', are scheduled for the first and second quarter of 2016 respectively and the delivery of the new build DP2 multi-purpose dive support and construction vessel, named 'Mermaid Ausana', is scheduled for the third quarter of 2016.

The 'MTR-3' and 'MTR-4' will be state-of-the-art performance class tender assist drilling rigs incorporating the latest modern design features, and will be the most advanced tender rigs in the market when they are delivered in 2016. The rigs will each be equipped with a modern drilling package supplied by leading drilling equipment specialist National Oilwell Varco and will feature a larger deck space, bigger cranes, faster rig moves, larger and more living quarter capacity, larger tank storage and offline activity systems.

In addition, both rigs will be able to operate in water depths of up to 243 meters with conventional mooring and 914 meters with pre-laid mooring, and have a drilling depth rating of 7,620 meters and accommodation for 200 personnel. All these features are expected to make both rigs an appealing option and solution for potential customers looking for a complete production drilling program.

The DNV classed, fully OGP compliant 'Mermaid Ausana' on the other hand, will be equipped with an 18-man twin bell saturation system and will have two self powered hyperbaric lifeboats. The vessel will also be equipped with diesel electric frequency controlled propulsion, highly efficient azimuth thrusters, dynamic positioning systems, offshore cranes and a large platform deck for construction duties. Upon completion and delivery in 2016, the 'Mermaid Ausana' is expected to possess excellent characteristics for worldwide deployment.

The orders were undertaken as part of Mermaid's commitment to expand the size of the rigs and vessels to enhance its offshore oil and gas support services business. These new assets will also enhance Mermaid's market position in terms of the modernization of its fleet. To date, the initial payment of 15 percent of the total contract value has been made to the shipyard with the remaining 85 percent due upon delivery in 2016.

Also in January 2014, Mermaid's shareholders approved the payment of a final dividend of US 0.86 cents per ordinary share for the 2013 financial year and payment was made to all shareholders in February 2014.

In February 2014, Mermaid announced an award of a 3-year subsea call-out contract for light construction and IRM services utilizing the 'Mermaid Sapphire' for 60 to 120 days a year from 2014 to 2016. The potential value of this contract is USD 19 million.

In June 2014, Mermaid's shareholders passed a resolution to change the financial year end of the company from 30 September to 31 December thus aligning it with its parent company Thoresen Thai Agencies Plc. and also other companies in the offshore oil and gas industry, generally.

Mermaid also announced that month of an amendment to the drilling contract for 'MTR-2' with Chevron Indonesia which saw the tender rig used as a work-over unit at a reduced rate. This was due to the customer being in the process of obtaining new drilling permits from the Indonesian authorities.

In August 2014, Mermaid announced that its associate Asia Offshore Drilling ("AOD") achieved average utilization levels for its three jack-up drilling rigs of 97 percent, which was in line with Mermaid's target. This was primarily due to all jack-up rigs experiencing high operating performance with limited downtime. Mermaid remains confident that AOD will continue performing at a satisfactory level for the remainder of the contract term ending 2016 and that AOD will continue to serve the same customer beyond this term.

Despite news of protests in Bangkok, Mermaid announced that it has had no effect from the protests in Bangkok and continues to serve key customers in Thailand with continued business expansion overseas. In particular, all of Mermaid's business operations are located outside Bangkok and overseas and Mermaid continued to secure contracts with key customers in Thailand.

09 KEY DEVELOPMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

In August 2014, Mermaid also announced a rebranding of its subsea business units which will be collectively operated under the name “Mermaid Subsea Services”. The Company’s subsea business previously operated globally under separate brand names, namely Subtech in West Africa and the Middle East, Seascope Surveys in Singapore and Indonesia and Mermaid Offshore Services in Thailand and Vietnam. All three subsea units were integrated and now operate under the same new company name. The integration has united the Company and provided brand recognition and seamless services to our valuable customers throughout our global network. The subsea organization, which now works under one unified management, has two market divisions namely the western hemisphere that will cover Saudi Arabia, Qatar, United Arab Emirates, Nigeria, Libya and the North Sea, and the eastern hemisphere which will cover Australia, China, Indonesia, Malaysia, Singapore and Thailand.

As part of the rebranding exercise, Mermaid had also unveiled a new logo to represent the new single subsea unit. In addition to that, this unified structure promotes cross-selling of products and services resulting in improving utilization of assets for better profitability.

In September 2014, Mermaid announced that it had incorporated a new subsidiary called “Mermaid International Ventures” as an investment holding company. Assets will be restructured under this entity which will allow Mermaid to better manage its investments and expansion plans.

In September 2014, Mermaid also announced the award of two saturation diving contracts in the Middle East with a total estimated value of up to USD 45 million. This saw the charter-in of the DP3 multipurpose support vessel ‘Bourbon Evolution’ to support these new work scopes for approximately 6 to 8 months with options.

In October 2014, Mermaid announced an increase in shareholding from 70 percent to 95 percent in Subtech Saudi Arabia, to be renamed Mermaid Subsea Services (Saudi Arabia) Ltd. Mermaid plans to use this entity to tender for additional service contracts in Saudi Arabia.

In November 2014, Mermaid reported that it has a cautionary perspective on the oil and gas outlook over the next 12 months, given the fall in oil price and news that oil and gas companies may be reviewing their spending. In the meantime, Mermaid continues to see stable demand for its subsea vessels and related services on those projects that are ongoing. Mermaid also continues to emphasize on achieving high vessel utilization while at the same time focusing on value-added services to customers and longer term contract durations in growth areas of South East Asia, the Middle East and the North Sea.

During the year 2014, Mermaid also continued to implement its growth strategy by expanding its revenue base through the charter-in of additional vessels against confirmed customer contracts. Delivering on this initiative, in December 2013 Mermaid took delivery of the DP2 RSV ‘Mermaid Resolution’ on a 2+1 year charter to service in contracts in Indonesia as previously mentioned above. This was followed in June 2014 by a short term charter of the DP2 PSV ‘Lewek Atria’ for several months serving the Gulf of Thailand. In August 2014, Mermaid also chartered-in the DP2 Construction Barge ‘Mubarak Supporter’ on a 1+1+1 year charter to service contracts in the Middle East.

In November 2014, Mermaid announced that it had chartered-in additional subsea vessels to fulfill strong demand for its services. This included the ‘Siem Daya 2’, a DP3 offshore subsea construction vessel to provide subsea cable laying installation support in the Middle East with work until early January 2015, DPB ‘Mubarak Carrier’, a construction barge for short term work on subsea cable lay trenching support in the Middle East and the RSV ‘Harkand Harmony’, an ROV and survey support vessel for gas detection work in the Gulf of Thailand.

09 KEY DEVELOPMENTS

Also in November 2014, Mermaid announced final dividends of US 0.47 cents per ordinary share to be recommended to the shareholders for approval in January 2015, and a back log of USD 470 million in contracts to be performed mostly in 2015 and 2016. In addition to this back log, there is also an outstanding USD 110 million of pro-rata order book contribution from Mermaid's associate investment AOD.

In November 2014, Mermaid also announced that its Indonesian unit had entered into a five year charter-in contract for a five year old DP2 DSV 'Windermere'. The contract has a further option for an additional five year extension. This move is to position Mermaid as a leading Indonesian subsea services provider. The vessel has a good track record in Indonesia with work previously done for oil and gas majors. Being Indonesian flagged, the vessel will be in prime position to secure any potential work in Indonesia. In addition, the vessel will also bid for jobs in Myanmar, Thailand, Malaysia and Brunei while providing back up for the DSV 'Mermaid Commander' and for any additional work.

In December 2014, Mermaid announced the demobilization of the 'MTR-2' from Indonesia. The rig was terminated early due to customer's inability to secure their own government permits. The said events have all occurred through no fault of Mermaid. The 'MTR-2' tender rig, purchased by Mermaid in June 2005, has been utilized by this customer for almost a decade in its Thailand and Indonesia's production fields. During its course of service, the 'MTR-2' has been lauded for its safety record, operational efficiency, equipment reliability and performance. The 'MTR-2' had also received numerous awards from this customer, the latest being a commendation for achieving five (5) years of no loss time incidents a few months earlier.

In December 2014, Mermaid also announced the start of new build construction with steel cutting ceremonies for the 'MTR-3' and 'Mermaid Ausana'. The steel cutting ceremony for the 'MTR-4' is scheduled for early next year 2015. The construction of all three assets remains on schedule and delivery dates for all units remain in 2016.

The multiple contract wins and other achievements during the period and across various regions as mentioned above are outstanding as they reflect Mermaid's ongoing efforts to support its customers wherever they may operate and also the confidence and satisfaction that Mermaid's customers have in Mermaid's quality services. Furthermore, the contract awards mentioned did not include other smaller subsea projects awarded during the year using Mermaid's owned vessels, chartered-in vessels, or performed onboard third party vessels which in aggregate added further to Mermaid's total earnings and outstanding order book.

*All values cited are approximates

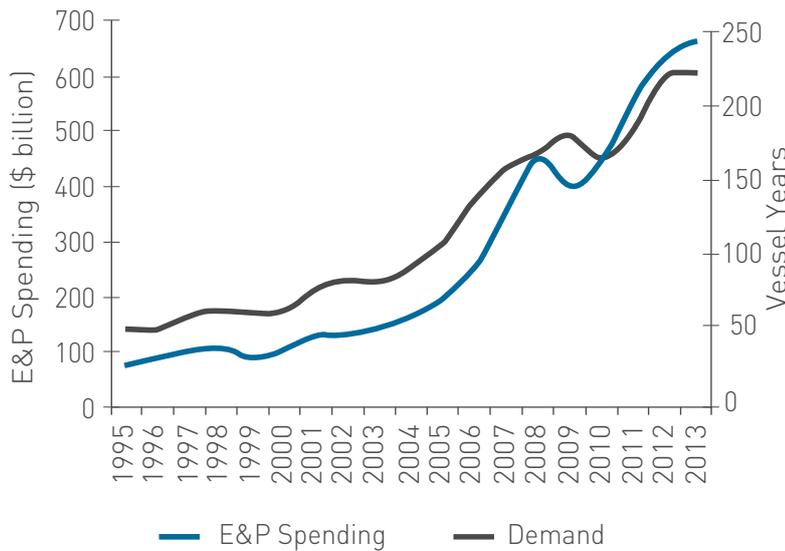
(as at 15 December 2014)

1. Summary Overview

The demand for subsea and drilling services is driven by the level of activity in exploration, development and production of crude oil and natural gas. Important influencing factors are the access to develop available offshore fields and the oil companies' ability to drill and develop the fields based on their cash flow, revenues and financing. The most important influencing factor for the activity level is the oil and gas prices, as they determine the net present value returns of the development solutions.

Exploration and production ("E&P") budgets saw double-digit growth from 2003 to 2008. This led to exceptionally high levels of activity in the drilling and subsea engineering services markets. After many years of heavy investment, E&P spending saw a decrease in 2009, when spending slowed down due to a sharp decrease in oil prices, expensive financing and general slowdown in the global economy. However, the resulting reduction in exploration spending in 2009 did not last for long and by 2010 the activity level was above 2008 levels and continued to increase every year to date. The chart below shows year-on-year increases in E&P spending and its effect on demand for offshore services.

Figure 1: Year-on-Year Increase in E&P Spending and Increase in Offshore Services Demand



Source: Strategic Offshore Research

That said, the past year 2014 has been challenging for the offshore services industry with oil majors continuously reviewing E&P spending throughout 2014 due to escalating costs, geopolitical factors and finally the recent weakness in oil price.

In any case, E&P has to continue to keep up with global demand, set to rise by 1.1 million barrels per day ("bpd") in 2015. Depleting reserves and an aging fleet ensures that the industry fundamentals should remain strong. Offshore oil production has been dominated by shallow water drilling and more recently resources and exploration drilling in deepwater areas that represent the new growth areas. This is due to both technological developments that have made exploration feasible and more cost effective, and high oil and gas prices. Although international oil companies ("IOCs") may be reviewing the expenditure plans, at some point they are expected to resume spending to replenish reserves. At the same time, national oil companies ("NOCs") steered by their respective government to drive growth should continue to raise their expenditure and make up for any temporal shortfall in spending by the IOCs.

Subsea services have remained in demand in all phases of the oil/gas fields, with survey and installation during the field development phase, maintenance and repair in the production phase and support services in the decommissioning phase. The demand for subsea capacity has experienced steady growth worldwide, with Asia Pacific as one of the regions demonstrating the largest growth.

Drilling services have also experienced increased utilization and strengthening of day rates. In the Asia Pacific region, there has been continued demand within the premium jack-up and tender rig market segment.

The table below shows the world's top oil producers in 2013. The total oil production includes production of crude oil (including lease condensate), natural gas plant liquids, and other liquids, and refinery processing gain (loss) and is expressed in million barrels per day (bbl/d).

Figure 2: The World's Top Oil Producers 2013

Country	Production (million bbl/d)	As % of Total
United States	12.31	13.67%
Saudi Arabia	11.59	12.87%
Russia	10.53	11.70%
China	4.46	4.95%
Canada	4.07	4.52%
United Arab Emirates	3.23	3.59%
Iran	3.19	3.54%
Iraq	3.06	3.40%
Mexico	2.91	3.23%
Kuwait	2.81	3.12%

(Source: U.S. Energy Information Administration)

In 2013, the United States surpassed Saudi Arabia to emerge as the top oil producing country. During the years 2009 to 2011 the U.S. was at the third spot after Russia and Saudi Arabia. In 2012, the U.S. overtook Russia to be at the second place trailing behind Saudi Arabia. Much of the increased production can be owed to the shale formations at Texas and North Dakota that have witnessed soaring oil extraction with the use of fracking techniques.

OPEC members account for just over 50 percent of the world's oil production in 1973 but in recent years this has been as low as 40 percent. The big movements in prices have been the result of production trends in countries outside OPEC, whether the development of Alaskan, Russian, Chinese and North Sea oil in the late 1970s and through the 1980s, or the shale revolution in the United States since 2008. Given the lesser degree of control by OPEC since the mid-1970s, in the last two decades, pricing and production policies of OPEC appear to have been geared to maintaining market share rather than other strategic aims.

The world's total oil production has grown over the years and is now at 90 million bbl/d. 65 percent of this daily requirement is met by the top ten oil producing countries while 47 percent of the daily production is met by the top five players. Saudi Arabia, U.S. and Russia are the undisputed leaders in oil production, collectively contributing to approximately 38 percent of the world's production (2013) and averaging at 36 percent over the five year period. With the ever increasing demand for oil, much research is under-way to develop new techniques to extract the most of the explored oil fields while also looking out for new ones. The level of oil production cannot be taken as the level of reserves a country has, since many such reserves have not yet started operations. Oil reserves give an estimate of the potential while oil production is factual.

2. Offshore Market Drivers

2.1 Short and Medium Term Drivers

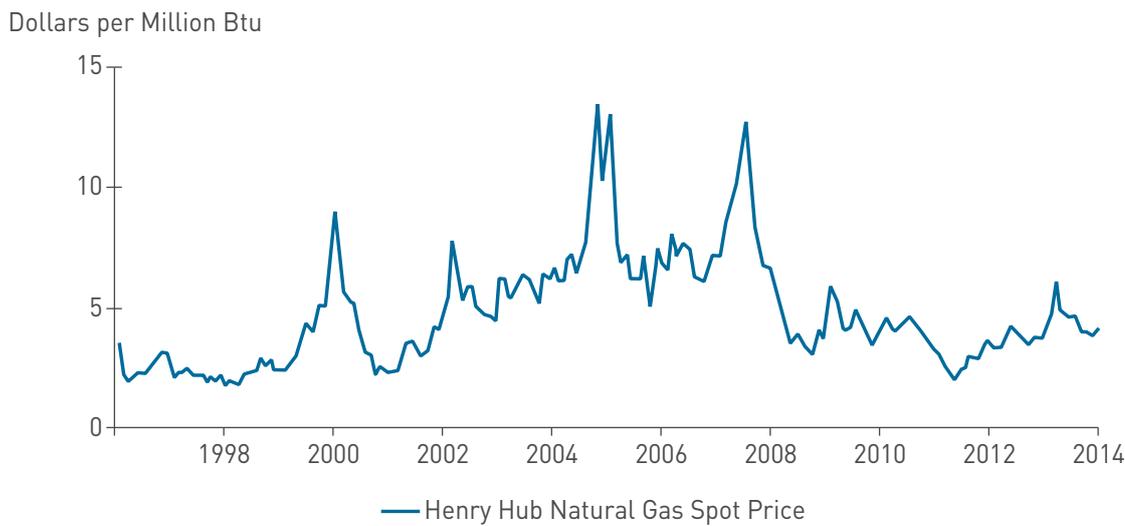
The charts below summarize the historical development of oil and gas prices.

Figure 3: Brent Spot Price FOB



Source: U.S. Energy Information Administration

Figure 4: Henry Hub Natural Gas Spot Price



Source: U.S. Energy Information Administration

Oil prices have been in steep decline since June 2014. The International Energy Agency (“IEA”) opined that the root cause of the fall in prices was a surge in non-OPEC supply to its highest growth ever and contraction in demand growth to five-year lows. Several years of high oil prices prompted drillers around the world to develop new oil fields. The result is that new supply is now surpassing demand. For example, U.S production has surged by 3.5 million barrels per day since 2008, which is more than every OPEC nation except Saudi Arabia.

The IEA added that non-OPEC supply gains would add to a global glut of oil. In particular, U.S. boom should push non-OPEC production to a record 1.9 million barrels per day this 2014 but this figure should fall to 1.3 million barrels per day in 2015. All this suggests that there is presently more oil being produced globally than there is demand for it. Conversely, in Russia, the IEA reported that lower global oil prices combined with the effect of sanctions and a collapsing currency were likely to have an adverse effect on production.

Following OPEC’s decision not to cut production at its November 2014 meeting as a way to arrest declining oil prices, oil prices continued to fall in November and early December 2014. As at mid-December 2014, Brent crude fell below USD 63 a barrel, its lowest point since July 2009 and down more than 40 percent since June 2014.

At this rate, the U.S. Energy Information Administration (“EIA”)’s short term energy outlook as at December 2014 is that crude oil supply will continue to outpace consumption, resulting in an average stock build of 0.4 million bbl/d in 2015. Stock builds are expected to be concentrated in the first half of the year, averaging 0.7 million bbl/d during this period. The EIA forecasts crude oil supply to average 92.8 million bbl/d in 2015, 0.2 million bbl/d lower than previous forecasts. The 2015 global demand forecast was also revised downward by 0.2 million bbl/d to an average of 92.3 million bbl/d, based on weaker global economic growth prospects for 2015. The EIA expects that it may take some time for supply and demand to adjust itself.

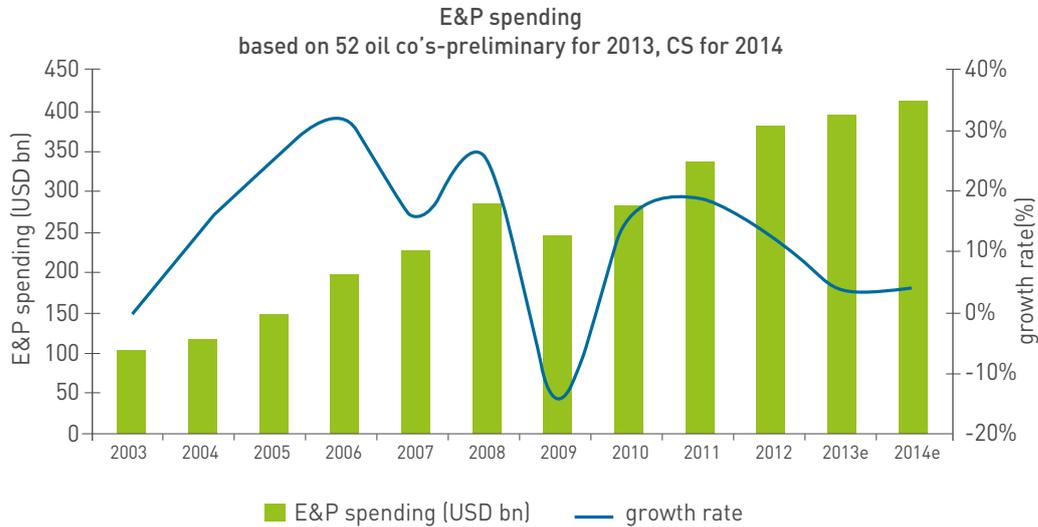
To this end, OPEC had reported in December 2014 that should the current fall in crude prices continue over a long period, it will impact the non-OPEC supply forecast for 2015, especially anticipated growth in tight crude (i.e. shale oil).

In terms of oil price forecast, Pareto Securities subsequently reported in mid-December 2014 a reduction in their Brent oil price estimate to USD 75/bbl (from USD 100/bbl) in 2015, USD 90/bbl in 2016 (from USD 105/bbl) and USD 95/bbl from 2017 (from 110/bbl).

As for the effect on E&P activity, Fearnleys Offshore expects reduction in E&P activity in the coming year 2015, and continue to wait for the full effect of the ongoing cost cutting schemes already implemented throughout 2014, as many of the service areas being cut will take some time to phase out.

Apart from oil prices, the market is also being affected by operators’ underlying continued focus on cost savings following a period of significant increased expenditures throughout the industry over the past number of years.

Figure 5: Historical E&P Spending and Oil Price



Source: Fearnleys

This decline in oil price will likely further increase oil companies' tendency to postpone new developments, and thus prolong the current market downturn beyond 2015, putting particular pressure on frontier and higher cost exploration companies. Exploration projects in harsher environments such as the Arctic will likely be abandoned or postponed as the cash break even at the current oil price will leave these projects in the red. Oil companies will most likely continue to develop the existing fields where infrastructure is already in place, where additional production is less financially straining.

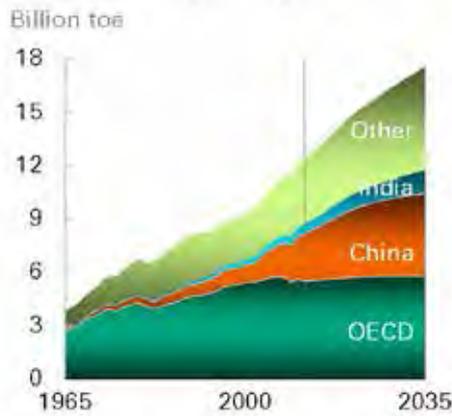
While many commentators expect that 2015 will represent another challenging year for the industry as a whole, many have also identified several 'bright spots' in the industry. In particular, Fearnleys Offshore reported that they remain optimistic that Mermaid is ideally positioned as one of those 'bright spots' that are presenting themselves.

(See also Mermaid's Industry Positioning below).

2.2 Long Term Outlook

According to BP's "Energy Outlook to 2035" published in 2014, among today's energy importers, the U.S. is on a path to achieve energy self-sufficiency, while import dependence in Europe, China and India will increase. Asia will become the dominant energy importing region. Russia will remain the leading energy exporter, and Africa will become an increasingly important supplier. While it will remain a key energy player, the Middle East is likely to see relatively static exports.

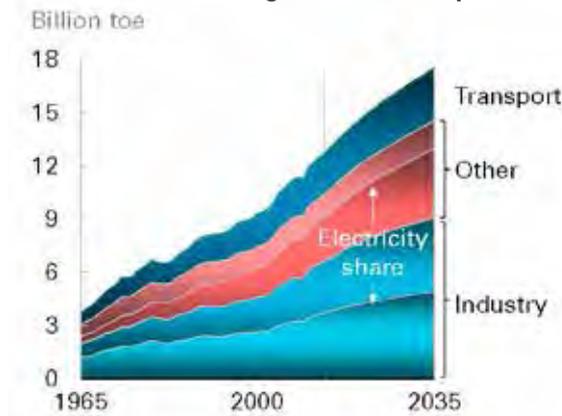
Figure 6: Consumption Growth Trends by Region



Source: BP

According to the BP report, there will be a clear long-run shift in energy growth from OECD to non-OECD countries. Primary energy demand is expected to increase and an estimated 95 percent of the growth is in non-OECD countries, with energy consumption growing at 2.3 percent per annum to 2035. OECD energy consumption, by contrast, is forecasted to grow at just 0.2 percent per annum over the whole period and is actually expected to fall from 2030 onwards.

Figure 7: Consumption Growth Trends by Sector



Source: BP

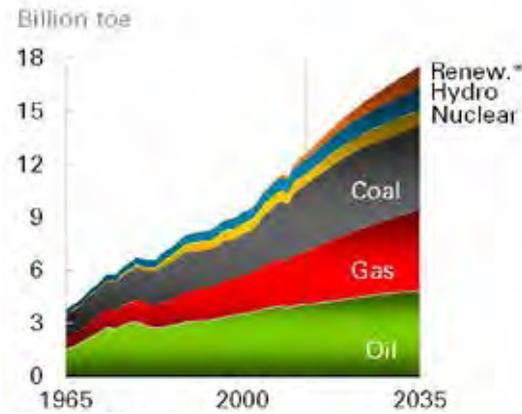
According to the BP report, the industry sector will remain the dominant source of growth for primary energy consumption, both directly and indirectly (in the form of electricity), and will account for more than half of the growth of energy consumption to 2035. This reflects the unprecedented pace and scale of industrialization in Asia.

Energy for industry is forecasted to grow at 2.6 percent over the decade 2015 to 2025, but this is expected to slow to just 1.0 percent in the final decade of the forecast as China's rapid industrialization comes to an end.

The next major component of growth is energy used in the 'other' sector (i.e. residential, services and agriculture), predominantly in the form of electricity. By the final decade, growth in other sector energy use is forecasted to almost match industry in volume terms.

The transport sector continues to play a relatively small role in primary energy growth throughout the forecast, growing steadily but accounting for just 13 percent of total growth to 2035.

Figure 8: Consumption Growth Trends by Fuel



*Includes biofuels

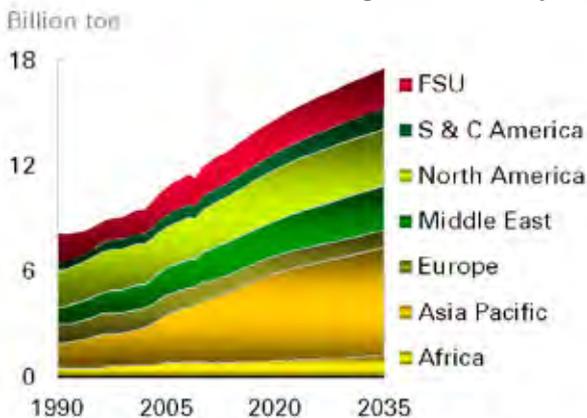
According to the BP report, fuels show growth over the forecasted period with the fastest growth expected to be in renewable at 6.4 percent per annum. Hydro-electric power growth is forecasted at 1.8 percent while nuclear power growth is at 1.9 percent per annum, both growing more rapidly than total energy.

Source: BP

Although renewable energy use will grow, oil and gas is still expected to dominate the energy market. Gas is forecasted to be the fastest growing fossil fuel at 1.9 percent per annum. Oil's growth is forecasted at 0.8 percent per annum with coal slightly ahead at 1.1 percent per annum. Coal's contribution to growth is forecasted to diminish rapidly in the final decade to 2035 reflecting the shift away from coal-intensive industrialization in China.

In the final decade to 2035, gas is forecasted to be the largest single contributor to growth but non-fossil fuels in aggregate is expected to contribute even more than gas, accounting for 39 percent of the growth in energy in that period.

Figure 9: Primary Energy Production by Region



BP forecasts primary energy demand to increase 41 percent between 2012 to 2035 with growth averaging 1.5 percent per annum and gradually slowing down towards the final decade. It cites that we are leaving a phase of very high energy consumption growth, driven by the industrialization and electrification of non-OECD economies, notably China.

Source: BP

In particular, the 2002 to 2012 decade recorded the largest ever growth of energy consumption in volume terms over any ten year period, and this is unlikely to be surpassed in the 2035 timeframe.

There is an expected long-run shift in energy growth from OCED to the non-OCED countries. Virtually all (95 percent) of the projected growth is in the non-OCED, with energy consumption growing at 2.3 percent per annum to 2035. OCED energy consumption, by contrast, grows at just 0.2 percent per annum over the whole period and is actually following from 2030 onwards.

There is also expected to be energy market adjustments due to OPEC domestic demand growth and the U.S. shale revolution.

The BP report forecasts that high population growth, limited economic opportunities, and the burden of high energy demand (largely due to subsidies) will create pressure on OPEC (and other oil-producing countries). Population growth in OPEC countries has outpaced the rest of the non-OECD for the past 40 years and the growth rate over the next 20 years will be more than double that of the rest of the emerging markets.

The level of growth rates of energy use per capita are also well ahead of other non-OECD countries. Today, OPEC countries consume nearly 75 percent more energy per capita than non-OECD average. This will limit the growth of both oil and gas exports. These factors have already contributed to recent oil supply disruptions and could affect future capacity and production prospects.

The shale revolution in the U.S. on the other hand is another example of how energy markets adjust. U.S. domestic gas production has been revitalized by the shale gas 'revolution'.

BP forecasts that U.S. shale gas output will grow by 4.3 percent per annum between 2012 and 2035 enabling U.S. gas production to rise by 45 percent. This is already causing an adjustment in energy markets. The most dramatic adjustments to shale gas is in trade flows as the U.S. is set to shift from a net importer of gas to a net exporter in 2018.

From a demand and supply perspective, following relative price movements, gas may gain share in the various segments of the U.S. energy markets, in competition with other fuels. Furthermore, U.S. gas may gain share in the international market in competition with other suppliers. These responses are forecasted to emerge at different timescales, from the easiest to the least constrained (e.g. coal to gas switching in power) to the more difficult and slowest (e.g. developing the infrastructure and technology to get gas into transport).

3. Subsea Services Industry

3.1 The Subsea Market

The subsea services industry with respect to oil and gas E&P covers a wide range of activities that encompass all offshore developments from "cradle to grave". The most intensive phase where subsea capacities are in demand is during field development. Subsea support vessels assist in, amongst other things, survey and preparations of the seabed, installation of modules, umbilicals and risers and provide remotely operated vehicles ("ROVs") or divers for tie-in and testing. Also in the production phase, the oil and gas installations require assistance for vessels with subsea capabilities. Once installed, the equipment is surveyed and maintained, and together with both larger repair and development campaigns there is an ongoing requirement for subsea work for the life of an offshore oil and gas field. Subsea vessels are also utilized during field decommissioning.

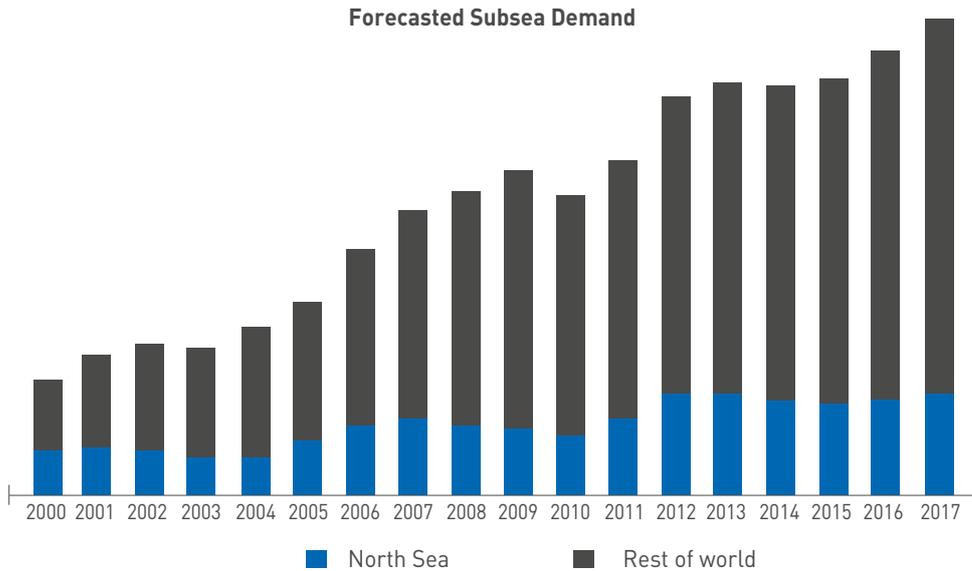
Subsea work in the oil and gas industry has gradually becoming more important for the development of offshore fields. Technology development of subsea solutions has made it possible to recover oil in new areas, and in time also to a lower cost than conventional top-side solutions. Some of the key value drivers for the subsea market going forward are dependent on 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.

2014 was a busy year for the subsea contractors, with strong tendering activity for new subsea contracts. The markets with the most momentum were the North Sea, Middle East, South East Asia, Brazil and the Gulf of Mexico.

The increased demand for subsea construction, and very few new subsea vessels entering the market in the recent years, had also put an upward pressure on the vessel day rates.

In Strategic Offshore Research’s “Global Subsea Market to 2017” published in February 2014, Strategic Offshore forecasted subsea demand growth to be incremental in 2015 and then to accelerate again in 2016 and 2017.

Figure 10: Forecasted Subsea Demand to 2017



Source: Strategic Offshore Research

However, given the recent weaknesses in oil prices, Strategic Offshore Research has posited in November 2014 an alternative case involving potential delay or postponement of projects and demand. In their alternative scenario, demand growth is either flat-line followed by slow recovery or it will experience a short, sharp demand contraction before eventual recovery.

3.2 Types of Subsea Vessels

The offshore subsea vessel market encompasses various types of vessels utilized in the installation, inspection, repair and maintenance of subsea infrastructure. Vessels supporting these activities are mostly unique and “one of a kind”, contrary to what you see in more conventional shipping markets like bulk carriers and tankers.

In broad terms, the subsea vessel market can be divided into offshore construction vessels (“OCVs”) and offshore support vessels (“OSVs”). Vessels sorting under the OCV category are stable platforms with large cargo deck, accommodation facilities and larger tools such as larger active heave compensation subsea cranes, remotely operated vehicle (“ROV”) handling equipment, moonpools, winches etc. Typically the customers chartering or acquiring these type of vessels do further upgrades to the vessel, above and beyond the standard design, by adding project relevant equipment to the back deck, for instance pipe/cable laying or well intervention equipment. All the major subsea contractors either own and operate OCVs or charter-in vessels on long periods.

Except from the heaviest installation work, most of the OCV work can be performed by smaller, less expensive vessels also referred to as OSVs. The OCV will often perform the work as part of a larger subsea campaigns, but subsea contractors also charter smaller OSVs for parts of the work. The OSVs are also chartered in directly by the oil companies for inspection, maintenance and repair work. The OSVs encompass smaller multipurpose vessels, typically equipped with medium size cranes, ROVs and also accommodation capacity. Most subsea vessels are also equipped with dynamic positioning (“DP”) systems.

4. Drilling Services Industry

4.1 The Offshore Drilling Market

Demand for drilling and related services are 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 (both exploration and production) are geographically dispersed throughout the world.

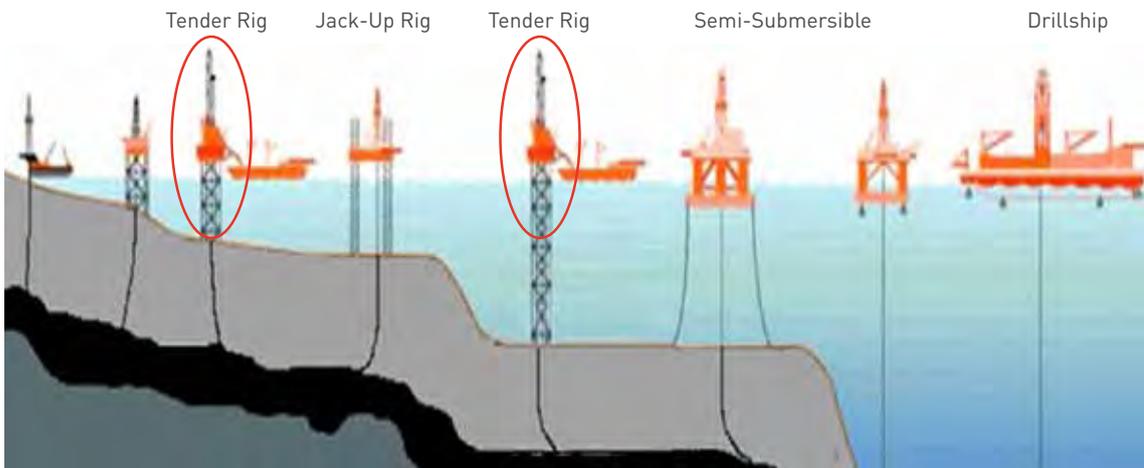
The objective of drilling is to find three forms of hydrocarbon i.e. natural gas, LNG and crude oil. Natural gas consists mainly of methane while LNG is usually propane and butane and sometimes ethane. Crude oil, on the other hand, varies in weight, viscosity and color and is either categorized as light, intermediate or heavy.

The process starts off with seismic survey to help identify petroleum traps. Then an exploration well is drilled to determine the existence of hydrocarbons and an appraisal well to determine size and flow rate. If commercially viable quantities are available, a development well is then drilled and forms the producing well.

Onshore rig design does not vary much and size is a major distinguishing factor. This is not the case for offshore rigs. The different types of drilling units employed depends on the water depths in which to drill, the stage of drilling (exploration/development/production) and the technical complexity of the well. The drilling units described below operate on different water depths, and can vary significantly in their technical specifications and capabilities.

4.2 Type of Drilling Units

Figure 11: Different Types of Mobile Offshore Drilling Units (MODU)



Tender rigs

A tender rig is a barge moored alongside a platform and contains crew quarters, mud tanks, mud pumps, and power generation systems. A tender rig carries its own drilling equipment and has a crane capable of erecting the derrick onto the neighboring platform, thereby eliminating the need for a separate derrick barge and related equipment. A more advanced version of a tender rig is a semi tender rig. A semi tender rig is a semi-submersible tender rig, which is identically constructed as a semi-submersible floating rig below the water surface. The topside of a semi tender is similar to the tender rig and serves the same purpose. Tender rigs can operate in water depths of up to 2,000 feet and capable of drilling as far as 18,000 feet.

Jack-up rigs

A jack-up rig is a mobile self-elevating drilling platform equipped with legs that can be lowered down to the ocean floor. Once a foundation is established, the drilling platform is then elevated up the legs so that it rests above the highest expected wave height. 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. Jack-up rigs can drill in water depths of 350-450 feet and capable of drilling as far as 40,000 feet.

Semisubmersible rigs

Semisubmersibles are floating drilling platforms with columns and pontoons featuring a ballasting system enabling the platform to adjust the draft of the partially submerged hull. The draft can for example be adjusted to a transit mode or an operational/drilling mode. A semisubmersible can maintain its position above the wellhead by means of a conventional mooring system or by use of a DP system utilizing several thrusters controlled by advanced computer automated systems. A semisubmersible rig may be self-propelled (full propulsion capability) enabling the rig to relocate independently of a towing vessel, or it may have limited thruster assistance or no propulsion capability at all. The latter requiring the use of anchor handling tug and supply vessels ("AHTS") for transit and positioning of anchors from one location to another. Semisubmersibles can operate in water depths of 1,000 to 12,000 feet and can drill beyond 40,000 feet.

Drillships

Drillships have designs based on conventional ship hulls. They are all self-propelled and almost all utilize DP systems to maintain their position above the wellhead. Drilling operations are performed utilizing the derrick and the moon pool which is installed mid ship. Drillships normally have a larger load capacity (variable deck load) than semisubmersibles, and are well suited for drilling in remote locations due to their ease of mobility and their ability to carry more drilling equipment and supplies onboard. Drillships can operate in water depths of 1,000 to 12,000 feet and can drill beyond 40,000 feet.

4.3 Tender Drilling Rig Market

In the tender rig market, there is a finite number of clients and rigs. Drilling programs require a multi-well platform development and calm waters thus reducing the geographical operations of the rigs to South East Asia and West Africa. Ten new build rigs have entered the market since 2000 and they have mostly replaced older rigs. Oil majors have continued to show a preference for newer rigs due to their superior technical capabilities and operational efficiency.

The majority of the tender rigs operate in South East Asia, on contracts ranging between one to five years. The market for tender rigs is a niche market that generally experience the same cycles as the market for other mobile offshore drilling units ("MODUs") in general, and with jack-up rigs in particular.

Tender rigs provide production drilling capabilities and can work in any seabed condition including areas where jack-up rigs may not be able to access. The day rates of tender rigs are also lower than jack-up rigs, offering a low cost production drilling solution to customers. The level of activity for tender rigs in South East Asia has traditionally remained relatively stable with utilization for newer units remaining close to 100 percent, as customers indicate preference for newer tender rigs over older ones.

The tender rig fleet is aging with almost half of the global fleet over 30 years old. There are 25 available units globally with 15 on contract, mostly being newer rigs, and 10 off contract either stacked or waiting for next contract, mostly being older rigs. There are also an additional six new build tender rigs under construction. Of the 15 on contract, 10 are located in South East Asia and 5 are located in West Africa.

Seven tender rigs under construction are scheduled for delivery in 2015 and 2016. Many of the 15 tender rigs on contract will remain on contract during this period. Thus any increment in demand could be fulfilled these new build tender rigs upon their deliveries. Of these, only four of these new tender rigs will be owned by contractors with a track record and the remaining three will be owned by new players.

Day rates for tender rigs have strengthened since 2010 and now reported at around US Dollar 124,000 per day on average. Furthermore, it is expected that more tender rigs will be required to satisfy future potential demand and as substitutes to the phasing out of old rigs.

4.4 Jack-Up Drilling Rig Market

There are 476 jack-up rigs globally of which 421 are contracted and the remaining 55 either warm stacked or cold stacked. Historical supply and demand dynamics for jack-up rigs is reported to be tight with utilization around 90 percent and utilization for newer and higher quality units remaining close to 100 percent.

Demand is expected to remain stable evidenced by the increase in number of open tenders, upward pressure on day rates now reported at around US Dollar 160,000 per day on average and increased contract durations worldwide.

Although continued demand is expected over the next few years, on the supply side the market is expected to be challenging in 2015 and 2016 when an estimated 100 new build jack-up rigs are scheduled for delivery without contracts. Pressure on day rates are anticipated but with more impact on older jack-up rigs as opposed to newer ones. Asia Pacific and the Middle East continue to be the primary source of demand for high specification jack-up rigs but the market will take time to adjust to the over-supply.

New build supply is also expected to attempt to partially replace older rigs. During the next decade, more than 50 percent of the global contracted fleet, or approximately 200 units, are expected to become less marketable and eventually even phased out. This attrition rate was previously noted to be slow but is expected to accelerate. There are presently 290 jack-ups that are over 30 years old compared to currently 138 new build jack-ups under construction. When this takes place, the demand and supply dynamics should come back into balance.

5. Mermaid's Industry Positioning

Mermaid takes a cautionary perspective on the oil and gas outlook over the next 12 months, given the fall in oil price and news that oil and gas companies may be reviewing their spending. With the recent weakness in oil price, many commentators in the industry have put forward certain features of offshore oil and gas service companies that would make them better placed than others in this context. Having taken these various factors into account, Mermaid believes that it is one of those well placed companies due to its strategic industry positioning. This is further elaborated below:

Mermaid's fleet of subsea vessels and drilling rigs are shallow water biased which is known to be more defensive and less affected by lower oil prices. This is because break even costs of such fields are reported to be lower than deeper water fields and therefore less likely to be subject to contraction in service demand.

Mermaid has also developed strong local joint ventures in cabotage-protected markets serving NOCs in those countries. This includes Qatar, Saudi Arabia and Indonesia hence exposing Mermaid to the benefits of local expansions as NOCs strive for continued growth and energy security and therefore tend to be less price-sensitive.

Mermaid's business is also dedicated to the production phase of the E&P cycle and therefore less exposed to capital expenditure reduction. In particular, medium to long term demand is expected to remain relatively intact which should bode well for ongoing production requirements.

Mermaid has already implemented asset growth plans through chartering-in of additional subsea vessels. This allows Mermaid the flexibility to serve anticipated demand or to release such charters in the event of falling demand without the need for major capital expenditure. Mermaid has also placed an order for two performance class tender drilling rigs and one DP2 dive support and construction vessel scheduled for delivery in 2016 when oil price is expected to resume normality, thus adding further stability to its revenue base.

Mermaid remains one of the key industry players with an excellent operational and safety record and a stable management team. This can provide a competitive advantage in tighter market conditions as oil and gas majors will give preference to contractors with an established track record over new players.

Mermaid's subsea fleet is relatively young, with many of them less than 10 years old thus placing them in a favourable position with oil and gas majors who have shown a tendency to prefer newer equipment due to superior capabilities and operational efficiency.

Mermaid continues to pursue service and geographical expansion with a focus on cable lay and flexible pipe lay services and entry to those countries where demand growth is relatively strong. Its decentralized operations in the Middle East and Asia Pacific allows rapid deployment and cost efficiencies.

Mermaid has secured an order book of USD 470 million as at 1 October 2014, mostly for subsea services, with more near term contract wins expected. This contract backlog is expected to provide a backbone of revenue in 2015 and 2016 with room for additional upside.

Mermaid's investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs is expected to remain stable in 2015 as AOD's drilling contracts continue to run its course until 2016 thus adding a further USD 110 million pro-rata contribution to its order book mentioned above. There is also reasonable likelihood that these rigs will have their contracts extended beyond 2016 given their operational efficiency and customized modifications to suit customer field requirements.

As a testament to its ability to deliver bottom line results, Mermaid has achieved year-on-year earnings growth and its highest recorded net profit of USD 45.3 million in 2014 which is triple that of the previous year 2013.

In this market condition, Mermaid retains low gearing and sufficient cash reserves thus allowing the ability to continue to remain agile and to be ready to take advantage of any opportunistic and organic growth that may present itself in the present time.

(as at 15 December 2014)

11 MANAGEMENT DISCUSSION & ANALYSIS

ANNUAL REPORT 2014

This discussion and analysis of Mermaid Maritime Public Company Limited (the “Company” or “Mermaid”) and its subsidiaries’ (collectively the “Group”) operating results is provided based upon consolidated financial statements, which have been tailored in accordance with the Thai Financial Reporting Standards (“TFRS”) and guidelines imposed by the Federation of Accounting Professions (“FAP”). To analyse the Group’s financial performance, a variety of financial and operational terms and concepts have been used including the following:

- *Calendar-vessel-days/Calendar-rig-days:* Calendar-vessel-days and Calendar-rig-days are defined as the total number of days during which the vessels and drilling rigs have been owned and operated by the Group.
- *Available days:* Available days are defined as the number of Calendar-vessel-days or Calendar-rig-days less the total number of days that the vessels and drilling rigs are off-hire due to scheduled repairs or repairs under guarantee, upgrades or special surveys, and the amount of time spent positioning the fleet. Available days match up to the number of days during which the fleet is capable of generating revenues.
- *Operating days:* Operating days are defined as the number of available days less the total number of days that the fleet is off-hire due to any reason, including unforeseen circumstances. Operating days match up to the number of days during which the fleet actually generates revenues.
- *Fleet utilisation:* Fleet utilisation is calculated by dividing the number of operating days by the number of available days. Fleet utilisation measures the efficiency in finding suitable employment for the vessels and drilling rigs and minimising the amount of days that they are off-hire for reasons other than scheduled repairs or repairs under guarantee, upgrades, special surveys, or positioning.
- *Dry-docking:* Each of the vessels and drilling rigs must be cyclically dry-docked for inspection, repairs and maintenance, and any modifications to fulfil industry certification or government requirements. Generally, the vessels and drilling rigs are dry-docked every five (5) years. A substantial portion of the dry-docking costs are capitalised and amortised on a straight-line basis from the completion of a dry-docking to the estimated completion of the next dry-docking. Dry-docking is considered a separate component of a vessel’s or drilling rig’s total investment costs that have a different pattern of economic benefits and are therefore depreciated separately. Costs associated with routine repairs and maintenance that do not enhance or extend a vessel’s or a drilling rig’s useful life are expensed during the quarter in which they are incurred.
- *Depreciation:* The reduction in value of the vessels and drilling rigs is computed on a component basis, whereby each major component of a vessel or drilling rig is depreciated over its useful life. As components have different useful lives, the total of these component depreciation expenses is noted in the Group’s financial statements.
- *Service and administrative expenses:* Service and administrative expenses include onshore fleet related expenses such as payroll, rent, legal and professional expenses, and other general expenses. The depreciation of building and office equipment is also viewed as part of the service and administrative expenses.
- *Exchange rate:* For 2014 financial numbers, the exchange rate of Baht 32.3733 to US Dollar 1.00 and Baht 32.2347 to US Dollar 1.00 were used to denominate value in Baht currency to US Dollar currency for the statement of financial position and statement of comprehensive income respectively.

In this section, unless otherwise specifically stated to the contrary, all references to years (i.e. 2012, 2013 and 2014) shall mean the financial years of the Group ending 30 September.

Subsea Engineering Services

The subsea engineering services group comprise Mermaid Subsea Services (Thailand) Ltd., formerly known as Mermaid Offshore Services Ltd., Seascope Surveys Pte. Ltd., PT Seascope Surveys Indonesia, Mermaid Subsea Services (International) Ltd., formerly known as Subtech Ltd., Mermaid Subsea Services LLC, formerly known as Subtech Qatar Diving and Marine Services LLC, and Subtech Saudi Arabia Ltd. (collectively "Subsea Group").

The following table provides a summary of the changes in Calendar-vessel-days by owned and chartered-in vessels for the Subsea Group.

Table 1: Calendar-Vessel-Days for Offshore Service Vessels

Unit: Days

Calendar-Vessel-Days	FY 2014		FY 2013	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	2,555	-11.87%	2,899	-0.99%
Chartered in Vessel	737	131.76%	318	48.60%
Total	3,292	2.33%	3,217	2.39%

Despite the decrease in calendar days of owned vessels by 344 days or 11.87% due to the disposal of M.V. "Mermaid Performer" at the end of September 2013, the overall calendar vessel days of Subsea Group reaped by 75 days. This was attributable to the fact that the Group chartered in more vessels during this financial period in which M.V. Resolution with 3 years contract (1 December 2013 – 30 November 2016) and Lewek Atria on a short-term hire (10 May 2014 – 31 August 2014) have been awarded to augment average size of the Subsea Group fleet to respond to the increase in market demand.

Table 2: Fleet Utilisation for Offshore Service Vessels

Unit: Days

Item	FY 2014		FY 2013	
	No. of Days	% Change	No. of Days	% Change
Calendar-Vessel-Days	3,292	2.33%	3,217	2.39%
Planned Off-Hire Days	114	-40.93%	193	-33.90%
Available Days	3,178	5.09%	3,024	6.11%
Operating Days	2,312	8.39%	2,133	9.09%
Fleet Utilisation	72.75%	3.15%	70.53%	2.82%

Service Revenues: Service revenues rose from US Dollars 246.0 million in 2013 to US Dollars 285.1 million in 2014 representing a 15.9% mark-up. The significant growth in fleet utilisation that went from 70.53% to 72.75% in 2014 resulted from excessive growth of subsea services, and additional diving contracts and IRM (Inspection, Repair, and Maintenance) contracts secured from Saudi Aramco project and other project in Middle East region.

Cost of Services: Recorded at US Dollars 232.9 million, cost of services, of which service expenses and depreciation mainly consist, increased by 19.7% in 2014, compared to US Dollars 194.5 million in 2013.

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Service Expenses: Service expenses increased by 21.7% from US Dollars 173.8 million or equivalent US Dollars 54,032 per Calendar-vessel-day in 2013 to US Dollars 211.5 or equivalent US Dollars 64,247 per Calendar-vessel-day in 2014 which primarily stemmed from the rise of service revenues.

Depreciation: Depreciation expenses also moved up from US Dollars 20.7 million in 2013 to US Dollars 21.4 million in 2014 representing a 3.3% increase.

Offshore Drilling Services

The following table provides a summary of the changes in Calendar-rig-days for our drilling rigs.

Table 3: Calendar-Rig-Days for Drilling Rigs

Unit: Days

Calendar-Rig-Days	FY 2014		FY 2013	
	No. of Days	% Change	No. of Days	% Change
Owned Rigs	730	0.00%	730	-0.27%
Chartered in Rigs	0	0.00%	0	0.00%
Total	730	0.00%	730	-0.27%

Table 4: Fleet Utilisation for Drilling Rigs

Unit: Days

Item	FY 2014		FY 2013	
	No. of Days	% Change	No. of Days	% Change
Calendar-Rig-Days	730	0.00%	730	-0.27%
Planned Off-Hire Days	0	-100.00%	151	0.00%
Available Days	730	20.68%	579	-20.90%
Unplanned Off-Hire Days	0	0.00%	0	0.00%
Operating Days	357	-16.59%	428	-9.49%
Fleet Utilisation	48.90%	-33.87%	73.94%	14.43%

Service Revenues: Drilling group reported service income in FY2014 of US Dollars 27.8 million, an increase of US Dollars 4.3 million, or 18.2%, compared to FY2013. This was because MTR-2's utilisation rate was 98.0% achieved generating revenues of US Dollars 27.8 million higher than its utilization rate in FY2013 of 43.0% even though MTR-1 was kept standby during the year.

Cost of Services: Cost of services consisting of service expenses and depreciation was down from US Dollars 24.4 million in 2013 to US Dollars 22.6 million in 2014 representing a 7.4% drop.

Service Expenses: US Dollars 15.5 million was reported as service expenses incurred in 2014 marking a 15.4% decrease compared to US Dollars 18.3 million in 2013. This was mainly due to revaluation of inventory which caused the reduction in cost of services in the amount of approximately US Dollars 1.0 million.

Depreciation: Full amortisation on Special Periodic Surveys ("SPS") of MTR-2 in 2014 had an important effect on the depreciation that increased by 16.4% from US Dollars 6.1 million in 2013 to US Dollars 7.1 million in 2014.

Other Operating Results

General and administrative expenses: Administrative expenses were reported at US Dollars 36.1 million, an increase of US Dollars 5.0 million, or 16.2% from 2013. This was primarily due to the start up cost and services extended to the Middle East region.

Finance costs: The costs of finance were recorded at US Dollars 3.9 million, a decrease of US Dollars 1.1 million, or 21.8% compared to FY2013 due to repayment of principle amount US Dollars 19.3 million during the year.

Interest income: Interest income significantly soared by 176.9% from US Dollars 0.2 million in 2013 to US Dollars 0.5 million in 2014. This was primarily attributable to the fact that the Group arranged for opening a fixed deposit account (6-month period) with financial institutions where an amount US Dollars 25 million have been transferred in since the beginning of the year.

Foreign Exchange Gains (Losses): The foreign exchange rates were reported in US Dollars 0.8 million gains compared to US Dollars 1.0 million gains in 2013.

Other Income: Other revenues slightly fell from US Dollars 0.6 million in 2013 to US Dollars 0.2 million in 2014.

Share of profits on investment in associated company: US Dollars 31.1 million was achieved as share of profits from investment in AOD from which AOD I, AOD II's full operations commenced in 2014 while AOD III was contracted from 10 October 2013.

Share of profits of investment in jointly-controlled entity: As a jointly-controlled entity was set up in 2013, the share of profits of investment in jointly-controlled entity was received in the amount of US Dollars 0.3 million to date.

Income taxes: Although the report on profit of US Dollars 29.9 million indicated an increase in the year 2014, income tax expenses incurred at the amount of US Dollars 5.2 million remained the same as the period of previous year due to majority of this increment was from share of profits from investment of the Group's associates. This is however subject to insignificant tax rate.

Based on the factors illustrated above, the Group achieved net operating gains of US Dollars 45.3 million in 2014, which was a significant improvement from net operating gains of US Dollars 15.4 million in 2013.

Liquidity and Capital Resources

The following table sets forth the Group's consolidated capitalisation for the two previous financial years.

Table 5: Total Capitalisation

Unit: US Dollars'000

Item	As at 30 September	
	2014	2013
Cash and cash equivalents	55,841	148,819
Debt		
Bank overdrafts	-	-
Short-term debt	-	-
Current portion, long-term debt (including finance leases)	10,916	19,254
Long-term debt (including finance leases)	106,524	117,439
Total Debt	117,440	136,693
Shareholders' Equity		
Ordinary shares, Baht 1 par value 1,413.08 million shares (2013: 1,354.44 million shares) issued and fully paid-up	47,314	45,429
Additional paid-in capital	422,513	411,613
Retained earnings	90,488	57,184
Others	1,511	2,561
Total Shareholders' Equity	561,826	516,787
Total Capitalisation	679,266	653,480
Total Debt to Total Capitalisation	0.17	0.21

As at 30 September 2014, the Group's total cash and cash equivalents equalled US Dollars 55.8 million, an increase of US Dollars 93.0 million from US Dollars 148.8 million as at 30 September 2013.

The Company had net cash from operating activities for FY2014 of US Dollars 28.9 million, compared to net cash from operating activities of US Dollars 25.0 million for FY2013. This shows a better performance in this quarter.

The Company had net cash used in investment activities of US Dollars 103.9 million, primarily spending on the purchase of two tender rigs and one diving support vessel and various equipment of US Dollars 77.4 million, payment of share subscription payable of US Dollars 1.2 million, net payment for purchases of intangible assets of US Dollars 0.3 million and cash transfer to short-term deposit at financial institution of US Dollars 25.0 million.

The Company had net cash used in financing activities of US Dollars 18.8 million, primarily for loan repayment of US Dollars 19.4 million and dividend payment during the period of US Dollars 12.2 million, offset against the issue of placement shares of US Dollars 12.8 million.

As of 30 September 2014, the Company had total debt including financial lease of US Dollars 117.4 million, comprising of US Dollars loans of 117.3 million and financial lease of 0.1 million. Compared to 30 September 2013, the Company had total debt including financial lease of US Dollars 136.7 million comprising of US Dollars loans of US Dollars 136.6 million and financial lease of US Dollars 0.1 million. Outstanding loans were obtained mainly for acquisitions of vessels, rigs, and equipment.

Capital Expenditures

The major capital expenditure in 2014 were met with operation requirements which comprised of mandatory dry-docking of vessels, new equipment purchases, and purchase of two tender rigs and one diving support vessel totalling of US Dollars 77.4 million.

Qualitative and Quantitative Market Risk

Foreign Currency Fluctuation Risk

The international offshore oil and gas industry utilises the US Dollars as its functional currency. Consequently, a substantial portion of the Group's revenues and operating expenses are recorded in US Dollars. The Group also incurs certain crew, vessel and rig operating expenses, dry-docking and overhead costs in foreign currencies.

Interest Rate Risk

The Group is subject to market risks associated with changes in US Dollars interest rates, because almost of the Group's loans are denominated in US Dollars and set against LIBOR, those interest incurred were paid under the existing credit facilities at a rate of LIBOR plus a certain margin. Except minor loans in Qatari Dollar, the interest paid at fixed rate.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Group's management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Risks relating to the Group's Businesses

Mermaid Maritime Public Company Limited ("the Company" or "Mermaid") is an offshore oil and gas contractor operating on an international scale. The risks listed below are generally applicable to offshore oil and gas contractors in circumstances similar to Mermaid, and therefore not exclusive to Mermaid. To the extent such risks are capable of being managed and/or mitigated, Mermaid has put in place business strategies and management processes to identify, manage and mitigate these risks.

The Group is largely dependent on the oil and gas industry, which is affected by fluctuating oil and gas prices

Mermaid and its subsidiaries (collectively the "Group") provides offshore services to the oil and gas industry, and its offshore business is affected by fluctuations in the global demand for assets and prices of oil and gas, in particular the level of activity in oil and gas exploration, development, and production in South East Asia and the Middle East, where the Group is active. 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 the services provided by the Group. Any prolonged period of low drilling and production activity could materially and adversely affect the Group's financial condition and results of operations.

Risk Management Response: The Group predominantly services the production side of offshore oil and gas activity in shallow water zones thus providing a platform of greater stability to oil and gas price fluctuations compared to exploration side activity and deepwater zones. The Group has also focused on longer-term contracts for its subsea and drilling services in order to secure greater assurance of revenue stream over time. The Group prudently manages its financial resources to ensure that it has sufficient working capital to continue ordinary course of business and remains nimble to finding niche opportunities with customers and in areas with more resilience to foreseeable adverse macro-economic factors, as appropriate.

Demand for the Group's services is subject to fluctuations and the results of its offshore services segment operations may be volatile

Demand for the services provided by the Group is subject to fluctuations, with periods of high demand, short supply, and high rates often followed by periods of low demand, excess supply, and reduced rates. The entry into the market of newly constructed, upgraded, or reactivated drilling rigs or subsea vessels will increase market supply and may inhibit the increase of rates or reduce them. Periods of low demand will intensify the competition in the industry and this often results in assets being idle for periods of time. The Group's assets may be idle, or the Group may have to enter into reduced day rate contracts in response to market conditions in the future. The Group's ability to renew these contracts, or obtain new contracts, and the terms of any such contracts will depend on market conditions at the time such contracts are being considered.

In addition, as most of the Group's subsea engineering services contracts are short-term in nature, changes in market conditions can quickly affect the Group's business. Further, as the business of the Group may be project-based, its cash flow may not always be predictable and may be uneven. As a result of fluctuation in demand for the Group's services, its results of operations may be volatile.

Risk Management Response: The Group's geographical diversification out of South East Asia to the South China Sea, the Middle East and the North Sea allows the Group to reduce exposure to seasonal fluctuations. The Group also maintains an excellent safety and performance track record which customers may value over competition that may have newer assets but without the comparable credentials. In the event that a vessel or rig is idle, there are systems in place to minimize costs until such time as they resume contract. Most of the Group's contracts are chargeable on a day-rate basis which provides greater assurance on regularity and certainty of payment.

The Group is subject to a number of operating risks

The Group is subject to various risks inherent in the oil and gas industry, such as fires, natural disasters, adverse weather conditions, 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 the Group's or its clients' assets and equipment, environmental pollution, personal injury litigation, political consequences, damage to the Group's reputation and third party claims. The Group has experienced accidents and other incidents involving its tender drilling rigs and subsea vessels and there can be no assurance that similar events will not occur in the future.

The Group is also subject to equipment failure risks, which may require long periods to repair and result in loss of revenue. The Group may be forced to cease part of its operations if any of its key assets break down until it can replace and/or repair such key assets. A major system failure could result in substantial loss of life and/or serious injury, damage to or loss of drilling rigs or subsea vessels and equipment and protracted legal disputes and damage to the Group's reputation. The Group is also subject to bad weather conditions, which may be hazardous to its tender drilling rigs or subsea vessels, equipment and personnel. In addition, such bad weather conditions may reduce its productivity. The contracts entered into by the Group also generally provide that the Group's clients can suspend or refuse services in the event their operations are affected by events of *force majeure* (as defined in the contracts).

Furthermore, the Group does not maintain business interruption insurance with respect to loss of profits, loss of hire, delays, consequential loss or loss of income resulting from a drilling rig or subsea vessel being removed from operation, however, the Group does have insurance cover in the case of claims against third parties. In addition, certain risks, such as those related to biochemical damage, are not insurable. As such, there can be no assurance that the Group will not suffer losses in excess of the insurance coverage or the losses and damages suffered by the Group shall be covered by insurance.

The occurrence of any of the events above could materially and adversely affect the Group's reputation, financial condition and results of operations. In addition, as there has been an increase in insurance claims made throughout the maritime industry, a general increase in insurance premiums could be imposed by insurers. The Group's inability to secure insurance on terms favourable to it, or at all could also materially and adversely affect its financial condition and results of operations.

Risk Management Response: The Group adopts mutual hold harmless provisions when contracting with customers in order to mitigate the effect of any liability to customers and/or third parties. Where liability for customer and/or third party property or personnel is undertaken, the Group takes initiatives to impose caps on liability. The Group also maintains insurance for hull and machinery, protection and indemnity, commercial general liability and workers compensation to adequate levels to reduce the financial impact of any adverse incidents. The Group's vessels, rigs and equipment complies with applicable international standards and the Group has regular maintenance and upgrade programs in order to ensure operating efficiency and safety of life at sea.

There are a limited number of potential clients in the niche markets in which the Group operates and the loss of a significant client could have a material impact on the Group's financial results

There are a limited number of potential clients, particularly for the drilling business, and a limited number of projects available in the niche markets in which the Group operates. In any given year, a small number of contracts and projects account for a significant portion of the revenue of the Group. Further, given that the Group currently has a total of two (2) tender rigs (one of which is operationally ready for offshore drilling and the other is operationally ready for work as an accommodation barge) the drilling services business can only have a maximum of two (2) clients at any point in time.

In the event any of the Group's major clients terminates its contracts or refuses to award new contracts to the Group and the Group is unable to secure new clients to replace these clients in a timely manner or at all, the financial condition and results of operations of the Group could be materially and adversely affected.

Risk Management Response: The Group is qualified to serve a large customer base and also operate in different geographical areas thus reducing the risk of reliance on a single customer. The Group has worked hard to earn a track record of successful projects and have developed systems in place to allow dedicated customer support to finding customized solutions and to allow for quick response to emergency call outs and variation orders at all times and in all situations. As a result, the Group continues to receive repeat business from its customers. The Group has also invested in Asia Offshore Drilling Limited ("AOD") which will alleviate reliance on the two tender rigs as the sole source of revenue for its drilling division.

If the Group fails to effectively manage its growth, its results of operations may be adversely affected

The Group may from time to time order new build drilling rigs and/or subsea vessels. There will be a time lag between the time the Group purchases a newbuild drilling rig or subsea vessel and the time such drilling rig or subsea vessel becomes operational. In that time, the conditions affecting the industry may change such that the Group may be unable to achieve its projected returns. If the Group fails to effectively manage its current and future acquisitions and newbuilds, its financial condition and results of operations could be materially and adversely affected.

The Group's expansion plans will require substantial management attention and significant company resources, both financial and human. The Group's growth has placed, and is expected to continue to place, significant demands on its personnel, management and other resources. If the Group does not continue or is unable to recruit or retain the necessary skilled personnel, improve the Group's operations and its financial, management and legal/compliance information systems to keep pace with the growth of the Group, the financial condition and results of operations of the Group could be materially and adversely affected.

Risk Management Response: The Group studies supply and demand trends and consults with its key customers prior to making acquisition decisions to reduce the risk of changes in the industry between the time of order and delivery. Furthermore, marketing initiatives generally start after the placement of such order and the Group will begin to find service contracts for the drilling rigs and subsea vessels prior to their delivery, to the extent permitted by market conditions. The Group offers a competitive compensation structure to attract and maintain selected talent to its rank and file. The Group's exemplary safety record and family approach to its work culture has contributed to making the Group a choice employer for many.

The industry in which the Group operates is highly competitive with intense price competition

The market segments and region in which the Group operates are highly competitive. Pricing is often the primary factor in determining which contractor is awarded a contract. Some of its competitors are larger than the Group, have more diverse fleets or fleets with generally higher specifications, have greater resources than the Group, and/or have greater brand recognition and greater geographical reach and/or lower capital costs than the Group. This allows them to withstand industry downturns better, compete on the basis of price, and relocate, build, and/or acquire additional assets, all of which may affect the Group's revenues and profitability.

If other competitors in the industry relocate or acquire drilling rigs or subsea vessels for operations in the region where the Group operates, levels of competition in such region may increase and the financial condition and results of operations of the Group could be materially and adversely affected.

Risk Management Response: The Group provides first-tier service at competitive prices and is a leading specialist provider in its core areas of expertise. It has the capability and resources to handle large and small projects as required, and to this end provides a 'one-stop-shop' service point convenient to customers. It also has the flexibility of a smaller company to allow for dedicated customer support to finding customized solutions and to provide quick response to emergency call outs and variation orders at all times and in all situations.

Increases in the costs of the Group could adversely impact the profitability of its long-term contracts

Contracts between the Group and its clients for the Group's drilling services are on a long-term fixed rate basis, while on the subsea engineering side for the Group only a portion are attributable with long durations, given the nature of subsea engineering work. Long-term fixed rate contracts limit the Group's ability to adjust rates in response to market conditions and any increase in its costs, such as salary costs and costs for spare parts and consumables, which are unpredictable and fluctuate based on events beyond its control. Any substantial increase in such costs could have a material adverse effect on the financial condition and results of operations of the Group.

Risk Management Response: When contracting for the longer term, the Group has a policy of reviewing cost escalation issues and has a tendering procedure that incorporates cost escalation into price quotations or insertion of cost escalation provisions into service contracts with customers. Where costs of certain services and/or materials are more prone to short term fluctuations, the Group may engage in cost plus margin arrangements instead of fixed cost arrangements.

Maintenance and repair for the drilling rigs and subsea vessels of the Group will require substantial expenditures

The operations of the Group's businesses rely on assets such as drilling rigs and subsea vessels. The Group is required to obtain and continually maintain as current its drilling rigs and subsea vessels to certain standards including, but not limited to those mandated by international classification societies. For example, its drilling rigs and subsea vessels are required to be dry-docked every five (5) years. Such dry-docking requires major capital expenditures and there can be no assurance that there will not be any cost overruns. The Group may have to repair or refurbish its drilling rigs or subsea vessels or incur substantial expenditures for the acquisition of additional spare parts and assets. Further, as most of the Group's owned tender drilling rigs and subsea vessels are not new, the cost of maintenance and repair may be higher than for newbuilds.

There can be no assurance that cash from operations or debt or equity financing on terms acceptable to the Group will be available or sufficient to meet these requirements. Any inability to access sufficient capital for its repair/maintenance of its fleet could have a material adverse effect on the financial condition and results of operations of the Group.

In the event that the Group fails to comply with these standards, it could lose the class certification for its drilling rigs and/or subsea vessels, which could have a material adverse effect on the financial condition and results of operations of the Group.

Risk Management Response: The Group sets a budget for scheduled maintenance and repair and is in the process of implementing a formal cost control and reporting framework to ensure efficiency in project supervision and cost management to reduce the risk of delays and cost-overruns in maintenance and repair. The Group also maintains hull and machinery insurance to mitigate adverse financial impact on repairs due to damage and had secured full reimbursement for claims from insurance underwriters for such repairs on two previous occasions.

The Group may be unable to maintain its health, safety and environmental standards

The operations of the Group are subject to laws and regulations that relate directly or indirectly to the drilling and subsea engineering services industries, including those relating to the discharge of oil or other contaminants into the environment and protection of the environment. The Group is required by its clients, governments and regulatory agencies to maintain health, safety and environmental standards in the course of providing its services. In the event of any change in these standards, the Group may have to incur additional expenses to comply with such changes. Any failure to maintain standards may result in the cancellation of its present contracts, difficulties in securing new contract awards or regulatory authorities imposing fines, penalties or sanctions on it or prohibiting it from continuing its operations, each of which could have an adverse effect on it. A failure to maintain health, safety and environmental standards could also result in injuries, death, damage to the environment, liability, or damage to the Group's reputation. The occurrence of any of the above could have a material adverse effect on the financial condition and results of operations of the Group.

Risk Management Response: Protection of health, safety and the environment remains at the core of the Group's business and culture. The Group implements a Zero Incident Program and other safety-related programs and conducts safety related training and audits on a regular basis. The Group's safety record exceeds industry standards and the Group has been the recipient of a number of safety awards for no loss time incidents. The Group has in place dedicated officers responsible for health, safety and the environment and also provides appropriate medical insurance cover for its personnel and sponsors medical examinations on an annual basis and also from time to time.

The Group is subject to extensive regulations and potentially substantial liability that could require significant expenditures and adversely affect the Group's financial condition and results of operations

The operations of the Group are subject to international laws, regulations and practices, as well as local laws of the countries in which the Group operates. Such laws and regulations include those relating to health, safety and environment standards and labour matters. Any failure to comply with such applicable laws, regulations and practices may result in, among others, interruption or delay to the Group's operations, cancellation of its present contracts, difficulties in securing new contract awards or regulatory authorities imposing fines, penalties or sanctions on the Group or prohibiting the Group from continuing its operations. The occurrence of any of the above could materially and adversely affect the Group's reputation and business, and in turn its financial condition and results of operations.

In addition, the Group is required to have certain permits and approvals to conduct its operations. In the future, the Group may be required to renew such permits and/or obtain new permits and approvals. There is no assurance that the Group will be able to renew or obtain such permits or approvals in the time frame anticipated by the Group or at all. Any failure to renew, maintain or obtain the required permits or approvals may result in the interruption or delay to the Group's operations and may have an adverse effect on the Group's business.

Under the Foreign Business Act B.E. 2542 (1999) of Thailand, a foreign entity is prohibited or restricted from engaging in certain businesses in Thailand, including the provision of the Group's services (the "Restricted Business") and a foreign entity engaging in Restricted Businesses without the requisite permission is subject to a fine of between Baht 100,000 and Baht 1 million. In addition, the Thai courts will order the cessation or dissolution of such businesses and the directors or representatives of such foreign entity will be subject to imprisonment not exceeding three (3) years, or a fine of between Baht 100,000 and Baht 1 million, or both. If, for any reason, the Company is considered to be a foreign entity due to the aggregate shareholding of the Thai shareholders being not more than 50.0% of the total issued share capital, and the Company and/or the Group are not able to secure the aforesaid requisite permits and approvals to continue to conduct its operations, this could lead to the cessation of the Group's businesses and could materially and adversely affect its financial condition and results of operations.

Risk Management Response: The Group regularly reviews applicable laws and regulations of its operating host country and has a Code of Conduct that mandates compliance. The Group is also not subject to the Foreign Business Act B.E. 2542 (1999) of Thailand as it has a majority Thai-ownership shareholding base.

The consolidated financial statements of the Group are prepared in accordance with Thai GAAP, which differs in certain respects from SFRS, IFRS and U.S. GAAP

The consolidated financial statements of the Group are prepared in accordance with the Thai Generally Accepted Accounting Principles ("Thai GAAP"), with the adoption of certain accounting policies based on the International Financial Reporting Standards ("IFRS"). The Singapore Exchange Securities Trading Ltd. ("SGX-ST") has granted a waiver in respect of Rule 220(1) of the Listing Manual that would otherwise have required the future periodic reports of the Group to be prepared in accordance with Singapore Financial Reporting Standards ("SFRS"), the IFRS or the United States Generally Accepted Accounting Principles ("U.S. GAAP"). As a result, the consolidated financial statements of the Group could be significantly different from that which would be prepared under SFRS, IFRS or U.S. GAAP.

The consolidated financial statements of the Group does not contain a reconciliation of the Group's consolidated financial statements to SFRS, IFRS or U.S. GAAP, nor does it include any information in relation to the differences between Thai GAAP and SFRS, IFRS or U.S. GAAP. Had the consolidated financial statements and other financial information been prepared in accordance with SFRS, IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. Because differences exist between Thai GAAP and SFRS, IFRS or U.S. GAAP, the financial information in respect of the Group contained in the consolidated financial statements of the Group may not be an effective means to compare the Group with other companies that prepare their financial information in accordance with SFRS, IFRS or U.S. GAAP.

In making an investment decision, investors must rely upon their own examination of the Group and the financial information relating to the Group. Potential investors should consult their own professional advisers for an understanding of these differences between Thai GAAP and SFRS, IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Risk Management Response: The Group discloses a reconciliation of material differences between Thai GAAP and IFRS each year in the Annual Report under General Disclosures to allow interpretation of its financial statements against IFRS.

The Group's failure to attract and retain skilled personnel for its businesses could materially and adversely affect its financial condition and results of operations

An important factor to the success of the Group's business is its ability to recruit, train, and retain qualified and experienced officers to crew its drilling rigs and subsea vessels as well as shore-based staff. The Group's offshore services business also requires highly skilled personnel to operate its drilling rigs and subsea vessels. The competition for the employment of qualified and experienced officers is intense and may, as a result of other employment opportunities and rising salaries, become increasingly so. There can be no assurance that the Group will be successful in its efforts to recruit and retain properly skilled personnel at reasonable costs. Any failure to do so could adversely affect its reputation and ability to operate safely and cost-effectively, and in turn its financial condition and results of operations.

Risk Management Response: The Group has been able to retain its key operations management teams notwithstanding previous changes in top management and the Board, which has now stabilized. Furthermore, the Group offers a competitive compensation structure to attract and maintain selected talent to its rank and file. The Group's exemplary safety record and family approach to its work culture has contributed to making the Group a choice employer for many.

The Group's performance is dependent on the creditworthiness of its clients

The Group is subject to risks of loss resulting from non-payment or non-performance by its clients. Any material non-payment or non-performance by any of the Group's key clients, especially during periods of downturn, could materially and adversely affect the Group's financial condition or results of operations. The potential impact of any client defaults would be greater in the Group's offshore drilling business where the contracts are of a longer duration and greater value.

Risk Management Response: Most of the Group's customers are blue chip international and national oil and gas companies and also top-tier contractors. Many of these are repeat customers who already have a track record of settlement of payment. Furthermore, outstanding payments due to the Company do not normally comprise a material part of their expenditure. The Group also reviews the credit-worthiness of its customers from time to time to determine if customers can continue to satisfy credit terms. Due to regular invoicing, the Group is able to monitor accounts receivables and initiate steps to follow through on payment. Where appropriate, new customers may be required to submit a payment guarantee or render payment in advance.

The Group's performance as well as its ability to grow its business through further asset acquisitions could be affected by the global credit and economic crisis

Past expansion activities of the Group have been driven by ready access to, among others, loan facilities and credit lines. The Group's existing operations as well as future asset expansion plans may be subject to the systemic risks arising from the global credit and economic crisis, which could result in reduced financing availability generally across all sectors, including those associated with funding capital expenditure in drilling rigs and subsea vessels and other related acquisitions. As such, it may become more difficult for the Group to secure debt financing on reasonable terms or at all for its operations and expansion activities and this could affect the performance of the Group and the success of the Group's expansion plans, which could materially and adversely affect the Group's business, financial condition and results of operations.

In addition, the Group has secured bank financing for its committed acquisitions and the ability of the Group to continue to finance such committed acquisitions, and such committed acquisitions of the Group could be materially and adversely affected if withdrawn or the costs increase for such financing.

Risk Management Response: The Group regularly reviews its financing commitments from time to time to consider if refinancing opportunities exist to secure more competitive financing terms. The Group's payment track record on loan commitments has also contributed to it being a preferred customer to financial institutions thus allowing the Group to secure favourable interest rates and other terms and conditions. The Group is also able to leverage on relationships with local and regional financial institutions that can provide competitive credit vis-a-vis the international credit market.

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

The Group may from time to time undertake to increase its fleet capacity through conversions or upgrades of its drilling rigs and subsea vessels or through the acquisition of newbuilds. Such projects are subject to risks of delay or cost overruns resulting from numerous factors including shortages of equipment, materials or skilled labour, 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 and shipyard failures.

In the event of significant cost overruns or delays, the Group's business, financial condition and results of operations could be materially and adversely affected. Furthermore, drilling rigs and subsea vessels undergoing conversion, upgrade and repair do not generate revenue during such periods and any delay would increase the number of days during which revenue will not be generated by such drilling rigs and subsea vessels. Also, if the Group is unable to repair and maintain its drilling rigs and subsea vessels to required standards, the Group may be unable to carry out its operations or be prevented from carrying out work for its clients, which could materially and adversely affect the Group's results of operations and its relationships with its clients and could subject the Group to certain penalty payments to its clients under certain of its contracts.

Risk Management Response: The Group has a system of conducting due diligence on selected shipyards that will undertake such conversions or upgrades, or new builds and repairs in order to review technical capability and ability and resources to complete projects on time and on budget. The Group is also in the process of implementing a formal cost control and reporting framework to ensure efficiency in project supervision and cost management in order to reduce the risk of delays and cost-overruns.

The Group may suffer losses as a result of foreign currency fluctuations

Substantially all of the Group's revenues are paid in US Dollars. However, some of the Group's operating expenses including capital expenditure for assets are in other currencies such as Euro Dollars, Norwegian Kroners, Thai Baht, Malaysian Ringgit and Indonesian Rupiah. As a result, the Group is exposed to currency fluctuations and exchange rate risks.

Risk Management Response: Most of the Group's expenditures are also in US Dollars thereby providing a natural currency hedge. As a result, the exposure to currency fluctuations and exchange rate risks arising from commitments in non-US Dollar currencies is generally not material. In the event that there are any material transactions in non-US Dollar currency from time to time, the Group considers exchange rate movements and may initiate forward contracts to mitigate against such exchange rate risks, as appropriate.

The Group's rigs and vessels are exposed to the risk of attacks by pirates

The Group's drilling rigs and subsea vessels are exposed to the risk of attacks by pirates. In the event that such attacks occur and the Group's drilling rigs and/or subsea vessels are, *inter alia*, captured, destroyed or damaged in excess of the insurance coverage, or lead to injuries or loss of personnel, the Group's financial condition and results of operations could be materially and adversely affected.

Risk Management Response: The Group generally does not operate in pirate-infested waters. The Group also maintains insurance cover for hull and machinery, protection and indemnity and commercial general liability and workers' compensation to adequate sums with reputable insurance underwriters for loss or damage to property or injury or loss of life of personnel, should they occur.

The Group has a holding company structure

Most of the Company's assets are its shareholding interests in its subsidiaries and associated companies. The ability of the Company to, *inter alia*, pay dividends and meet its obligations such as the payment of principal and interest on its debt financing is therefore subject to the up-streaming of dividends from its subsidiaries and associated companies.

Both the timing and ability of the Company's subsidiaries and associated companies to pay dividends are limited by applicable laws, the terms of each subsidiary's or associated company's indebtedness, financial condition, results of operations, and future business prospects. Furthermore, payment of dividends may be subject to withholding taxes that will reduce the net amount of dividends received from its subsidiaries and associated companies.

In the event that any of the Company's subsidiaries or associated companies do not pay dividends or do so irregularly, or if such dividend payments are subject to materially high withholding taxes, the Group's financial condition and results of operations could be materially and adversely affected. Furthermore, the Group's shareholding interests in these companies may be diluted due to potential capital calls if the Group elects not to participate in capital raising activities. The Company's subsidiaries or associated companies, moreover, may have other shareholders whose business interests and activities may be in direct or indirect competition with the Group's businesses. As a result, the Group may be exposed to conflicts of interest with the other shareholders in these companies.

Risk Management Response: The Group's cash management practices ensure that funds are deployed to areas where they are required. Revenue centres are also matched with cost centres to facilitate settlement. The Group regularly reviews its corporate structures from a tax perspective and engages in corporate restructuring from time to time to ensure legitimate tax benefits are secured. The Group is presently not exposed to any capital calls in its subsidiaries and has the right to veto against any capital calls in its associated companies. The Group generally does not have shareholders in its businesses who may have competing interests, and in the case where there may exist any competing interests, adequate agreements have been introduced to address them accordingly.

The Group may be exposed to risks relating to debt financing

The Group may from time to time mortgage its drilling rigs and subsea vessels or pledge the shares of the Company's subsidiaries and associated companies as security for debt financing. In the event that there is a default in repayment of any loan instalments, the drilling rigs, subsea vessels and/or shares mortgaged and/or pledged may be liable to forfeiture, and the Group's financial condition and results of operations could be materially and adversely affected.

In addition, the Group may be subject to certain covenants in connection with any future debt financing that may, *inter alia*, limit or otherwise adversely affect its operations and its ability to pay dividends to the Shareholders.

Risk Management Response: The Group regularly reviews its loan covenants before entering into loan commitments to ensure financial flexibility is maintained. The Group's low debt to equity ratio is low thus reflecting lower debt exposure. At present, there are no Debt/EBITDA covenants or restrictions imposed on dividend payments to Shareholders.

The Group may be exposed to risks as a minority shareholder

The Company's position as a non-controlling shareholder in its associated companies may be subject to dominance of its controlling shareholders who may be in a position to exercise significant influence on the financial performance, operations and governance over such associated companies. Such controlling shareholders may, *inter alia*, by exercising its voting powers in shareholder meetings of such associated companies, be able to resolve matter that may be made by a vote of a simple majority of votes cast. Consequently, they may be in the position to appoint all members of the associated company's board. Such concentration of ownership in these associated companies may not be in the best interest of other shareholders including Mermaid. In addition, the interests of the controlling shareholders may not always coincide with the interests of other shareholders including Mermaid, and Mermaid may not agree with the manner in which the controlling shareholder may act. Mermaid's investment in such associated companies may also, pursuant to applicable laws and regulations, be subject to compulsory acquisition by controlling shareholders should their shareholdings reach certain thresholds. For those associated companies that are listed on relevant stock exchanges, actions by controlling shareholders may affect liquidity of its shares and/or cause the de-listing of such associated companies from its relevant stock exchanges. In the event that the Company has a requirement for liquidity, the public market for minority shares may also generally be minimal and which may also affect market value pricing.

Risk Management Response: The Group's business model is to be the majority owner and operator of all of its businesses. To the extent where local partnerships are required, the Group has negotiated legally permissible agreements to protect the Group's assets and economic interests. For the case of the Group's minority investment in AOD, there is a shareholders agreement in place which assures the Group of continued boardroom representation, anti-dilution, reporting of information and participatory rights to future capital increases.

Risks relating to Thailand

Economic, political, legal and regulatory conditions in Thailand may materially and adversely affect the Group's business, financial condition and results of operations

The Group is subject to economic, political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed economies. The Group's business and operations are subject to the changing economic and political conditions prevailing from time to time in Thailand such as the protests and military crackdown in mid-2010 and the political unrest in late-2013. There is no assurance that the Thai government will not impose policy changes in the future or that any future political instability in Thailand or any changes in the Thai government's policies or in Thailand's political environment will not materially and adversely affect the Group's business, financial condition and results of operations.

Risk Management Response: Most of the Group's business is conducted in various countries outside Thailand and its key assets are all located offshore and can be mobilized from one location to another, as appropriate. The Group's operations base in Thailand is located outside Bangkok and therefore does not come within proximity of the location of potential protests which are mostly concentrated in certain parts of Bangkok. The Bangkok office, although near certain areas of potential protests from time to time, has itself not been subject to any physical incidents in the past.

Non-enforceability of non-Thai judgments may limit the ability of investors to recover damages from the Company

The Company is a public company with limited liability incorporated under the laws of Thailand. A substantial number of the Directors and members of senior management are citizens or residents of Thailand.

Also, the assets of the Directors and members of senior management are located throughout the world including Thailand. As a result, save where a proceeding is commenced in Thailand and service is effected through diplomatic channels, it may not be possible for investors to effect service of process outside of Thailand, including within the United States, upon such persons or upon the Company, or to enforce judgments obtained in courts outside of Thailand, including in U.S. courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within 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, at 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.

Thus, to the extent investors succeed in bringing legal actions against the Company, their available remedies and any recovery in any Thai proceeding may be burdensome or prolonged.

Risk Management Response: The Company is listed on the main board of the SGX-ST and complies with the Singapore's Code of Corporate Governance 2012 ("Code") to the extent legally permissible. Both the Listing Rules of the SGX-ST and the Code imposes compliance and reporting requirements on the Company and its substantial shareholders, Directors and officers thus keeping shareholders and the general public abreast of the Group's best practice standards in transparency and accountability in the conduct of its business.

(as at 15 December 2014)

1. Mermaid Shares held by Directors

As at 30 September 2014, Mermaid Maritime Public Company Limited (the “Company” or “Mermaid”) had a total of 1,413,081,038 ordinary shares issued and fully paid. Mermaid has no convertible securities. The direct and deemed interests of each Director of Mermaid in Mermaid’s ordinary shares were as follows:

Name	Direct	% of Issued Share Capital	Deemed	% of Issued Share Capital
Mr. Prasert Bunsumpun	None	n/a	None	n/a
Mr. Chalermchai Mahagitsiri	150,461,660	10.65	811,332,813	57.42
Mr. Ng Cher Yan	None	n/a	None	n/a
Mr. Toh Wen Keong Joachim	None	n/a	None	n/a
Mr. Chia Wan Huat Joseph	40,000	0.0028	None	n/a
Dr. Jean Paul Thevenin	None	n/a	None	n/a
Dr. Jan Jozef Skorupa	80,000	0.0057	None	n/a

2. Material Contracts Involving Interested Persons

There were no material contracts of Mermaid or its subsidiaries involving the interests of the Mermaid’s Chief Executive Officer, each Director of Mermaid, or any of the controlling shareholders of Mermaid, entered into during the financial year ended 30 September 2014 or still subsisting as at 30 September 2014.

3. Shareholder Base and Voting Rights

The only class of equity securities in Mermaid are ordinary shares. As at 30 September 2014, there were 4,694 shareholders holding a total of 1,413,081,038 ordinary shares in Mermaid.

Each ordinary share is entitled to one (1) vote per one (1) share. In a shareholders’ meeting, voting must be by a show of hands, unless at least five (5) shareholders request for a secret vote. Under the Thai Public Companies Act B.E. 2535 (1992), 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 Mermaid’s business to any other person or the purchase by Mermaid or acceptance of transfer of the businesses of other companies to Mermaid;
- the making, amendment or termination of contracts relating to the leasing out of all or a substantial part of Mermaid’s business, the assignment to any other person to manage Mermaid’s business or the consolidation of Mermaid 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, dissolution or the amendment to the Memorandum of Association and Articles of Association of Mermaid.

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.

4. Shareholder Spread

As at 30 September 2014, the distribution of ordinary shares amongst all shareholders was as follows:

No. of Shares	No. of Shareholders	%	Number of Shares	%
1 – 99	253	5.39	3,749	0.00
100 – 1,000	199	4.24	177,821	0.01
1,001 – 10,000	1,899	40.46	12,450,882	0.88
10,001 – 1,000,000	2,314	49.30	121,737,735	8.62
1,000,001 and above	29	0.62	1,278,710,851	90.49
	4,694	100.00	1,413,081,038	100.00

5. Details of Substantial Shareholders

As at 30 September 2014, the names of substantial shareholders and a breakdown of their direct and deemed interests as recorded in Mermaid's register of substantial shareholders were as follows:

Name	Direct	Deemed	Total
Thoresen Thai Agencies Public Company Limited ("TTA") (see Note 1)	700,000,000 (49.54%)	111,332,813 (7.88%)	811,332,813 (57.42%)
Soleado Holdings Pte. Ltd. ("Soleado") (see Note 1)	90,934,393 (6.44%)	-	90,934,393 (6.44%)
Mr. Chalermchai Mahagitsiri (see Note 2)	150,461,660 (10.65%)	811,332,813 (57.42%)	961,794,473 (68.06%)
Mr. Prayudh Mahagitsiri (see Note 3)	55,081,582 (3.90%)	63,588,647 (4.5%)	118,670,229 (8.39%)
Ms. Ausana Mahagitsiri (see Note 3)	63,588,647 (4.5%)	-	63,588,647 (4.5%)

Note 1: During the financial year 2014, TTA acquired 110,000,000 ordinary shares (7.78%) via off-market transaction on 12 February 2014. Soleado disposed 130,398,420 ordinary shares (9.23%) via off-market transaction and acquired 4,187,000 ordinary shares (0.3%) via market transaction.

Note 2: As at 30 September 2014, Mr. Chalermchai Mahagitsiri was the registered holder of 213,428,893 ordinary shares (16.50%) in TTA, Mermaid's substantial shareholder. His associates are Ms. Ausana Mahagitsiri who is a registered holder of 50,568,384 ordinary shares (3.91%) in TTA, Ms. Suvimol Mahagitsiri who is the registered holder of 19,889,445 ordinary shares (1.54%) in TTA and Mr. Prayudh Mahagitsiri who is the registered holder of 3,622,042 ordinary shares (0.28%) in TTA. The combined interest of Mr. Chalermchai Mahagitsiri and his three above mentioned associates in TTA is therefore 287,508,764 ordinary shares (22.23%).

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In addition, Mr. Chalermchai Mahagitsiri acquired ownership and control of Raffles Resources 1 Limited, a company that is the registered holder of 69,802,309 ordinary shares (5.40%) in TTA. This resulted in an increase in the collective interest of Mr. Chalermchai Mahagitsiri and his associates in TTA to 357,311,073 ordinary shares (27.63%).

Accordingly, Mr. Chalermchai Mahagitsiri has a deemed interest in the 700,000,000 shares and 111,332,813 shares held in aggregate by TTA, Soleado Holdings Pte. Ltd. ("Soleado") and Athene Holdings Ltd. ("Athene") in the Company. Soleado and Athene is a wholly-owned subsidiary of TTA. Athene is the registered holder of 20,398,420 ordinary shares (1.44%) in Mermaid.

Note 3: Mr. Prayudh Mahagitsiri has a deemed interest in the 63,588,647 shares held by Ms. Ausana Mahagitsiri by virtue of Section 4 of the Securities and Futures Act.

6. Top 20 Largest Shareholders

As at 30 September 2014, the twenty (20) largest holders of ordinary shares in Mermaid on record and the number of shares held by such shareholders were as follows:

No.	Name	Shares	%	Culm. %
1	THORESEN THAI AGENCIES PLC	700,000,000	49.54	49.54
2	HL BANK NOMINEES (S) PTE LTD	242,562,279	17.17	66.70
3	SOLEADO HOLDINGS PTE LTD	90,934,393	6.44	73.14
4	BNP PARIBAS SECURITIES SVCS	42,443,750	3.00	76.14
5	HSBC (SINGAPORE) NOMS PTE LTD	37,288,500	2.64	78.78
6	CITIBANK NOMS S'PORE PTE LTD	23,017,570	1.63	80.14
7	ATHENE HOLDINGS PTE LTD	20,398,420	1.44	81.85
8	RAFFLES NOMINEES (PTE) LTD	18,789,929	1.33	83.18
9	DBS NOMINEES PTE LTD	18,005,461	1.27	84.45
10	DBS VICKERS SECS (S) PTE LTD	17,465,446	1.24	85.69
11	UOB KAY HIAN PTE LTD	12,032,350	0.85	86.54
12	MAYBANK KIM ENG SECS PTE LTD	8,719,833	0.62	87.16
13	BNP PARIBAS NOMS S'PORE PL	8,666,200	0.61	87.77
14	OCBC SECURITIES PRIVATE LTD	7,551,358	0.53	88.30
15	PHILLIP SECURITIES PTE LTD	5,150,202	0.36	88.66
16	ABN AMRO NOMS S'PORE PTE LTD	5,100,000	0.36	89.02
17	CIMB SEC (S'PORE) PTE LTD	3,734,250	0.26	89.28
18	CHUNG TEIK KEONG	3,240,000	0.23	89.51
19	LEE GEOK HWA	3,065,400	0.22	89.73
20	LIM & TAN SECURITIES PTE LTD	2,990,000	0.21	89.94

7. Shareholding Held by Public

As at 30 September 2014, the percentage of ordinary shares held in the hand of the public was 23.49%. This is in compliance with Rule 723 of the SGX-ST Listing Manual which requires that at least 10.00% of ordinary shares in Mermaid to be at all times held by the public.

8. Treasury Shares

Mermaid has no treasury shares.

9. Dealings in Securities

Based on best practice recommendations in Rule 1207(19) of the SGX-ST Listing Manual, Mermaid introduced a Code of Business Conduct that, among other things, prohibits its officers from using or sharing non-public information for trading purposes in the securities of Mermaid, or for any non-business purpose. Such prohibition should also have the effect of deterring such persons from trading in Mermaid's securities on short-term considerations.

Mermaid also introduced a specific Share Dealing and Inside Information Protection Policy which addresses dealings in securities in greater detail. The said policy sets out a prohibition on dealing in Company shares on short term considerations, prohibition on dealing in Company shares prior to release of financial results, prohibition on dealing in Company shares when in possession of inside information, prohibition on giving advice in respect of dealing in Company shares using inside information and general obligations to observe confidentiality.

Before announcement of financial results, Mermaid has also a system of sending prior notification to all its Directors and those other officers of Mermaid who have access to price-sensitive financial information reminding them not to deal in securities of Mermaid during each period commencing two (2) weeks before the announcement of Mermaid's financial statements for each of the first three quarters of the financial year, and one (1) month before announcement of Mermaid's full financial year statements, ending on the date of announcement of the relevant results.

10. Audit and Non-Audit Fees

Audit fee paid to KPMG group during the financial year that ended on 30 September 2014 amounted to US Dollars 188,700 (One hundred and eighty eight thousand seven hundred United States Dollars).

Non-audit fee paid to KPMG group during the financial year that ended on 30 September 2014 amounted to US Dollars 86,912 (Eighty six thousand nine hundred and twelve United States Dollars). This was for work related to agreed-upon procedures in relation to Thailand Board of Investment ("BOI") related certification and corporate income tax filing. The Audit Committee had reviewed these transactions and was of the opinion that these transactions did not affect the independence of KPMG Phoomchai Audit Ltd. conducting the audit of the Company and its relevant subsidiaries, did not affect the independence of their audit signatory's review and certification of the Company's financial statements and the Company and its subsidiaries' consolidated financial statements for the year ended 30 September 2014.

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	Group	
	2014	2013
	USD	USD
Audit fees :		
- Auditors of the Company	188,700	176,726
- Other auditors	22,734	15,000
Non-audit fees :		
- Auditors of the Company	86,912	58,050
- Other auditors	13,171	12,500
Total audit and non-audit fees	311,517	262,276

11. Appointment of Auditor

KPMG Phoomchai Audit Ltd. was reappointed by a resolution of the Company's shareholders on 28 January 2014 to audit the Company's financial statements and the Company and its subsidiaries' consolidated financial statements for the year that ended on 30 September 2014.

The following names are audit partners whom were appointed to engage in audit of the consolidated and Company financial statements for the year that ended on 30 September 2014.

- | | |
|-----------------------------------|----------------------|
| 1. Ms. Siripen Sukcharoenyingyong | CPA License No. 3636 |
| 2. Mr. Charoen Phosamritlert | CPA License No. 4068 |
| 3. Mr. Veerachai Ratanajaratkul | CPA License No. 4323 |
| 4. Ms. Pornthip Rimdusit | CPA License No. 5565 |

Mr. Charoen Phosamritlert was the audit partner in charge of auditing and expressed his opinion on the consolidated and Company financial statements for the year that ended on 30 September 2014. This is the second year that he audited and expressed his opinion on the consolidated and Company financial statements.

KPMG group was appointed to audit all of the Company's significant subsidiaries for the year ended 30 September 2014. There was a significant associated company, Asia Offshore Drilling Limited, for the year ended 30 September 2014. PricewaterhouseCoopers LLP was appointed to engage in audit of the non-statutory financial statements for the year ended 30 September 2014 of this significant associated company.

For the purposes of the preceding paragraph, an entity is significant if its net tangible assets represent 20% or more of the Company's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the Company's consolidated pre-tax profits.

In appointing the auditing firms for the Company, subsidiaries and significant associated company, we have complied with Rules 712 and Rule 715 or 716 of the SGX-ST Listing Manual.

12. Interested Person Transactions

Mermaid has no interested person transactions for the year that ended on 30 September 2014 pursuant to Rule 907 of the SGX-ST Listing Manual.

13. Land, Buildings and Key Movable Assets

As at 30 September 2014, land and buildings owned by Mermaid and held for investment purposes were as follows:

No.	Description	Location	Calendar Year	Million USD		Ownership
			Purchase Year	Cost	Net Book Value	
1.	Land	Pinthong Industrial Estate, Chonburi, Thailand	2003	0.59	0.59	Freehold
2.	Land	Laem Chabang, Chonburi, Thailand	2001	0.25	0.25	Freehold
3.	Buildings	Built on land at no. (1) above	2005	4.51	1.98	On freehold land

The land and buildings at (1) and (3) were used as offices and the land at (2) remained vacant land.

As at 30 September 2014, Mermaid's key movable assets were seven vessels and two tender rigs owned by its subsidiaries as follows:

No.	Subsidiary Name	Name of Vessels/Rigs	Calendar Year		Million USD	
			Build Year	Purchase Year	Cost	Net Book Value
1.	Mermaid Subsea Services (Thailand) Ltd.*	Mermaid Commander	1987	2005	42.05	9.99
2.	Mermaid Subsea Services (Thailand) Ltd.*	Mermaid Challenger	2008	2008	19.90	14.36
3.	Mermaid Subsea Services (Thailand) Ltd.*	Mermaid Sapphire	2009	2009	32.24	26.35
4.	Mermaid Subsea Services (Thailand) Ltd.*	Mermaid Siam	2002	2010	33.35	24.16
5.	Mermaid Subsea Services (Thailand) Ltd.*	Mermaid Endurer	2010	2010	98.11	81.25
6.	PT Seascope Surveys Indonesia	Barakuda	1982	2010	1.81	1.01
7.	Mermaid Subsea Services (Thailand) Ltd.*	Mermaid Asiana	2010	2010	83.93	74.57
8.	MTR-1 (Singapore) Pte. Ltd.	MTR-1	1978	2005	25.98	8.13
9.	MTR-2 Ltd.	MTR-2	1981	2005	68.98	35.99

* Mermaid Subsea Services (Thailand) Ltd., formerly known as Mermaid Offshore Services Ltd.

14. Use of Rights Issue and Private Placement Proceeds

In September 2013, Mermaid's total proceeds received from the Rights Issue of its shares was USD 126.37 million after deduction of issuing costs.

In October 2013, Mermaid's total proceeds received from the Private Placement of its shares was USD 12.78 million after deduction of issuing costs.

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The total actual accumulative uses of Rights Issue and Private Placement proceeds as at 30 September 2014 was USD 100.78 million, or 72.43% of the Rights Issue and Private Placement proceeds and is summarised as follows:-

No.	Description	USD (Million)
1.	The repayment of short-term loans which was taken up for the subscription of additional shares in Asia Offshore Drilling Ltd.	35.00
2.	The deposit payment of the purchase of two tender rigs and one dive support vessel	65.78
	Total	100.78
	Balance of Net Proceeds	38.37

The use of proceeds is in accordance with the Company's intended use as stated in the Circular.

15. Difference in Registered Capital and Issued and Paid-Up Capital

As at 30 September 2014, the registered capital of Mermaid was Baht 1,416,700,697. This is represented by 1,416,700,697 ordinary shares with a par value of Baht 1 each. The issued and paid-up capital was Baht 1,413,081,038 represented by 1,413,081,038 ordinary shares with a par value of Baht 1 each.

The difference between registered capital and issued and paid-up capital is therefore Baht 3,619,659 ordinary shares represented by 3,619,659 ordinary shares with a par value of Baht 1 each. These registered but unissued ordinary shares were reserved for the allocation and exercise of share options under the Company's Employee Share Option Plan ("ESOPs"). As at 30 September 2014, only 1,500,998 of these registered but unissued ordinary shares remain reserved under the ESOPs. The balance of 2,118,661 registered but unissued ordinary shares cannot be applied for any other purpose and will therefore remain unallocated.

16. Retirement Schedule of Directors

The table below sets out the retirement dates of the Directors, pursuant to the Articles of Association of the Company.

No.	Name of Directors	Date of First Appointment	Date of Last Re-appointment	Date of Retirement
1	Mr. Prasert Bunsumpun	19 June 2012	28 January 2013	AGM 2015
2	Mr. Chalermchai Mahagitsiri	19 June 2012	28 January 2013	AGM 2015
3	Mr. Ng Cher Yan	19 June 2012	28 January 2014	AGM 2015 (2)**
4	Mr. Toh Wen Keong Joachim	26 June 2012	28 January 2014	AGM 2016
5	Mr. Chia Wan Huat Joseph	26 June 2012	26 June 2012	AGM 2015
6	Dr. Jean Paul Thevenin	28 January 2013	28 January 2013	AGM 2015 (2)**
7	Dr. Jan Jozef Skorupa	21 October 2013	28 January 2014	AGM 2015 (2)**

* Replacement Directors assume the commencement dates of the Directors they replaced.

** Due to the change of financial year end from 30 September to 31 December of each year, therefore an annual general meeting of shareholders to be held in January and April 2015 for financial year ended 30 September 2014 and 31 December 2014 respectively.

17. Details of Employee Share Option Plan

Mermaid's first employee share option plan ("ESOP") was approved by Mermaid's shareholders on 11 July 2007 ("ESOP 2008"). Mermaid's second employee share option plan was approved by Mermaid's shareholders on 29 January 2009 ("ESOP 2009"). Mermaid's third employee share option plan was approved by Mermaid's shareholders on 28 January 2010 ("ESOP 2010"). Mermaid's fourth employee share option plan was approved by the Mermaid's shareholders on 25 January 2011 ("ESOP 2011"). The following is a summary of the principal rules of the ESOPs.

(a) Objectives of ESOPs

Mermaid recognises that the contributions and continued dedication of its executives and employees are significant to its future growth and development. The ESOPs were offered by Mermaid to advance the best interests of the Group by providing employees of the Group (including Executive Directors) with additional incentives through the grant of options ("Options") based on the performance of the Group.

The objectives of ESOP 2008, ESOP 2009, ESOP 2010 and ESOP 2011 are as follows: (a) to retain key personnel whose contributions are essential to the long-term growth and profitability of the Group; and (b) to align the interests of participants with the interests of the shareholders. To emphasize these objectives, Mermaid had extended the range of participants in ESOP 2010 and ESOP 2011 to include non-executive Directors of the Group.

The ESOPs are share incentive plans the implementation of which enabled Mermaid to recognise the contributions made by the participants by introducing a variable component into their remuneration package in the form of Options. The ESOPs also provided an opportunity for each participant to participate in the equity of Mermaid and will provide a further incentive for the participants to strive for greater long-term growth and profitability for the Group. Mermaid believes the ESOPs help to attract, motivate and retain key executives and reward them for achievement of pre-determined targets which create and enhance economic value for the shareholders.

(b) Summary of ESOPs

A summary of the rules of each of the ESOPs is set out below. Full details of ESOP 2008 were disclosed to shareholders in Appendix-C of Mermaid's Initial Public Offering ("IPO") prospectus dated 9 October 2007 and a summary of the principle terms of ESOP 2009, ESOP 2010 and ESOP 2011 were circulated to the shareholders on 9 January 2009, 6 January 2010 and 3 January 2011 respectively with full details available to shareholders upon request.

Plan administration: All ESOPs are administered by the Remuneration Committee ("Committee"), which have powers to determine, among others, the persons to be granted Options, number of Options to be granted, recommendations for modifications to ESOPs and calculation of the exercise price of the Options.

Option Participants: Employees of the Group (including Executive Directors) were eligible to participate in ESOP 2008 and ESOP 2009, at the absolute discretion of the Remuneration Committee. The non-Executive Directors of the Group, and persons who are controlling shareholders and their associates, were not eligible to participate in ESOP 2008 and ESOP 2009. In ESOP 2010 and ESOP 2011, non-Executive Directors of the Group were included as eligible participants.

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Size of ESOPs: The aggregate number of new shares that were available to be granted under ESOP 2008 was limited to 3,832,053 shares or 1.0% of the then issued share capital of Mermaid. The aggregate number of new shares that were available to be granted under ESOP 2009 was limited to 3,000,000 shares or 0.55% of the then issued share capital of Mermaid. The aggregate number of new shares that were available to be granted under ESOP 2010 was limited to 4,000,000 shares or 0.51% of the increased issued share capital of Mermaid (after the Rights Issue). The aggregate number of new shares that were available to be granted under ESOP 2011 was also limited to 4,000,000 shares or 0.51% of the paid-up capital of Mermaid.

Maximum entitlements: The number of shares in any Options to be offered to a participant was determined at the absolute discretion of the Remuneration Committee, which took 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 was set at the price equal to the average of the "Market Price" at the date of each grant of Options, being the price equal to the weighted average price for the shares on SGX-ST fifteen (15) consecutive trading days immediately preceding the date of grant of the Options.

Options may be exercised every six (6) months commencing from the third anniversary from the date of grant of the Option and will expire on the fifth (5th) anniversary from the date of grant of the Options, upon which the Options shall expire automatically.

Grant of Options: Under the rules of the Thai Securities and Exchange Commission ("Thai SEC"), the Options must be granted within one (1) year from the approval date of each ESOP. The expiry dates for the grant of Options under all the ESOPs have already lapsed. Therefore no new Options can be granted under the said schemes.

Termination of Options: Special provisions in the rules of each ESOP deal with the lapse or earlier exercise of Options in circumstances which include the termination or resignation of the employment of the participant. Compared with ESOP 2008, ESOP 2009 and ESOP 2010 material amendments were made to ESOP 2011 regarding the circumstances wherein Options shall lapse. The rationale for these amendments was principally to limit the circumstances in which participants who subsequently cease or discontinue their service to the Company may exercise their Options post employment since the ESOPs are premised on encouraging participants to remain in the service of the Company.

Share Allotment: Shares which are allotted through exercise of Options 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.

(c) Financial Effects of ESOPs

Share capital: ESOP 2008, ESOP 2009, ESOP 2010 and ESOP 2011 will result in an increase in Mermaid's issued share capital when the Options are exercised into new shares and when new shares are issued to participants pursuant to the grant. 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 the shares on the SGX-ST.

Costs to the Company: Under Thai Generally Accepted Accounting Principles ("Thai GAAP"), the granting of Options under ESOP 2008, ESOP 2009, ESOP 2010 and ESOP 2011 did not result in having to recognise any expenses in the income statement for those relevant periods.

(d) Status of ESOP 2008

Allocation of Options pursuant to ESOP 2008 was made by the Remuneration Committee on 20 November 2008. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 20 November 2008 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2008. On 20 November 2011, the Options granted under ESOP 2008 reached their third anniversary of the issue date and become exercisable by the participants pursuant to the principle terms of ESOP 2008. As at 30 September 2014, ESOP 2008 has been expired.

The Remuneration Committee who administered ESOP 2008 comprised: Mr. Ng Chee Keong, M.L. Chandchutha Chandratat, and Mr. Leslie George Merszei. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong. Effective 24 November 2009, an adjustment was made pursuant to the terms of ESOP 2008 to the number of options granted under ESOP 2008 due to a variation to Mermaid's issued capital arising from the completion of Mermaid's renounceable underwritten rights issue ("Rights Issue"). The Remuneration Committee who approved the adjustments to ESOP 2008 arising from the Rights Issue comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Ms. Joey Horn. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

None of the participants of ESOP 2008 received more than 5% or more of the total number of Options available under ESOP 2008 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted Options under ESOP 2008 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

Reference is made to the Directors of Mermaid that remained in office as at 30 September 2014. As at 30 September 2014, none of the said Directors are participants of ESOP 2008.

(e) Status of ESOP 2009

Allocation of Options pursuant to ESOP 2009 was made by the Remuneration Committee on 16 November 2009. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 16 November 2009 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2009. On 16 November 2012, the Options granted under ESOP 2009 reached their third anniversary of the issue date and become exercisable by the participants pursuant to the principle terms of ESOP 2009. As at 30 September 2014, 622,037 of those Options remained exercisable amongst 11 participants.

The Remuneration Committee who administered ESOP 2009 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Ms. Joey Horn. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

None of the participants of ESOP 2009 received more than 5% or more of the total number of Options available under ESOP 2009 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted Options under ESOP 2009 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

Reference is made to the Directors of Mermaid that remained in office on 30 September 2013. As at 30 September 2014, none of the said Directors are participants of ESOP 2009.

(f) Status of ESOP 2010

Allocation of Options pursuant to ESOP 2010 was made by the Remuneration Committee on 01 December 2010. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 1 December 2010 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2010. ESOP 2010 will not be exercisable until 1 December 2013 being the third anniversary of the issue date. As at 30 September 2014, 315,525 of those Options remained exercisable amongst 10 participants.

The Remuneration Committee who administered ESOP 2010 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Ms. Joey Horn. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

None of the participants of ESOP 2010 received more than 5% or more of the total number of Options available under ESOP 2010 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted Options under ESOP 2010 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

Reference is made to the Directors of Mermaid that remained in office on 30 September 2013. As at 30 September 2014, none of the said Directors are participants of ESOP 2010.

(g) Status of ESOP 2011

Allocation of Options pursuant to ESOP 2011 was made by the Remuneration Committee on 15 December 2011. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 15 December 2011 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2011. ESOP 2011 will not be exercisable until 15 December, 2014, being the third anniversary of the issue date. As at 30 September 2014, 563,436 of those Options remained exercisable amongst 15 participants.

The Remuneration Committee who administered ESOP 2011 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Mr. Robert Edward Bier. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong.

None of the participants of ESOP 2011 received more than 5% or more of the total number of Options available under ESOP 2011 and no Options were granted at a discount. Furthermore, no controlling shareholders or their associates were granted options under ESOP 2011 and no Options were granted to Mermaid's parent company or other subsidiaries of the parent company outside Mermaid, nor any of its or their Directors and employees.

Reference is made to the Directors of Mermaid that remained in office on 30 September 2013. As at 30 September 2014, none of the said Directors are participants of ESOP 2011.

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(h) Summary of ESOP Distributions

In early October 2013, Mermaid completed a capitalization exercise in the form of a non-renounceable non-underwritten rights issue and private placement of 627,798,180 rights shares. Accordingly, the total number of options granted pursuant to ESOP 2008, ESOP 2009, ESOP 2010 and ESOP 2011 have subsequently been adjusted to be as follows:

	ESOP 2008	ESOP 2009	ESOP 2010	ESOP 2011
Shares Allocated for Options	3,832,053	3,000,000	4,000,000	4,000,000
Options Issue Date	20 Nov 2008	16 Nov 2009	1 Dec 2010	15 Dec 2011
Total Options Issued	968,000	891,000	700,000	1,310,000
Original No. of Participants	18	21	25	33
Total Options Remaining*	-	622,037	315,525	563,436
No. of Participants Remaining*	-	11	10	15

(as at 30 September 2014)*

As at 30 September 2014, the number of 535,115 Options of ESOP 2008 have been exercised and the remaining options have been expired. The reduction in the number of exercisable Options remaining and reduction in number of participants remaining in each scheme was primarily due to cessation of employment or engagement of such participants. No new Options can be issued under any of the ESOPs. The Company does not have any ESOP in respect of 2014.

Mermaid Maritime Public Company Limited (the “Company” or “Mermaid”) continually strives to maintain high standards of corporate governance within the Company and its subsidiaries (the “Group”) and has adopted the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the “Code”). Where there are deviations from the Code, appropriate explanations are provided.

Board Matters

The Board’s conduct of its affairs

Principle 1

The Board oversees and manages the Company’s business under the control of the resolutions of the shareholder’s meeting in good faith and due care for the best interest of the Company.

The key functions of the Board are:

1. responsible for overall management and strategic directions for the Group;
2. performing duties with knowledge, competence, transparency, due care and accountability for the Company and its shareholders;
3. bringing an expertise, capability and experience that are beneficial to the Company’s operation;
4. having a leadership skill, vision and independent decision-making ability to ensure the utmost benefit to the Company and the shareholders; and
5. meet on a quarterly basis to review and monitor the Company’s financial position, management performance and business operation.

The number of Board and Board committee meetings held during the financial year, as well as the attendance of every Board member at these meetings, including participation through teleconference, are as follows.

Name	Type of Meetings					
	Board	Audit Com.	Rem. Com.	Nom. Com.	Exec. Com.	Risk Com.
Mr. Prasert Bunsumpun	6/6	-	-	-	10/10	-
Mr. Chalermchai Mahagitsiri	6/6	-	-	-	10/10	0/1
Mr. Chia Wan Huat Joseph	6/6	-	-	5/5	10/10	-
Mr. Ng Cher Yan	6/6	4/4	5/5	5/5	-	1/1
Mr. Toh Wen Keong Joachim	6/6	3/4	5/5	5/5	-	-
Dr. Jean Paul Thevenin	6/6	4/4	5/5	5/5	10/10	1/1
Dr. Jan Jozef Skorupa*	6/6	-	2/2	2/2	-	-

* Dr. Jan Jozef Skorupa was appointed as an Independent director on 21 October 2013 and a member of Remuneration and Nomination Committee on 11 February 2014.

Matters Requiring Board Approval

All acquisitions or investments, investments in securities and immovable assets, divestments, funding requests, borrowings and expenditures of Mermaid and the Group with a value equal to or exceeding US Dollars 25 million shall require the approval of the Board. The Executive Committee has the authority to approve such transactions below this threshold, unless they are, due to their nature, deemed to be material, in which case Board approval will be required instead.

Board Orientation and Training

The Company conducts a comprehensive induction to new Directors. This orientation program is conducted by the management of the Company to ensure that they are familiar with the Company's business and governance practices. All Board members are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. During the financial year, some of the Directors of the Company attended Effective Board Leadership (EBL) Module 1 – Effective Board, Listed Company Director (LCD) Module 3 – Risk Management Essentials and LCD Module 5 – Remuneration Committee Essentials. The course fees were borne by the Company.

Upon the appointment of new Director, the Company Secretary, apart from the induction, provides an official letter to clarify the terms of appointment, the Director's roles and the disclosures to the Company towards the conflict of interest and change of shareholdings interest including the Company's policies.

Board Composition and Guidance

Principle 2

Each year, the Nomination Committee reviews and determines periodically whether or not the Director is independent and procure that at least one-third (1/3) for the Board shall comprise of independent Directors (or such other minimum proportion and criteria as may be specified in the Code from time to time).

As at 30 September 2014, the Board comprises of seven (7) Directors including three (3) Independent Directors, two (2) Non-Executive Directors, and two (2) Executive Directors.

During the financial year 2014, Dr. Jean Paul Thevenin was appointed as a Non-Executive Director on 21 October 2013. Dr. Jan Jozef Skorupa was appointed as an Independent Director on 21 October 2013.

There are five (5) committees on the Board: the Audit Committee, the Nomination Committee, the Remuneration Committee, the Executive Committee and the Risk Management Committee. The Audit Committee, the Nomination Committee and the Remuneration Committee were all formed on 26 June 2007. The Executive Committee was formed on 26 June 2012. The Risk Management Committee was formed on 18 September 2013. Details of each Board Committee are as follows:

Audit Committee:

As at 30 September 2014, the Audit Committee comprises Non-Executive Directors, namely Mr. Ng Cher Yan, Mr. Toh Wen Keong Joachim and Dr. Jean Paul Thevenin. The Chairman of the Audit Committee was Mr. Ng Cher Yan. The majority of the Audit Committee members, including the Chairman are Independent Directors.

The Audit Committee is responsible, among other things:

1. to review the quarterly financial statements prior to approving or recommending their release to the Board, as applicable;
2. to oversee the performance and effectiveness of the Group's risk management and internal financial and accounting controls, and management information systems;
3. to oversee Compliance and Internal Audit Department;
4. to oversee the integrity of financial statements and other disclosures;
5. to review the qualification, independence and performance of the external auditors, non-audit services rendered by the external auditors; and
6. to review Interested Persons Transactions ("IPT") and Related Party Transactions ("RPT").

The Audit Committee takes measures to keep abreast of changes in accounting standards and issues which have a direct impact on financial statements.

Remuneration Committee:

As at 30 September 2014, the Remuneration Committee comprises Non-Executive Directors, namely Mr. Ng Cher Yan, Mr. Toh Wen Keong Joachim, Dr. Jean-Paul Thevenin and Dr. Jan Jozef Skorupa. The Chairman of the Remuneration Committee was Mr. Ng Cher Yan. The majority of the Remuneration Committee members, including the Chairman are Independent Directors.

The Remuneration Committee is responsible, among other things:

- a) to recommend to the Board a framework of remuneration for the Directors and key executives of the Company;
- b) to determine performance-related elements of remuneration for the Board's consideration; and
- c) to administer the share award or bonus schemes, if any.

Nomination Committee:

As at 30 September 2014, the Nomination Committee comprises one (1) Executive Director and three (3) Non-Executive Directors, namely Mr. Toh Wen Keong Joachim, Mr. Ng Cher Yan, Mr. Chia Wan Huat Joseph, Dr. Jean Paul Thevenin and Dr. Jan Jozef Skorupa. The Chairman of the Nomination Committee was Mr. Toh Wen Keong Joachim.

The Nomination Committee is responsible, among other things:

- a) to review of board succession plans for Directors, in particular, the Chairman and the CEO;
- b) to identify or make recommendations to the Board on all candidates nominated for appointment to the Board;
- c) to review Board structure, size, composition, core competencies and performance from time to time;
- d) to review all candidates nominated for key positions in the Company; and
- e) to determine annually whether or not a Director is independent.

Executive Committee:

As at 30 September 2014, the Executive Committee members were Mr. Prasert Bumsumpun, Mr. Chalermchai Mahagitsiri, Mr. Chia Wan Huat Joseph, and Dr. Jean Paul Thevenin. The Chairman of the Executive Committee was Mr. Prasert Bunsumpun.

The Executive Committee is responsible, among other things to:

- a) approve transactions with a value of up to US Dollars 25 million;
- b) exercise powers of the Board to act upon any specific matters delegated by the Board from time to time;
- c) consider the Company's business plan and annual budget for recommendation to the Board; and
- d) consider the overall performance of the Company and provide recommendations to enhance performance.

Risk Management Committee:

As at 30 September 2014, the Risk Management Committee members were Dr. Jean Paul Thevenin, Mr. Ng Cher Yan, Mr. Chalermchai Mahagitsiri, and Mr. Katarat Suksawang. The Chairman of the Risk Committee was Dr. Jean Paul Thevenin.

The Risk Management Committee is responsible for overseeing risk management standards, practices, and systems, among other things, to:

- a) review and propose for approval from the Board on principles, policies, strategies, processes, and control frameworks for the management of key risks faced by the Company;
- b) review, consider and/or make recommendation to change the level of risk taken by the Group for approval from the Board;
- c) delegate its powers and discretions to executives of the Company with or without the authority to sub-delegate further; and
- d) regularly coordinate with the Audit Committee by sharing information about risks and internal control potentially affecting the Company's business.

Board Independence

The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

None of our Directors has served on our Board beyond nine years from the date of his first appointment.

Board composition and size

The Nomination Committee review the Board's structure, size and composition annually, and as and when circumstances require. The Nomination Committee is of the view that the Board is of the appropriate size and with the right mix of skills and experience given the nature and scope of the Group's operations. With majority of the Board comprising Non-Executive Directors and half of the Board are Independent Directors, there is a strong and independent element on the Board. This is to ensure that there is effective representation for shareholders and issues of strategy, performance and resources are fully disclosed and examined to take into account long-term interest of the shareholders, employees, customers, suppliers and the industry in which the Group conducts its business. The Board is able to exercise objective judgment independently from management and no small group of individuals dominates the decisions of the Board.

The profile of each Director and other relevant information are set out under “the Board of Directors” section of this Annual Report.

Meeting of Directors without Management

The Non-Executive Directors met regularly without the presence of Management.

Chairman and Chief Executive Officer

Principle 3

There is a clear separation of responsibilities between the Chairman and Chief Executive Officer (“CEO”) to ensure an appropriate balance of power, and increased accountability and greater capacity of the Board for independent decision making.

The Non-Executive Chairman and the CEO of Mermaid are not related to each other. The role of the Chairman includes:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of openness and debate at the Board;
- (d) ensuring that the Directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders;
- (f) encouraging constructive relations within the Board and between the Board and Management;
- (g) facilitating the effective contributions of Non-Executive Directors; and
- (h) promoting high standards of corporate governance.

The CEO has full executive responsibilities over the business direction and operations of the Group, and is responsible for the executive of the Board’s adopted strategies and policies.

Board Membership

Principle 4

The Nomination Committee reviews and assesses candidates for directorships before making recommendations to the Board. It also reviews the retirement and re-election of Directors at each annual general meeting under Mermaid’s Article of Association and makes recommendations to the Board.

The Nomination Committee considers that the multiple Board representation held presently by the Directors do not impede their performance in carrying out their duties to the Company. The Nomination Committee has ascertained that for the period under review, the Directors have devoted sufficient time and attention to the Company’s affairs.

The Nomination Committee has conducted an annual review of Directors’ independence based on the Code’s criteria for independence and is of the view that Mr. Ng Cher Yan, Mr. Toh Wen Keong Joachim and Dr. Jan Jozef Skorupa are independent. The Nomination Committee has conducted a formal assessment of the Board’s performance as a whole for the financial year 2014.

In the selection and nomination for new Directors, the Nomination Committee taps on the Directors' resources to ensure the potential candidates possess relevant experience and have the caliber to contribute to the Company and its business, having regard to the attributes of the existing Board and the requirements of the Company. The potential candidates will go through a shortlisting process and thereafter, set up the interviews with the shortlisted candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. As recommended by the Nomination Committee, a new Director can be appointed by way of Board resolution.

Board Performance

Principle 5

On the initiative of the Nomination Committee and in line with past practice, each Director will, on an annual basis, undertake a self-assessment exercise of the performance of the Board as a whole and of himself/herself taking into relevant consideration the roles and responsibilities of Directors pursuant to the Code and the results of the business operations. The results of the self-assessment exercise will be reported to and discussed by the Board and areas for improvement will be noted by the Board and recorded in the minutes.

Based on the reviews by the Nomination Committee, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

Access to Information

Principle 6

The Board is provided complete, adequate and timely information prior to the Board Meetings. Board meeting agenda and papers are prepared by the management and circulated to the Board in advance by the Company Secretary on an on-going basis.

The Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for supporting the corporate secretarial functions to the Board to ensure the board procedures are followed. He also provides guidance to the Board in relation to the compliance of regulatory requirements to the Company.

The Company Secretary was appointed by the Board of Directors on 13 August 2008. The appointment and removal of Company Secretary should be a matter for the Board as a whole.

With the approval of the Chairman, Director may seek independent professional advice, at the Company's expense, on any matter connected with the discharge of his/her responsibilities as a Director. Copies of this advice must be made available to, and for the benefit of, all Board members, unless the Chairman otherwise agrees.

Procedure for Developing Remuneration Policies

Principle 7

The Remuneration Committee reviews matters concerning the remuneration of Board members and key executives. Level and mix of remuneration are further detailed below.

The Remuneration Committee has full authority to engage any external professional advice on matters relating to the remuneration as and when the need arises and expenses of such advice shall be borne by the Company. Where such external professional is appointed, the Company shall disclose the names and firms of the remuneration consultants herein, and include a statement on whether the remuneration consultants have any relationships with the Company that will affect the independence and objectivity of the remuneration consultants.

Level and Mix of Remuneration

Principle 8

The Remuneration Committee establishes a formal and transparent procedure for developing policy on executive remuneration and the remuneration packages of individual directors of the Company, provided that no director shall be involved in deciding his own remuneration.

The Remuneration Committee shall recommend the framework and propose specific remuneration package to the Board.

The Group's remuneration policy is to provide remuneration packages which will reward performance and attract, retain and motivate Directors and key executives to run the Group successfully. In setting the remuneration packages, the RC takes into consideration the pay and employment conditions within the same industry and in comparable companies, the Group's and the individual's performance.

The Non-Executive Director and Independent Directors do not have service agreements with the Company. They are paid Directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the responsibilities, effort and time spent for serving the Board and Board Committees. The Non-Executive Director and Independent Directors do not receive any other remuneration from the Company. Directors' fees are tabled annually for shareholders' approval at the Annual General Meeting.

The Executive Directors are paid based on their service agreements with the Company.

Disclosure of Remuneration

Principle 9

The name and remuneration of each person who is/was a Director of the Company during the financial year in bands of SGD 250,000.

Name	Below SGD 250,000	SGD 250,000 and above
Mr. Prasert Bunsumpun	●	-
Mr. Chalermchai Mahagitsiri	-	●
Mr. Chia Wan Huat Joseph	●	-
Dr. Jean Paul Thevenin	●	-
Mr. Ng Cher Yan	●	-
Mr. Toh Wen Keong Joachim	●	-
Dr. Jan Jozef Skorupa*	●	-

Directors who receive remuneration as executive of the Company includes Mr. Chalermchai Mahagitsiri in his capacity as Executive Vice Chairman and CEO, and Mr. Chia Wan Huat Joseph who served as Executive Director effective on 21 October 2013.

* Dr. Jan Jozef Skorupa was appointed as an Independent Director on 21 October 2013 and a member of Remuneration and Nomination Committee on 11 February 2014.

For persons who served in the capacity of a Director for any part of a financial period, remuneration calculated for the purposes of the above disclosure is based on a pro-forma assessment of potential full year remuneration (i.e. the remuneration that the Director would have received if he/she had served as a Director for the full financial period).

Breakdown (in percentage terms) of each Director's remuneration earned through (1) Directors' fees, (2) base/fixed salary, (3) variable or performance-related income/bonuses, (4) benefits in kind, and (5) stock options granted and other long-term incentives.

Name	(1)	(2)	(3)	(4)	(5)
Mr. Prasert Bunsumpun	100%	-	-	-	-
Mr. Chalermchai Mahagitsiri	-	83%	11%	6%	-
Mr. Chia Wan Huat Joseph	-	100%	-	-	-
Dr. Jean-Paul Thevenin	100%	-	-	-	-
Mr. Ng Cher Yan	100%	-	-	-	-
Mr. Toh Wen Keong Joachim	100%	-	-	-	-
Dr. Jan Jozef Skorupa	100%	-	-	-	-

The names and remuneration of the key executives (who are not also Directors) in bands of SGD 250,000.

Key Executives	Below SGD 250,000	SGD 250,000 and above
Mr. Chalermchai Mahagitisiri	-	●
Mr. Paul Whiley	-	●
Mr. Neil Howie	-	●
Mr. Peter Reichlmeier	-	●
Mr. Katarat Suksawang	●	-
Mr. Jeffery Allen Breal	●	-

Mr. Katarat Suksawang took the Chief Financial Officer role on 2 January 2014, Mr. Neil Howie was appointed as the Group Regional Director of Western Hemisphere and Mr. Peter Reichlmeier, the Group Regional Director of Eastern Hemisphere, on 18 August 2014. Mr. Jeffery Allen Breal served as the Operations Manager of Mermaid Drilling Ltd. from 1 September 2014.

Breakdown (in percentage terms) of each key executive's remuneration earned through (1) base/fixed salary, (2) variable or performance-related income/bonuses, (3) benefits in kind, and (4) stock options granted and other long-term incentives.

Key Executives	[1]	[2]	[3]	[4]
Mr. Chalermchai Mahagitsiri	83%	11%	6%	-
Mr. Paul Whiley	78%	13%	9%	-
Mr. Neil Howie	66%	9%	25%	-
Mr. Peter Reichlmeier	70%	11%	19%	-
Mr. Katarat Suksawang	89%	0%	11%	-
Mr. Jeffery Allen Breal	87%	0	13%	-

Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer of the Company, and whose remuneration exceeds SGD 50,000 during the year.

Not applicable. There are no employees who are immediate family members of a Director or the CEO (Managing Director) of Mermaid.

Employee Share Option Plan

The Employee Share Option Plan is administered by the Remuneration Committee. The Employee Share Option Plan is to reward, retain and motivate employees of the Group who excel in their performance and encourages greater dedication, loyalty and higher standards of performance. More details of the Employee Share Option Plan are provided in the General Disclosures.

Accountability

Principle 10

The Board is accountable for providing a balanced and understandable assessment of the Company's performance. The Company releases quarterly and full year financial results via SGXNet on a timely basis.

Financial report and business updates are provided to the Executive Committee members on a monthly basis in order to review and assess the operation's performance. The Executive Committee provides the updated report to the Board on a regular basis.

Risk Management and Internal Controls

Principle 11

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance.

The Compliance and Internal Audit Department is independent of management and has a direct and primary reporting line to the Chairman of the Audit Committee. The Compliance and Internal Audit Director assists the Audit Committee in the discharge of its duties and responsibilities by being responsible for all regulatory compliances, internal audits, corporate governance matters, and risk management systems of the Company. The Company Secretary assists in overseeing compliances with all law and regulations concerning public companies.

In line with the commitment of a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto, the Company has a Code of Business Conduct applicable to Company personnel covering a wide range of business practices and procedures. This includes, but is not limited to, compliance with laws, rules and regulations, conflicts of interests, insider trading, corporate opportunities, competition and fair dealing, discrimination and harassment, health and safety, environmental matters, record-keeping, financial controls and disclosures, confidentiality, protection and proper use of company assets, financial reporting and compliance.

On 18 September 2013, the Board has established a Risk Management Committee to oversee risk management standards, practices, and systems.

The Company also has a Share-Dealing and Inside Information Policy to ensure proper access and use of Company information. The said policy sets out a prohibition on dealing in Company shares on short term considerations, prohibition on dealing in Company shares prior to release of financial results, prohibition on dealing in Company shares when in possession of inside information, prohibition on giving advice in respect of dealing in Company shares using inside information and general obligations to observe confidentiality.

The Company has also set in place a Whistleblowing Policy, providing an avenue for its employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimization for whistleblowing in good faith. The Policy conforms to the guidance set out in the Code which encourages employees to raise concerns, in confidence, about possible irregularities.

The Audit Committee has been working with the Compliance and Internal Audit Department to continuously improve Mermaid's internal control systems and provides progress reports to the Board on a quarterly basis.

The Risk Management Committee reviews the effectiveness of the Enterprise Risk Management system within the Group and evaluate the adequacy and effectiveness of administrative, operating, and accounting controls used by the Group.

The Board has received assurances from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. The Board has also received assurance from the CEO and CFO that the risk management and internal control systems of the Company is adequate and effective to deal with major risks relating to financial, operational and compliance aspects.

Based on the internal controls established and maintained by the Company, work performance by the internal and external auditors, and reviews performance by the Management, the Audit Committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks were adequate and effective as at 30 September 2014.

Audit Committee

Principle 12

As at 30 September 2014, the Audit Committee held four (4) meetings. The management of Mermaid, including the CFO, Senior Finance and Accounting Manager and concerned Managers also participated in those meetings when invited. Mermaid's external auditors from KPMG Phoomchai Audit Limited also participated in the meetings to review Mermaid's financial statements and reports with the Audit Committee and management during the financial year. Mermaid's Internal Audit Director and Manager attended the meetings to review the internal audit activities and results with the Audit Committee during the financial year. The meeting agenda and minutes were prepared.

The Audit Committee carried out its functions as stated in the Audit Committee's scope of responsibilities as set out in Principle 2 above.

Apart from the above functions, the Audit Committee shall commission and review the findings of internal investigations and/or review and discuss with the external auditors any matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on operating results and/or financial position. The Audit Committee will also ensure that the appropriate follow-up actions are taken. In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee he will abstain from reviewing that particular transaction or voting on that particular resolution.

The Audit Committee meets with the external and internal auditors, in each case, without the presence of management, on a quarterly basis.

Internal Audit

Principle 13

The Company resources its own internal audit. Internal audit function is adequately resourced and has appropriate standing within the company. Internal audit function is staffed with persons with the relevant qualifications and experience.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. The internal audit activities are governed itself by adherence to The Institute of Internal Auditors ("IIA") mandatory guidance.

The internal audit reports for non-compliance and internal control weaknesses which include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations are reported to the Audit Committee through periodic activity reports.

To ensure the adequacy and effectiveness of the internal audit function, the AC reviews the internal auditor's scope of work at least annually.

Shareholder Rights

Principle 14

The Company continues the disclosure obligations pursuant to the SGX-ST Listing Manual to provide the adequate and timely information of all major developments to the shareholders. The Company provides information to the shareholders through SGXNet, Annual Reports and Notice of Annual General Meeting of Shareholders.

At the general meeting, the shareholders have the opportunity to participate and vote on the resolutions. A notice, agenda, voting procedures and papers shall be sent to the shareholders as well as releasing on the SGXNet prior to the meetings. Proxy can be given by the shareholders to attend the meeting.

Communication with Shareholders

Principle 15

In addition to the continuous announcements made through SGXNet and a corporate website, each year the Company organizes the Shareholders Forum in Singapore. At this event, the shareholders (including the Depositors), particularly those based in Singapore, would be given the opportunity to meet with the Board members and top executives of the Company.

Dividends

Upon the recommendation by the Board of Directors, and subject to the approval by a general meeting of shareholders, the expected amount and key dates for dividends to be declared, via SGXNet Announcements.

On 27 November 2013, the Board of Mermaid declared a final dividend of US 0.86 cents per share for the financial year ended 30 September 2013. The dividend was paid on 21 February 2014 upon the approval from the Annual General Meeting of Shareholders 2014.

On 26 November 2014, the Board of Mermaid proposed a final dividend of US 0.47 cents per share for the financial year ended 30 September 2014, and upon the approval of the Annual General Meeting of Shareholders No. 01/2015, the dividend is projected to be paid on 23 February 2015.

Conduct of Shareholder Meetings

Principle 16

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with all shareholders. All shareholders will receive the notice of AGM, which is also advertised on the newspapers and issued via SGXNet. The Board welcomes questions and comments relating to the Group's business or performance from shareholders at AGMs. Shareholders are given the opportunity to air their views and direct questions to the Board on matters affecting the Group.

The Company does not practise bundling of resolutions at general meetings. Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. All Directors, including the chairman of the Board Committees, and senior management, are present at all general meetings to address shareholders' queries. External auditors will also be present at such meeting to assist the Directors to address any relevant queries from the shareholders, if necessary.

The Company prepares minutes of all general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes will be available to shareholders upon their request.

The Company has implemented the system by voting by poll at its AGM. Results of each resolution put to vote at the AGM are announced with details of percentage in favour and against. Shareholders are allowed to appoint a proxy to attend and vote in his/her stead.

On 31 July 2013, SGX introduced new listing rules of the Listing Manual regarding the requirement of holding of general meetings in Singapore, namely, Rule 730A of Practice Note 7.5. Rule 730A(1) and Practice Note 7.5 require (unless exempted by the SGX) an issuer with a primary listing on the SGX to hold its general meetings in Singapore unless there are legal constraints preventing them from doing so, and such issuer should provide alternative modes of engagement such as webcast and information meetings so that public shareholders have access to the board and senior management.

On 23 May 2014, Mermaid announced that it had consulted with SGX on this matter, and SGX advised that Rule 730A(1) of the Listing Manual is not applicable to Mermaid. Consequently, Mermaid will continue to hold its general meeting in Thailand in compliance with the Company's Articles of Association and the Thai Public Limited Companies Act B.E. 2535 (1992). For the purpose of paragraph 2.4 of Practice Note 7.5, SGX advised that it has no objection to Mermaid not providing video conference and webcast facility to enable Singapore-based shareholders to follow the proceedings during its shareholder meetings in view of the legal impediments under Thai law. Mermaid will continue to hold shareholders' forum in Singapore.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED



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Independent Auditor's Report

To the Shareholders of Mermaid Maritime Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Mermaid Maritime Public Company Limited and its subsidiaries (the "Group") and of Mermaid Maritime Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2014, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

KPMG Phoomchai Audit Ltd., a Thai limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
26 November 2014

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements

Assets	Note	30 September	30 September	30 September	30 September
		2014	2013	2014	2013
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current assets					
Cash and cash equivalents	6	55,841	148,819	1,807,757	4,671,533
Short term deposit at financial institution	7	25,012	-	809,721	-
Trade accounts receivable	5,8	109,850	89,861	3,556,207	2,820,799
Other receivables	9	18,436	14,730	596,834	462,385
Receivables from related parties	5	5	4	162	126
Deferred contract costs	10	6,282	8,321	203,369	261,202
Supplies and spare parts		5,798	5,275	187,700	165,586
Total current assets		221,224	267,010	7,161,750	8,381,631
Non-current assets					
Restricted deposit at financial institution	11	4,001	4,001	129,526	125,594
Investments in associates	12	131,375	100,316	4,253,042	3,148,989
Investments in jointly-controlled entity	14	262	-	8,482	-
Property, plant and equipment	15	376,987	327,855	12,204,313	10,291,598
Goodwill		10,136	10,136	328,136	318,176
Intangible assets	16	436	305	14,115	9,574
Deferred tax assets	17	2,250	2,118	72,840	66,485
Other non-current assets		587	660	19,003	20,718
Total non-current assets		526,034	445,391	17,029,457	13,981,134
Total assets		747,258	712,401	24,191,207	22,362,765

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ANNUAL REPORT 2014

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements

Liabilities and equity	Note	30 September	30 September	30 September	30 September
		2014	2013	2014	2013
		(in thousand US Dollar)		(in thousand Baht)	
Current liabilities					
Trade accounts payable	5,19	17,876	16,614	578,705	521,525
Other payables		8,247	3,600	266,982	113,006
Payables to related parties	5	2	46	65	1,444
Current portion of long-term borrowings from financial institutions	18	10,885	19,237	352,383	603,863
Current portion of finance lease liabilities	18	31	17	1,004	534
Current portion of share purchase consideration payable	5	2,040	1,096	66,042	34,404
Income tax payable		3,672	3,688	118,875	115,769
Accrued expenses		32,234	28,716	1,043,521	901,415
Total current liabilities		74,987	73,014	2,427,577	2,291,960
Non-current liabilities					
Long-term borrowings from financial institutions	18	106,493	117,377	3,447,530	3,684,546
Finance lease liabilities	18	31	62	1,004	1,946
Long-term portion of share purchase consideration payable	5	-	1,363	-	42,786
Deferred tax liabilities	17	2,207	2,087	71,448	65,512
Employee benefit obligations	20	1,714	1,711	55,488	53,709
Total non-current liabilities		110,445	122,600	3,575,470	3,848,499
Total liabilities		185,432	195,614	6,003,047	6,140,459

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements

Liabilities and equity	Note	30 September	30 September	30 September	30 September
		2014	2013	2014	2013
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Equity					
Share capital	21				
Authorised share capital		-	-	1,416,701	1,416,701
Issued and paid-up share capital		47,314	45,429	1,413,081	1,354,440
Premium on share capital	21	422,513	411,613	13,557,016	13,219,720
Retained earnings					
Appropriated	22	4,503	4,314	141,670	135,444
Unappropriated		85,985	52,870	2,799,640	1,712,246
Other components of equity		(279)	872	216,566	(256,475)
Equity attributable to owners of the Company		560,036	515,098	18,127,973	16,165,375
Non-controlling interests		1,790	1,689	60,187	56,931
Total equity		561,826	516,787	18,188,160	16,222,306
Total liabilities and equity		747,258	712,401	24,191,207	22,362,765

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ANNUAL REPORT 2014

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Assets	Note	Separate financial statements			
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
		(in thousand US Dollar)		(in thousand Baht)	
Current assets					
Cash and cash equivalents	6	25,888	110,836	838,080	3,479,220
Short term deposit at financial institution	7	25,012	-	809,721	-
Other receivables	9	157	148	5,082	4,646
Receivables from related parties	5	125,523	21,188	4,063,594	665,107
Short-term loans to related parties	5	147,800	146,957	4,784,774	4,613,083
Total current assets		324,380	279,129	10,501,251	8,762,056
Non-current assets					
Investments in associates	12	-	97,582	-	3,063,167
Investments in subsidiaries	13	184,273	140,273	5,965,525	4,403,268
Investments in jointly-controlled entity	14	213	213	6,896	6,686
Property, plant and equipment	15	3,170	3,619	102,623	113,603
Intangible assets	16	105	34	3,399	1,067
Other non-current assets		36	22	1,165	691
Total non-current assets		187,797	241,743	6,079,608	7,588,482
Total assets		512,177	520,872	16,580,859	16,350,538

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Liabilities and equity	Note	Separate financial statements			
		30 September 2014 (in thousand US Dollar)	30 September 2013	30 September 2014 (in thousand Baht)	30 September 2013
Current liabilities					
Other payables		396	412	12,819	12,933
Payables to related parties	5	35,362	35,794	1,144,785	1,123,599
Current portion of finance lease liabilities	18	-	6	-	188
Income tax payable		998	-	32,309	-
Accrued expenses		1,010	841	32,697	26,400
Total current liabilities		37,766	37,053	1,222,610	1,163,120
Non-current liabilities					
Employee benefit obligations	20	123	176	3,982	5,525
Total non-current liabilities		123	176	3,982	5,525
Total liabilities		37,889	37,229	1,226,592	1,168,645
Equity					
Share capital	21				
Authorised share capital		-	-	1,416,701	1,416,701
Issued and paid-up share capital		47,314	45,429	1,413,081	1,354,440
Premium on share capital	21	422,513	411,613	13,557,016	13,219,720
Differences arising from common control transactions	12	(7,406)	-	(239,757)	-
Retained earnings					
Appropriated	22	4,503	4,314	141,670	135,444
Unappropriated		7,323	22,260	279,650	741,197
Other components of equity		41	27	202,607	(268,908)
Total equity		474,288	483,643	15,354,267	15,181,893
Total liabilities and equity		512,177	520,872	16,580,859	16,350,538

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ANNUAL REPORT 2014

STATEMENT OF COMPREHENSIVE INCOME

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Note	Consolidated financial statements			
		For the year that ended on 30 September		For the year that ended on 30 September	
		2014	2013	2014	2013
		(in thousand US Dollar)		(in thousand Baht)	
Service income	5	312,960	269,601	10,088,172	8,212,936
Cost of services	5,24	(255,436)	(218,909)	(8,233,903)	(6,668,691)
Gross profit		57,524	50,692	1,854,269	1,544,245
Interest income	5	504	182	16,246	5,544
Gains on exchange rates		793	986	25,562	30,037
Other income	5	229	567	7,382	17,273
Profit before expenses		59,050	52,427	1,903,459	1,597,099
Administrative expenses	5,25	(36,059)	(31,037)	(1,162,351)	(945,489)
Total expenses		(36,059)	(31,037)	(1,162,351)	(945,489)
Profit before finance costs and income tax expense		22,991	21,390	741,108	651,610
Finance costs	27	(3,885)	(4,970)	(125,232)	(151,403)
Share of profit of associates	12	31,059	4,426	1,001,178	134,831
Share of profit (loss) of jointly-controlled entity	14	262	(213)	8,445	(6,489)
Profit before income tax expense		50,427	20,633	1,625,499	628,549
Income tax expense	28	(5,151)	(5,204)	(166,041)	(158,531)
Profit for the year		45,276	15,429	1,459,458	470,018
Other comprehensive income (loss):					
Defined benefit plan actuarial gains, net of tax	20,28	303	-	9,767	-
Exchange differences on translating financial statements		(461)	(276)	(14,860)	(8,408)
Translation adjustments		-	-	510,148	222,754
Other comprehensive income (loss) for the year		(158)	(276)	505,055	214,346
Total comprehensive income for the year		45,118	15,153	1,964,513	684,364
Profit (loss) attributable to:					
Owners of the Company		45,156	15,746	1,455,590	479,675
Non-controlling interests		120	(317)	3,868	(9,657)
		45,276	15,429	1,459,458	470,018

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements				
	For the year that ended on 30 September		For the year that ended on 30 September		
	Note	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
Total comprehensive income (loss)					
attributable to:					
Owners of the Company		45,017	15,483	1,961,257	694,417
Non-controlling interests		101	(330)	3,256	(10,053)
		45,118	15,153	1,964,513	684,364
Earnings per share		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings per share	30	0.032	0.020	1.033	0.603
Diluted earnings per share	30	0.032	0.020	1.032	0.603

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ANNUAL REPORT 2014

STATEMENT OF COMPREHENSIVE INCOME

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Note	Separate financial statements			
		For the year that ended on 30 September		For the year that ended on 30 September	
		2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Management fee income	5	1,486	1,910	47,901	58,185
Interest income	5	4,909	4,643	158,240	141,441
Other income	5	314	591	10,122	18,004
Total revenue		6,709	7,144	216,263	217,630
Administrative expenses	5,25	(5,876)	(5,357)	(189,412)	(163,193)
Losses on exchange rates		(2,388)	(469)	(76,976)	(14,287)
Total expenses		(8,264)	(5,826)	(266,388)	(177,480)
Profit (loss) before finance costs and income tax expense		(1,555)	1,318	(50,125)	40,150
Finance costs	27	-	(780)	-	(23,761)
Profit (loss) before income tax expense		(1,555)	538	(50,125)	16,389
Income tax expense	28	(1,135)	-	(36,586)	-
Profit (loss) for the year		(2,690)	538	(86,711)	16,389
Other comprehensive income					
Defined benefit plan actuarial gains, net of tax	20	94	-	3,030	-
Translation adjustments		-	-	471,053	198,788
Other comprehensive income for the year		94	-	474,083	198,788
Total comprehensive income (loss) for the year		(2,596)	538	387,372	215,177
Earnings (losses) per share		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings (losses) per share	30	(0.002)	0.001	(0.062)	0.021
Diluted earnings (losses) per share	30	(0.002)	0.001	(0.062)	0.021

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements

	Other components of equity						Total equity					
	Issued and paid-up capital	Premium on share capital	Retained earnings	Currency translation differences	Share-based payment interests	Changes in components of equity						
Year ended 30 September 2013												
Balance at 1 October 2012	27,287	303,300	2,444	39,712	3,583	12	(2,475)	1,120	373,863	2,019	375,882	
Transactions with equity holders, recorded directly in equity												
<i>Contributions by and distributions to equity holders</i>												
Issues of ordinary shares	21	18,142	108,313	-	-	-	-	-	-	-	126,455	126,455
Share-based payment transactions	35	-	-	-	-	15	-	15	-	-	15	15
Dividends paid	31	-	-	(718)	-	-	-	-	-	(718)	-	(718)
Total contributions by and distributions to equity holders		18,142	108,313	(718)	-	15	-	15	-	-	125,752	125,752
Total transactions with equity holders, recorded directly in equity		18,142	108,313	(718)	-	15	-	15	-	-	125,752	125,752
Comprehensive income for the year												
Profits for the year		-	-	-	15,746	-	-	-	-	-	15,746	15,429
Exchange differences on translating financial statements		-	-	-	-	(263)	-	-	(263)	-	(263)	(13)
Total comprehensive income for the year		-	-	-	15,746	(263)	-	-	(263)	-	15,483	(330)
Transfer to legal reserve	22	-	-	1,870	(1,870)	-	-	-	(263)	-	-	-
Balance at 30 September 2013		45,429	411,613	4,314	52,870	3,320	27	(2,475)	872	515,098	1,689	516,787

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements

	Retained earnings					Other components of equity				Total equity	
	Issued and paid-up share capital	Premium on capital	Appropriated Unappropriated	Currency translation differences	Share-based payment interests	Changes in ownership interests	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests		
Year ended 30 September 2014	45,429	411,613	4,314	52,870	3,320	27	(2,475)	872	515,098	1,689	516,787
Balance at 1 October 2013	1,885	10,900	-	-	-	-	-	-	12,785	-	12,785
Transactions with equity holders, recorded directly in equity	-	-	-	-	-	14	-	14	14	-	14
<i>Contributions by and distributions to equity holders</i>	-	-	-	-	-	-	(726)	(726)	(726)	-	(726)
Issues of ordinary shares	21	1,885	10,900	-	-	-	-	-	12,785	-	12,785
Share-based payment transactions	35	-	-	-	-	14	-	14	14	-	14
Additional investment in subsidiaries	-	-	-	-	-	-	(726)	(726)	(726)	-	(726)
Dividends paid	31	-	-	(12,152)	-	-	-	-	(12,152)	-	(12,152)
Total contributions by and distributions to equity holders	1,885	10,900	-	(12,152)	-	14	(726)	(712)	(79)	-	(79)
Total transactions with equity holders, recorded directly in equity	1,885	10,900	-	(12,152)	-	14	(726)	(712)	(79)	-	(79)
Comprehensive income for the year	-	-	-	45,156	-	-	-	-	45,156	120	45,276
Profits for the year	-	-	-	45,156	-	-	-	-	45,156	120	45,276
Defined benefit plan actuarial gains, net of tax	20,28	-	-	300	-	-	-	-	300	3	303
Exchange differences on translating financial statements	-	-	-	-	(439)	-	-	(439)	(439)	(22)	(461)
Total comprehensive income for the year	-	-	-	45,456	(439)	-	-	(439)	45,017	101	45,118
Transfer to legal reserve	-	-	189	(189)	-	-	-	-	-	-	-
Balance at 30 September 2014	47,314	422,513	4,503	85,985	2,881	41	(3,201)	(279)	560,036	1,790	561,826

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements											
	Retained earnings			Other components of equity								
	Issued and paid-up share capital	Premium on share capital	Appropriated Unappropriated	Currency translation differences	Share-based payment ownership interests	Total other components of equity	Equity attributable to owners of the Company					
Year ended 30 September 2013												
Balance at 1 October 2012	784,748	9,818,420	78,475	1,311,042	366	(89,282)	(471,679)	11,521,006	66,984	11,587,990		
Transactions with equity holders, recorded directly in equity												
<i>Contributions by and distributions to equity holders</i>												
Issues of ordinary shares	21	569,692	-	-	-	-	-	-	-	3,970,992	3,970,992	
Share-based payment transactions	35	-	-	-	-	462	-	462	-	462	462	
Dividends paid	31	-	-	(21,502)	-	-	-	-	-	(21,502)	(21,502)	
Total contributions by and distributions to equity holders		569,692	-	(21,502)	-	462	-	462	-	3,949,952	3,949,952	
Total transactions with equity holders, recorded directly in equity		569,692	-	(21,502)	-	462	-	462	-	3,949,952	3,949,952	
Comprehensive income for the year												
Profits for the year		-	-	479,675	-	-	-	-	-	479,675	(9,657)	470,018
Exchange differences on translating financial statements		-	-	-	214,742	-	-	214,742	(396)	214,742	(396)	214,346
Total comprehensive income for the year		-	-	479,675	214,742	-	-	214,742	(10,053)	694,417	(10,053)	684,364
Transfer to legal reserve	22	-	-	56,969	(56,969)	-	-	-	-	-	-	-
Balance at 30 September 2013		1,354,440	13,219,720	135,444	1,712,246	828	(89,282)	(256,475)	56,931	16,165,375	56,931	16,222,306

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements							Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Other components of equity									
	Issued and paid-up share capital	Premium on share capital	Retained earnings	Currency translation differences	Share-based payment interests	Changes in components of equity	Total other components of equity			
Year ended 30 September 2014	1,354,440	13,219,720	135,444	1,712,246	828	(89,282)	(256,475)	16,165,375	56,931	16,222,306
Balance at 1 October 2013										
Transactions with equity holders, recorded directly in equity										
<i>Contributions by and distributions to equity holders</i>										
21 Issues of ordinary shares	58,641	337,296	-	-	-	-	-	395,937	-	395,937
35 Share-based payment transactions	-	-	-	-	462	-	462	462	-	462
Additional investment in subsidiaries	-	-	-	-	-	(23,418)	(23,418)	(23,418)	-	(23,418)
31 Dividends paid	-	-	-	(371,640)	-	-	-	(371,640)	-	(371,640)
Total contributions by and distributions to equity holders	58,641	337,296	-	(371,640)	462	(23,418)	(22,956)	1,341	-	1,341
Total transactions with equity holders, recorded directly in equity	58,641	337,296	-	(371,640)	462	(23,418)	(22,956)	1,341	-	1,341
Comprehensive income for the year										
Profits for the year	-	-	-	1,455,590	-	-	-	1,455,590	3,868	1,459,458
Defined benefit plan actuarial gains, net of tax	-	-	-	9,670	-	-	-	9,670	97	9,767
Exchange differences on translating financial statements	-	-	-	-	-	495,997	-	495,997	(709)	495,288
Total comprehensive income for the year	-	-	-	1,465,260	495,997	-	495,997	1,961,257	3,256	1,964,513
Transfer to legal reserve	-	-	6,226	(6,226)	-	-	-	-	-	-
Balance at 30 September 2014	1,413,081	13,557,016	141,670	2,799,640	327,976	(112,700)	216,566	18,127,973	60,187	18,188,160

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Separate financial statements						Total equity
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Retained earnings	Other components of equity		
				Appropriated	Unappropriated	Share-based payment	
				<i>(in thousand US Dollar)</i>			
Year ended 30 September 2013							
Balance at 1 October 2012	27,287	303,300	-	2,444	24,310	12	357,353
Transactions with equity holders, recorded directly in equity							
<i>Contributions by and distributions to equity holders</i>							
Issues of ordinary shares	21	18,142	-	-	-	-	126,455
Share-based payment transactions	35	-	-	-	-	15	15
Dividends paid	31	-	-	-	(718)	-	(718)
Total contributions by and distributions to equity holders							
recorded directly in equity	18,142	108,313	-	-	(718)	15	125,752
Comprehensive income for the year							
Profits for the year	-	-	-	-	538	-	538
Total comprehensive income for the year							
Transfer to legal reserve	22	-	-	1,870	(1,870)	-	-
Balance at 30 September 2013	45,429	411,613	-	4,314	22,260	27	483,643

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ANNUAL REPORT 2014

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Separate financial statements

	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Retained earnings		Other components of equity		Total equity
				Appropriated	Unappropriated	Share-based payment		
Year ended 30 September 2014								
Balance at 1 October 2013	45,429	411,613	-	4,314	22,260	27		483,643
Transactions with equity holders, recorded directly in equity								
<i>Contributions by and distributions to equity holders</i>								
Issues of ordinary shares	21 1,885	10,900	-	-	-	-	-	12,785
Share-based payment transactions	35 -	-	-	-	-	14	-	14
Dividends paid	31 -	-	-	-	(12,152)	-	-	(12,152)
Total contributions by and distributions to equity holders	1,885	10,900	-	-	(12,152)	14		647
Total transactions with equity holders recorded directly in equity	1,885	10,900	-	-	(12,152)	14		647
Comprehensive income for the year								
Profits for the year	-	-	-	-	(2,690)	-	-	(2,690)
Defined benefit plan actuarial gains, net of tax	20 -	-	-	-	94	-	-	94
Total comprehensive income for the year	-	-	-	-	(2,596)	-	-	(2,596)
Transfer to legal reserve	22 -	-	-	189	(189)	-	-	-
Changes in ownership interests in associates	12 -	-	(7,406)	-	-	-	-	(7,406)
Balance at 30 September 2014	47,314	422,513	(7,406)	4,503	7,323	41		474,288

(in thousand US Dollar)

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Separate financial statements

	Retained earnings		Other components of equity				Total		
	Issued and paid-up share capital	Premium on share capital	Differences arising from common transactions	Appropriated Unappropriated	Currency translation differences	Share-based payment of equity components			
Year ended 30 September 2013									
Balance at 1 October 2012	784,748	9,818,420	-	78,475	803,279	(468,524)	366	(468,158)	11,016,764
Transactions with equity holders, recorded directly in equity									
<i>Contributions by and distributions to equity holders</i>									
Issues of ordinary shares	21 569,692	3,401,300	-	-	-	-	-	-	3,970,992
Share-based payment transactions	35 -	-	-	-	-	-	462	462	462
Dividends paid	31 -	-	-	-	(21,502)	-	-	-	(21,502)
Total contributions by and distributions to equity holders	569,692	3,401,300	-	-	(21,502)	-	462	462	3,949,952
Total transactions with equity holders recorded directly in equity	569,692	3,401,300	-	-	(21,502)	-	462	462	3,949,952
Comprehensive income for the year									
Profits for the year	-	-	-	-	16,389	-	-	-	16,389
Exchange differences on translating financial statements	-	-	-	-	-	198,788	-	198,788	198,788
Total comprehensive income for the year	-	-	-	-	16,389	198,788	-	198,788	215,177
Transfer to legal reserve	-	-	-	56,969	(56,969)	-	-	-	-
Balance at 30 September 2013	1,354,440	13,219,720	-	135,444	741,197	(269,736)	828	(268,908)	15,181,893

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Separate financial statements							Total equity	
	Retained earnings			Other components of equity					
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Appropriated	Unappropriated	Currency translation differences	Share-based payment		of equity
<i>Note</i>									
Year ended 30 September 2014									
Balance at 1 October 2013	1,354,440	13,219,720	-	135,444	741,197	(269,736)	828	(268,908)	15,181,893
Transactions with equity holders, recorded directly in equity									
<i>Contributions by and distributions to equity holders</i>									
Issues of ordinary shares	58,641	337,296	-	-	-	-	-	-	395,937
Share-based payment transactions	-	-	-	-	-	-	462	462	462
Dividends paid	-	-	-	-	(371,640)	-	-	-	(371,640)
Total contributions by and distributions to equity holders	58,641	337,296	-	-	(371,640)	-	462	462	24,759
Total transactions with equity holders recorded directly in equity	58,641	337,296	-	-	(371,640)	-	462	462	24,759
Comprehensive income for the year									
Profits for the year	-	-	-	-	(86,711)	-	-	-	(86,711)
Defined benefit plan actuarial gains, net of tax	-	-	-	-	3,030	-	-	-	3,030
Exchange differences on translating financial statements	-	-	-	-	-	471,053	-	471,053	471,053
Total comprehensive income for the year	-	-	-	-	(83,681)	471,053	-	471,053	387,372
Transfer to legal reserve	-	-	-	6,226	(6,226)	-	-	-	-
Changes in ownership interests in associates	-	-	(239,757)	-	-	-	-	-	(239,757)
Balance at 30 September 2014	1,413,081	13,557,016	(239,757)	141,670	279,650	201,317	1,290	202,607	15,354,267

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements			
	For the year that ended on 30 September		For the year that ended on 30 September	
	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Cash flows from operating activities				
Profit for the year	45,276	15,429	1,459,458	470,018
<i>Adjustments for:</i>				
Depreciation	29,023	27,304	935,548	831,769
Amortisation	2,492	3,009	80,329	91,664
Finance costs	3,885	4,970	125,232	151,403
Share-based payment	14	15	451	457
Losses from supplies and spare parts obsolescence	790	11	25,465	335
Net (gains) losses on disposals and write-offs of property, plant and equipment and intangible assets	(7)	249	(226)	7,585
Reversal of bad debt	-	(121)	-	(3,686)
Unrealised gains on exchange rates	(1,605)	(316)	(51,737)	(9,626)
Employee benefit obligations	403	824	12,991	25,102
Losses from write-off of outstanding withholding taxes	3,942	1,922	127,069	58,550
Share of profit of associates	(31,059)	(4,426)	(1,001,178)	(134,831)
Share of (profit) loss of jointly-controlled entity	(262)	213	(8,445)	6,489
Exchange rate (gains) losses from translating financial statements	(452)	(200)	134,222	69,934
Income tax expense	5,151	5,204	166,041	158,531
Cash flows from operations before changes in operating assets and liabilities	57,591	54,087	2,005,220	1,723,694
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institution	-	(1)	-	(31)
Trade accounts receivable	(20,007)	(40,278)	(647,693)	(1,264,354)
Receivables from related parties	336	(4)	10,877	(126)
Other receivables	730	(3,718)	23,633	(116,711)
Deferred contract costs	-	(2,012)	-	(63,158)
Supplies and spare parts	(1,313)	(58)	(42,506)	(1,821)
Other non-current assets	73	(573)	2,363	(17,987)
Trade accounts payable	1,351	5,980	43,737	187,716
Other payables	4,049	2,305	131,079	72,356
Payables to related parties	(44)	(761)	(1,424)	(23,888)
Accrued expenses	(2,613)	17,180	(84,591)	539,292
	(17,438)	(21,940)	(564,525)	(688,712)
Cash generated from operating activities	40,153	32,147	1,440,695	1,034,982
Finance costs paid	(3,815)	(4,711)	(122,975)	(143,513)
Income tax paid	(7,394)	(2,458)	(238,343)	(74,879)
Employee benefits paid	(60)	-	(1,934)	-
Net cash from operating activities	28,884	24,978	1,077,443	816,590

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ANNUAL REPORT 2014

STATEMENT OF CASH FLOWS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements			
	For the year that ended on 30 September 2014		For the year that ended on 30 September 2013	
	(in thousand US Dollar)		(in thousand Baht)	
Cash flows from investing activities				
Increase in short term deposit at financial institution	(25,012)	-	(809,721)	-
Payment for investments in subsidiaries	(1,145)	-	(36,909)	-
Payment for investments in associates	-	(33,782)	-	(1,060,441)
Payment for investments in jointly-controlled entity	-	(213)	-	(6,686)
Proceeds from disposals of property, plant and equipment and intangible assets	251	6,363	8,126	199,739
Payment for purchases of property, plant and equipment	(77,393)	(42,161)	(2,505,467)	(1,323,463)
Payment for purchases of intangible assets	(564)	(226)	(18,259)	(7,094)
Net cash used in investing activities	(103,863)	(70,019)	(3,362,230)	(2,197,945)
Cash flows from financing activities				
Proceeds from short-term borrowings from financial institutions	-	35,000	-	1,098,675
Repayments of short-term borrowings from financial institutions	-	(35,000)	-	(1,098,675)
Repayments of finance lease liabilities	(43)	(51)	(1,392)	(1,601)
Proceeds from long-term borrowings from financial institutions	-	13,833	-	434,228
Repayments of long-term borrowings from financial institutions	(19,360)	(7,991)	(626,747)	(250,843)
Proceeds from issue of ordinary shares	12,785	126,455	395,937	3,970,992
Dividends paid to shareholders	(12,152)	(718)	(371,640)	(21,502)
Net cash from (used in) financing activities	(18,770)	131,528	(603,842)	4,131,274
Net increase (decrease) in cash and cash equivalents	(93,749)	86,487	(2,888,629)	2,749,919
Cash and cash equivalents at 1 October	148,819	62,314	4,671,533	1,921,066
Effects of exchange rates	771	18	24,853	548
Cash and cash equivalents at 30 September	55,841	148,819	1,807,757	4,671,533
Non-cash transactions				
Accrued liabilities for purchases of property, plant and equipment	1,323	311	42,830	9,763
Accrued liabilities for share purchase consideration in subsidiaries	2,040	2,459	66,042	77,190
Finance lease agreements to purchases of equipment	72	90	2,331	2,825

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Separate financial statements			
	For the year that ended on 30 September		For the year that ended on 30 September	
	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Cash flows from operating activities				
Profit (loss) for the year	(2,690)	538	(86,711)	16,389
<i>Adjustments for:</i>				
Depreciation	471	461	15,183	14,044
Amortisation	30	22	967	670
Finance costs	-	780	-	23,761
Share-based payment	14	15	451	457
Net gains on disposals and write-offs of property, plant and equipment and intangible assets	(8)	(2)	(258)	(61)
Unrealised losses on exchange rates	1,670	656	53,832	19,983
Employee benefit obligations	41	41	1,322	1,249
Loss from write-off of outstanding withholding taxes	-	63	-	1,919
Gains on disposals of investments in subsidiaries	-	(163)	-	(4,966)
Exchange rate (gains) losses from translating financial statements	-	(3)	105,318	10,188
Income tax expense	1,135	-	36,586	-
Cash flows from operations before changes in operating assets and liabilities	663	2,408	126,690	83,633
<i>Changes in operating assets and liabilities</i>				
Receivables from related parties	(25,174)	(4,675)	(814,966)	(146,752)
Other receivables	(10)	(15)	(324)	(471)
Other non-current assets	(14)	(4)	(453)	(126)
Other payables	(16)	24	(518)	754
Payables to related parties	(439)	(1,488)	(14,212)	(46,709)
Accrued expenses	170	507	5,503	15,915
	(25,483)	(5,651)	(824,970)	(177,389)
Cash used in operating activities	(24,820)	(3,243)	(698,280)	(93,756)
Finance costs paid	-	(780)	-	(23,761)
Income tax paid	(137)	(63)	(4,416)	(1,919)
Net cash used in operating activities	(24,957)	(4,086)	(702,696)	(119,436)

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ANNUAL REPORT 2014

STATEMENT OF CASH FLOWS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Separate financial statements			
	For the year that ended on 30 September 2014		For the year that ended on 30 September 2013	
	(in thousand US Dollar)	(in thousand US Dollar)	(in thousand Baht)	(in thousand Baht)
Cash flows from investing activities				
Increase in short term deposit at financial institution	(25,012)	-	(809,721)	-
Short-term loans received from related parties	8,194	17,800	265,168	558,754
Short-term loans provided to related parties	-	(14,731)	-	(462,416)
Proceeds from disposals of investments in subsidiaries	-	212	-	6,655
Payment for investments in subsidiaries	(44,000)	-	(1,424,425)	-
Payment for investments in associates	-	(33,782)	-	(1,060,441)
Payment for investments in jointly-controlled entity	-	(213)	-	(6,686)
Proceeds from disposals of property, plant and equipment and intangible assets	8	2	259	63
Payment for purchases of property, plant and equipment	(22)	(239)	(713)	(7,502)
Payment for purchases of intangible assets	(101)	(18)	(3,269)	(565)
Net cash used in investing activities	(60,933)	(30,969)	(1,972,701)	(972,138)
Cash flows from financing activities				
Proceeds from short-term borrowings from financial institutions	-	35,000	-	1,098,675
Proceeds from short-term borrowings from related parties	-	9,500	-	298,212
Repayments of short-term borrowings from financial institutions	-	(35,000)	-	(1,098,675)
Repayments of short-term borrowings from related parties	-	(9,500)	-	(298,212)
Repayments of finance lease liabilities	(6)	(38)	(194)	(1,193)
Proceeds from issue of ordinary shares	12,785	126,455	395,937	3,970,992
Dividends paid to shareholders	(12,152)	(718)	(371,640)	(21,502)
Net cash from financing activities	627	125,699	24,103	3,948,297
Net increase (decrease) in cash and cash equivalents	(85,263)	90,644	(2,651,294)	2,856,723
Cash and cash equivalents at 1 October	110,836	20,195	3,479,220	622,588
Effects of exchange rates	315	(3)	10,154	(91)
Cash and cash equivalents at 30 September	25,888	110,836	838,080	3,479,220
Non-cash transactions				
Finance lease agreements to purchase computer hardware	-	6	-	195
Amount due from disposals of investments in associates under common control transactions	90,176	-	2,919,294	-

The accompanying notes are an integral part of these financial statements.

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 November 2014.

1 General information

Mermaid Maritime Public Company Limited (the “Company”) is a public company limited which is incorporated in Thailand and is listed on the Singapore Exchange Securities Trading Limited. The address of its registered office is at 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. The scope of services comprises sub-sea engineering and inspection by divers and remotely operated vehicle (“ROV”) systems and ownership and operations of a fleet of offshore service vessels and tender drilling rigs.

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

Details of the Company’s subsidiaries, associates, and jointly-controlled entity as at 30 September 2014 and 2013 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			30 September 2014	30 September 2013
<i>Subsidiaries</i>				
Mermaid Offshore Services Ltd., which has four subsidiaries as follows:	Subsea Service Provider to offshore oil and gas industry	Thailand	100.0	100.0
Seascope Surveys (Thailand) Ltd.	Subsea Service Provider, hydrographic survey and positioning to the offshore oil and gas industry	Thailand	100.0	100.0
Seascope Surveys Pte. Ltd., which has one subsidiary as follows:	”	Singapore	100.0	100.0
PT Seascope Surveys Indonesia	”	Indonesia	95.0	95.0
Mermaid Offshore Services Pte. Ltd.	Marketing services for offshore oil and gas contract	Singapore	100.0	100.0
Mermaid Drilling Ltd., which has five subsidiaries as follows:	Production and exploration drilling services	Thailand	95.0	95.0
MTR - 1 Ltd.	Drilling services	Thailand	95.0	95.0
MTR - 2 Ltd.	”	Thailand	95.0	95.0
Mermaid Drilling (Malaysia) Sdn. Bhd.	”	Malaysia	95.0	95.0
MTR - 1 (Singapore) Pte. Ltd.	”	Singapore	95.0	95.0
MTR - 2 (Singapore) Pte. Ltd.	”	Singapore	95.0	95.0

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Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			30 September 2014	30 September 2013
Mermaid Drilling (Singapore) Pte. Ltd.	Production and exploration drilling services	Singapore	100.0	100.0
MTR - 3 (Singapore) Pte. Ltd.	"	Singapore	100.0	100.0
MTR - 4 (Singapore) Pte. Ltd.**	"	Singapore	100.0	-
MTR - 5 (Singapore) Pte. Ltd.**	"	Singapore	100.0	-
Mermaid Maritime Mauritius Ltd.***, which has one subsidiary as follows:	Investment holding	Mauritius	100.0	-
Mermaid International Ventures****, which has three subsidiaries and four associates as follows:	Investment holding	Cayman	100.0	-
<i>Subsidiaries</i>				
Mermaid Subsea Services (International) Ltd. (formerly Subtech Ltd.), which has two subsidiaries as follows:	Diving and subsea contractor	Seychelles	100.0	100.0
Subtech Saudi Arabia Limited	Diving Services	Saudi Arabia	70.0	70.0
Subtech Qatar Diving and Marine Services LLC *	"	Qatar	49.0	49.0
<i>Associates</i>				
Asia Offshore Drilling Limited, which has three subsidiaries as follows:	Drilling services	Bermuda	33.76	33.76
Asia Offshore Rig 1 Limited	"	Bermuda	33.76	33.76
Asia Offshore Rig 2 Limited	"	Bermuda	33.76	33.76
Asia Offshore Rig 3 Limited	"	Bermuda	33.76	33.76
<i>Jointly-controlled entity</i>				
Zamil Mermaid Offshore Services Co. (LLC)	Inspection, installation, repair and maintenance services for offshore oil and gas industry	Saudi Arabia	40.00	40.00

* Group interest is 100% after taking account of nominee holdings.

** MTR-4 (Singapore) Pte. Ltd. and MTR-5 (Singapore) Pte. Ltd. were incorporated in Singapore since 8 January 2014.

*** Mermaid Maritime Mauritius Ltd. was incorporated in Mauritius since 25 March 2014.

**** Mermaid International Ventures was incorporated in Cayman since 26 August 2014.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”).

The FAP has issued TFRS 8: Operating Segments which is relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2013. The adoption of TFRS 8 with effect from 1 October 2013 has resulted in changes in the Group’s accounting policies which are disclosed in note 3 to the financial statements.

In addition to the above new TFRS, the FAP has issued a number of new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 37 to the financial statements.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position: the present value of the defined benefit obligation.

(c) *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 stated in US Dollar, which is the Company’s functional currency, and Thai Baht, which is the Company’s designated presentation currency and accordingly the Company has prepared financial statements in both US Dollar and Thai Baht. The basis of the translation from the functional currency (US Dollar) to the presentation currency (Thai Baht) is disclosed in note 4 (b).

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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Note 8	Provisions and contingencies
Note 13, 15	Key assumptions used in discounted cash flow projections
Note 17	Deferred Tax
Note 20	Measurement of defined benefit obligation
Note 28	Utilisation of tax losses
Note 32	Valuation of financial instruments
Note 34	Contingent liabilities
Note 35	Measurement of share-based payment

3 Changes in accounting policies

Details of the new accounting policies adopted by the Group are included in note 3(a) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(a) *Presentation of information on operating segments*

From 1 October 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the 2013 financial statements, which are included in the Group's 2014 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has resulted in the Group presenting segment information (note 23 to the financial statements) in respect of the following segments: Subsea; Survey; Drilling; and Holding.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 3, which addresses changes in accounting policies.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly-controlled entities.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

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Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, other professional and consulting fees are expensed as incurred.

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with Guidelines issued in 2009 by the FAP.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Jointly-controlled entities and associates (equity-accounted investees)

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates and jointly-controlled entities in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and jointly-controlled entities in the consolidated financial statements are accounted for using the equity method.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or made payments on behalf of the investee.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entity are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies translations

Transactions and balances

Foreign currency transactions are translated into the respective functional currencies of group entities using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualify net investment hedges. All other foreign exchange gains and losses are presented in profit or loss within “gains (losses) on exchange rates”.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each financial position presented are translated at the closing rate at the date of the statement of financial position.
- (b) income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions) and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

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(e) *Supplies and spare parts*

Vessel supplies and spare parts mainly comprise bunker, vessel supplies, and spare parts. Bunker supplies are stated at cost, determined on a first-in, first-out basis. Vessel supplies and spare parts are stated at cost, determined on a weighted average basis. Rig supplies and spare parts are stated at historical cost, determined on a specific identification basis. The rig supplies and spare parts purchased to replace those used during the year are reported as vessel costs of service in profit and loss.

(f) *Investments*

Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investment in jointly-controlled entities and associates in the consolidated financial statements are accounted for using the equity method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(g) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

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Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvement	10 and 20 years
Offshore support vessels	5 to 30 years
Second-hand tender rigs	1 to 20 years
Motor launches	10 years
Tools and equipment	3 to 20 years
Office equipment	3 to 5 years
Motor vehicles	5 to 10 years

No depreciation is provided on freehold land or assets under construction.

The estimated useful lives of support vessels and tender rigs are based on their remaining useful lives at the acquisition date. Depreciation is calculated based on a component approach on the cost of the vessels and tender rigs less an estimated residual value.

Expenditures incurred during inspections, major repairs, or dry-docking are 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.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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(h) *Intangible assets*

Goodwill

The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Software licenses	1, 3 and 5	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(k) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(l) *Employee benefits*

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Rendering of services

The Group recognises revenue as services are performed based upon (a) contracted price and the number of operating days during the period or (b) agreed service charge. Where an arrangement contains a lease obligation, revenue is evenly recognised over the contract period.

Mobilisation activities related to drilling rig activity to mobilise a 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.

Interest and dividend income

Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Group's right to receive payment is established.

(o) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(p) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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(q) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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(r) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) *Business segment reporting*

Segment results that are reported to the Group's Chief Operation Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationship
Thoresen Thai Agencies Public Company Limited	Thailand	Ultimate parent company, some common directors
Thoresen Shipping Singapore Pte Ltd.	Singapore	99.9% holding by ultimate parent company
Thoresen Services Center Ltd.	Thailand	99.9% holding by ultimate parent company
Thoresen & Company (Bangkok) Limited	Thailand	99.9% holding by a subsidiary of ultimate parent company
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

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The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Service income	Prices normally charged to a third party
Management fee income	Actual cost plus margin
Interest income and interest expenses	Market linked rate/the borrowing costs of the lender
Rental income	Prices normally charged to a third party
Cost of services	Prices normally charged to a third party
Other administrative expenses	Actual cost plus margin
Management benefit expenses	Amount approved by the directors and/or the shareholders

Significant transactions for years that ended on 30 September 2014 and 2013 with related parties were as follows:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
<i>Parent</i>				
Rental income	53	23	1,708	701
Other administrative expenses	16	(123)	516	(3,747)
<i>Jointly-controlled entity</i>				
Service income	83,792	49,553	2,701,010	1,509,548
<i>Other related parties</i>				
Other administrative expenses	(8)	327	(258)	9,961
<i>Key management personnel compensation</i>				
Short-term employee benefits	1,030	883	33,202	26,899
Post-employment benefits and other long term benefits	1	1	32	30
	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
<i>Parent</i>				
Rental income	53	23	1,708	701
Other administrative expenses	14	(123)	451	(3,747)
<i>Subsidiaries</i>				
Management fee income	1,486	1,910	47,901	58,185
Interest income	4,646	4,539	149,762	138,273
Rental income	252	225	8,123	6,854
Other administrative expenses	5	41	161	1,249
Interest expense	-	45	-	1,371
<i>Other related parties</i>				
Other administrative expenses	(8)	(4)	(258)	(122)
<i>Key management personnel compensation</i>				
Short-term employee benefits	630	430	20,308	13,099
Post-employment benefits and other long term benefits	1	1	32	30

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Balances as at 30 September 2014 and 2013 with related parties were as follows:

	Consolidated financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Trade accounts receivable from related parties				
Jointly-controlled entity	44,074	32,245	1,426,821	1,012,193
Total	44,074	32,245	1,426,821	1,012,193
Receivables from related parties				
Parent	5	4	162	126
Total	5	4	162	126
Trade accounts payable to related parties				
Other related parties	-	159	-	4,991
Total	-	159	-	4,991
Payables to related parties				
Parent	2	18	65	565
Other related parties	-	28	-	879
Total	2	46	65	1,444
Separate financial statements				
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Receivables from related parties				
Parent	5	4	162	126
Subsidiaries	35,342	21,184	1,144,138	664,981
Subsidiaries - transferred investments in associates under common control	90,176	-	2,919,294	-
Total	125,523	21,188	4,063,594	665,107
Short-term loans to related parties				
Subsidiaries	147,800	146,957	4,784,774	4,613,083
Total	147,800	146,957	4,784,774	4,613,083
Payables to related parties				
Parent	-	18	-	565
Subsidiaries	35,362	35,748	1,144,785	1,122,155
Other related parties	-	28	-	879
Total	35,362	35,794	1,144,785	1,123,599

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Share purchase consideration payable

The share purchase consideration payable was contingent consideration arising from the share acquisition transactions of Mermaid Offshore Services Ltd. (“MOS”), a subsidiary. On 10 July 2012, MOS entered into a share purchase agreement with the shareholders of Seascope Surveys Pte. Ltd. (“SSPL”) and Seascope Surveys (Thailand) Ltd. (“SSTL”) to purchase 20% of the issued and paid-up capital of SSPL and SSTL. As a result of completion of the share acquisition, SSPL and SSTL have each become a wholly owned subsidiary of MOS. The share purchase consideration payable was due in the financial years 2013 and 2014 amounting to US Dollar 1,145 thousand or equivalent to Baht 37.1 million and US Dollars 2,040 thousand or equivalent to Baht 66.1 million, respectively. The excess of consideration over the acquired net book value of US Dollar 3,201 thousand is recognised as an item under other components of equity in the consolidated financial statement.

Movements of short-term loans to related parties, excluding interest receivables from related parties, during the years that ended on 30 September 2014 and 2013 were as follows:

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
<i>Subsidiaries</i>				
At 1 October	146,957	150,484	4,613,083	4,639,241
Increases	-	14,731	-	462,416
Conversion of accrued interest income to short-term loan	10,808	-	354,649	-
Decreases	(7,483)	(17,812)	(242,249)	(559,131)
Realised gains (losses) on exchange rates	(711)	12	(22,919)	377
Unrealised gains (losses) on exchange rates	(1,771)	(458)	(57,088)	(14,377)
Translation adjustments	-	-	139,298	84,557
At 30 September	147,800	146,957	4,784,774	4,613,083

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

On 11 December 2013, the Company and a subsidiary have agreed to convert short-term loans amount of US Dollar 110.91 million and accrued interest of US Dollar 10.81 million, totaling of US Dollar 121.72 million to be the new principle of Baht 3,879.98 million. The conversion rate was the average rate announced by Bank of Thailand on the effective date.

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Movements of short-term borrowings from related parties, excluding interest payables from related parties, during the years that ended on 30 September 2014 and 2013 were as follows:

	Separate financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
<i>Subsidiaries</i>				
At 1 October	-	-	-	-
Increases	-	9,500	-	298,212
Decreases	-	(9,500)	-	(298,212)
At 30 September	-	-	-	-

6 Cash and cash equivalents

	Consolidated financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Cash on hand	146	108	4,726	3,390
Cash at bank	55,695	148,711	1,803,031	4,668,143
Total	55,841	148,819	1,807,757	4,671,533

	Separate financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Cash on hand	2	2	65	63
Cash at bank	25,886	110,834	838,015	3,479,157
Total	25,888	110,836	838,080	3,479,220

7 Short term deposit at financial institution

	Consolidated/Separate financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Short term deposit at financial institution	25,012	-	809,721	-
Total	25,012	-	809,721	-

Short term deposit (6 months) at financial institution with interest rate of 0.77% per annum and matures on 10 November 2014.

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8 Trade accounts receivable

	Note	Consolidated financial statements			
		2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Jointly-controlled entity	5	44,074	32,245	1,426,821	1,012,193
Other parties		53,728	52,059	1,739,352	1,634,168
Accrued income		12,048	5,557	390,034	174,438
Total		109,850	89,861	3,556,207	2,820,799
Bad and doubtful debts expense for the year		-	(121)	-	(3,686)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Within credit terms	56,478	69,639	1,828,379	2,186,017
Overdue:				
Less than 3 months	38,596	12,414	1,249,480	389,684
Overdue 3 to 6 months	14,232	7,751	460,737	243,309
Overdue 6 to 12 months	535	57	17,320	1,789
Overdue 12 months	9	-	291	-
Total	109,850	89,861	3,556,207	2,820,799

As at 30 September 2014, the Group has trade accounts receivable balance with Zamil Mermaid Offshore Service Co. (LLC) with amounting to US Dollar 44.1 million. By 31 October 2014, the Group had collected an amount of US Dollar 8.0 million.

The normal credit term granted by the Group ranges from 30 days to 60 days.

9 Other receivables

	Consolidated financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Accrued interest income	104	53	3,367	1,664
Prepaid expenses	2,930	2,246	94,854	70,504
Advances to employees	505	376	16,349	11,803
Advances for business expenses	3,080	1,058	99,710	33,211
Deferred mobilisation cost	4,371	3,739	141,504	117,370
Insurance claim receivables	-	1,519	-	47,682
Value added tax refundable	3,284	2,831	106,313	88,867
Withholding taxes	1,841	705	59,599	22,130
Input taxes awaiting invoice	1,305	566	42,247	17,768
Others	1,016	1,637	32,891	51,386
Total	18,436	14,730	596,834	462,385

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	Separate financial statements			
	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Prepaid expenses	50	42	1,619	1,318
Accrued interest income	87	53	2,816	1,664
Value added tax refundable	4	11	129	345
Input taxes awaiting invoice	5	9	162	283
Others	11	33	356	1,036
Total	157	148	5,082	4,646

10 Deferred contract cost

	Consolidated financial statements			
	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
At 1 October	8,321	9,000	261,202	277,459
Additions	-	2,012	-	63,158
Amortisation on deferred contract costs	(2,039)	(2,691)	(65,727)	(81,977)
Translation adjustments	-	-	7,894	2,562
At 30 September	6,282	8,321	203,369	261,202

On 30 September 2012, US Dollar 9.3 million (equivalent to Baht 286.7 million) was paid by Mermaid Subsea Services (International) Ltd. (formerly Subtech Ltd.), a subsidiary of the Company, to General Technology & Systems Co., Ltd (“Gentas”). The payment consists of the following elements: (a) US Dollar 0.3 million (equivalent to Baht 9.2 million) as consideration for the acquisition of Gentas’s 30% equity interest in Subtech Saudi Arabia, (recorded in other receivables); and (b) US Dollar 9.0 million (equivalent to Baht 277.5 million) (recorded in deferred contract costs) as (i) compensation for loss of expected profits to Gentas, if not for the sale of its 30% equity interest in Subtech Saudi Arabia, pertaining to a recently awarded five-year inspection, repair, and maintenance contract with Saudi Aramco (“IRM Contract”) worth more than US Dollar 530 million of revenues and (ii) as an advance payment for Gentas assistance to secure the IRM Contract.

The US Dollar 9.0 million was related to securing the IRM Contract that was been executed by a jointly-controlled entity, Zamil Mermaid Offshore Services Co. (LLC) (“Zmos”), and was recognised as deferred contract costs. The deferred contract costs is amortised rateably over the period of execution of the contract, starting from the date revenue is first recognised, which is approximately five years. The total IRM Contract revenue over five years period is estimated to be approximately US Dollar 530 million. The Group’s estimated revenue is between 60 to 70 percent of the IRM Contract revenue over this period.

The IRM Contract was awarded to Zmos on 25 October 2012. Zmos is a newly established entity that the Group controls jointly with Zamil Offshore Services Co (“Zamil”). Zmos is billing Saudi Aramco at agreed rates in the IRM Contract, and the two partners are billing Zmos for the costs incurred in executing the IRM Contract.

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11 Restricted deposit at financial institution

The restricted deposit at a financial institution is pledged against long-term loans with a local financial institution. The restricted deposit must be maintained at a minimum amount of the next two principal and interest payments after the two-year grace period expires in September 2013.

12 Investments in associates

Movements during the year that ended on 30 September were as follows:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
At 1 October	100,316	62,108	3,148,989	1,914,715
Additional investments	-	33,782	-	1,060,441
Share of profits of associates	31,059	4,426	1,001,178	134,831
Translation adjustments	-	-	102,875	39,002
At 30 September	131,375	100,316	4,253,042	3,148,989
	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
At 1 October	97,582	63,800	3,063,167	1,966,877
Additional investments	-	33,782	-	1,060,441
Transferred under common control transactions	(97,582)	-	(3,063,167)	-
Translation adjustments	-	-	-	35,849
At 30 September	-	97,582	-	3,063,167

On 12 March 2013, the Company participated in a private placement of Asia Offshore Drilling Limited ("AOD") by subscribing for 6,756,225 new ordinary shares at US Dollar 5.00 per share for a total investment of US Dollar 33.8 million, or equivalent to Baht 1,060.4 million. After the private placement, which raised US Dollar 100 million in proceeds for AOD, the Company's ownership in AOD increased to 20,256,425 ordinary shares, equivalent to 33.76 percent of all outstanding ordinary shares.

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On 26 September 2014, the Company agreed to transfer the investment in associates, Asia offshore Drilling Group, to a subsidiary, Mermaid International Ventures at cost of US Dollar 97.58 million for consideration received of Baht 2,899 million (or equivalent to US Dollar 90.18 million). As at 30 September 2014, the Company recorded amount due from MIV amounting to US Dollar 90.18 million as receivables from related parties in the separated financial statement. Since these were transactions under common control, the Company recorded the differences between the carrying amount and consideration received from a subsidiary totalling US Dollar 7.41 million in "Differences arising from common control transactions" as a component in equity in the separate statement of changes in equity for the year that ended on 30 September 2014. In addition, differences arising from common control transactions were eliminated in the consolidated financial statement.

Details of associates are as follows:

Name	Country of incorporation	Assets		Liabilities		Revenues		Profit		% Interest held		Profit sharing	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Group of AOD companies ^(A)	Bermuda	761,837	724,670	389,642	445,572	205,387	35,332	91,997	13,110	33.76%	33.76%	31,059	4,426
							<i>(in thousand US Dollar)</i>						
Name	Country of incorporation	Assets		Liabilities		Revenues		Profit		% Interest held		Profit sharing	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Group of AOD companies ^(A)	Bermuda	24,663,178	22,747,899	12,613,997	13,986,817	6,620,588	1,076,329	2,965,496	399,374	33.76%	33.76%	1,001,178	134,831
							<i>(in thousand Baht)</i>						

^(A) Group of AOD companies comprises three subsidiaries, which are Asia Offshore Rig 1 Limited, Asia Offshore Rig 2 Limited, and Asia Offshore Rig 3 Limited.

The Group has recognised its share of the profit for the year that ended on 30 September 2014 of US Dollar 31.06 million (2013: US Dollar 4.43 million) relating to certain investments accounted for using the equity method.

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13 Investments in subsidiaries

Details as at 30 September 2014 were as follows:

	Separate financial statements	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
At 1 October 2013	140,273	4,403,268
Increases	44,000	1,424,425
Translation adjustments	-	137,832
At 30 September 2014	184,273	5,965,525

Significant increases during the year that ended on 30 September 2014 were as follow:

On 8 January 2014, the Company registered MTR-4 (Singapore) Pte. Ltd. (“MTR-4”) for operation and ownership of tender rigs. MTR-4 has registered capital of US Dollar 22 million, comprising 22 million shares at par value of US Dollar 1 each. The Company invested and fully paid-up share capital, in portion of 100% amounting to US Dollar 22 million.

On 8 January 2014, the Company registered MTR-5 (Singapore) Pte. Ltd. (“MTR-5”) for offshore drilling and related services in oil and gas industry. MTR-5 has registered capital of US Dollar 79, comprising 100 shares at par value of Singapore Dollar 1 each. The Company invested and fully paid-up share capital, in portion of 100% amounting to US Dollar 79.

On 27 January 2014, the Company acquired 100% of the ordinary shares of MTR-3 (Singapore) Pte. Ltd. from Mermaid Drilling (Singapore) Pte. Ltd. at par value of US Dollar 100. At the extraordinary shareholders’ meeting on 29 January 2014 of MTR-3 (Singapore) Pte. Ltd., the Company approved to increase the authorised share capital from US Dollar 100 (comprising 100 shares at par value of US Dollar 1 each) by issue of new ordinary shares totalling 22 million shares at par value of US Dollar 1 each. The Company paid US Dollar 22 million for the share capital, in the proportion of investment of 100%.

On 25 March 2014, the Company registered Mermaid Maritime Mauritius Ltd. for investing in companies, whose objectives are to operate and own tender rigs. Mermaid Maritime Mauritius Ltd. has registered capital of US Dollar 1. The Company invested and fully paid-up share capital, in portion of 100% amounting to US Dollar 1.

On 26 August 2014, the Company registered Mermaid International Ventures for investing in companies, whose objectives are to operate and own tender rigs. Mermaid International Ventures has registered capital of US Dollar 1. The Company invested and fully paid-up share capital, in portion of 100% amounting to US Dollar 1. On 5 September 2014, Mermaid International Ventures increased its authorised share capital from US Dollar 1 (comprising 1 share at par value of US Dollar 1 each) by issue of new ordinary shares totalling 99 shares at par value of US Dollar 1 each. The Company paid US Dollar 99 for the share capital, in the proportion of investment of 100%.

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14 Investments in jointly-controlled entity

Movements during the year that ended on 30 September were as follows:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
At 1 October	-	-	-	-
Additional investments	-	213	-	6,686
Share of profits (losses) of jointly-controlled entity	262	(213)	8,445	(6,489)
Translation adjustments	-	-	37	(197)
At 30 September	262	-	8,482	-

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
At 1 October	213	-	6,686	-
Additional investments	-	213	-	6,686
Translation adjustments	-	-	210	-
At 30 September	213	213	6,896	6,686

On 1 October 2012, the Company subscribed for 800 shares, equivalent to 40.0% of total shares in Zamil Mermaid Offshore Services Co. (LLC), a new jointly-controlled entity, for total consideration of Qatari Riyal 0.8 million (Baht 6.6 million). The contractual arrangements between the joint venture partners require, among other matters, consent from both partners equally for actions and decisions of the jointly-controlled entity.

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Details of the jointly-controlled entity are as follows:

Name	Country of incorporation	Assets		Liabilities		Revenues		Profit (loss)		% Interest held		Profit (loss) sharing	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40,721	34,268	39,532	35,494	112,231	61,643	655	(1,759)	40%	40%	262	(213)*
<i>(in thousand US Dollar)</i>													
Name	Country of incorporation	Assets		Liabilities		Revenues		Profit (loss)		% Interest held		Profit (loss) sharing	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	1,318,273	1,075,697	1,279,781	1,114,182	3,617,733	1,877,849	21,113	(53,585)	40%	40%	8,445	(6,489)*
<i>(in thousand Baht)</i>													

The Group has recognised its share of the profit for the year that ended on 30 September 2014 of US Dollar 0.26 million relating to certain investments accounted for using the equity method because as at 30 September 2014 due to a cumulative share of unrecognised losses carry forward from 30 September 2013 amount US Dollar 0.49 million has been recovered by the Group's share of profits for the year that ended 30 September 2014 amount US Dollar 0.75 million.

(*) As at 30 September 2013, the Company's recognised share of losses from jointly-controlled entity equalled its interest in the jointly-controlled entity and therefore the Company discontinued recognising any share of further losses of the jointly-controlled entity, amounting to US Dollar 0.5 million or equivalent to Baht 14.9 million. After the Company's interest is reduced to zero, a liability is recognised only to the extent that the investor or joint venturer has incurred legal or constructive obligations or made payments on behalf of the jointly-controlled entity. If the jointly-controlled entity reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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15 Property, plant and equipment

Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in process	Total
Cost											
At 1 October 2012	838	4,511	874	74,853	2,394	906	342,156	19,851	71	8,695	455,149
Additions	-	-	211	4,399	330	196	-	21,066	808	15,320	42,330
Transfers	-	-	-	18,604	21	49	-	(67)	-	(18,607)	-
Disposals	-	-	-	(9,300)	(42)	(69)	(6,068)	(860)	-	-	(16,339)
Write off	-	-	(103)	(467)	(20)	-	-	-	-	-	(590)
Translation adjustments	-	-	-	(33)	-	-	-	-	-	-	(33)
At 30 September 2013	838	4,511	982	88,056	2,683	1,082	336,088	39,990	879	5,408	480,517
Additions	-	-	31	4,529	329	472	31	1,093	49	71,732	78,266
Transfers	-	-	2	6,942	8	81	-	-	92	(7,185)	(60)
Disposals	-	-	-	(37)	-	(100)	(1)	-	-	-	(138)
Write off	-	-	-	(597)	(155)	(19)	-	(11,222)	-	-	(11,993)
Translation adjustments	-	-	-	(51)	-	(1)	-	-	-	-	(52)
At 30 September 2014	838	4,511	1,015	98,842	2,865	1,515	336,118	29,861	1,020	69,955	546,540

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	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in process	Total
<i>(in thousand US Dollar)</i>											
Depreciation and impairment losses											
At 1 October 2012	-	(1,972)	(701)	(31,436)	(1,865)	(595)	(79,340)	(14,575)	(46)	-	(130,530)
Depreciation charge for the year	-	(278)	(62)	(8,125)	(301)	(139)	(13,767)	(4,504)	(128)	-	(27,304)
Transfers	-	-	-	211	-	-	(211)	-	-	-	-
Disposals	-	-	-	2,939	42	63	3,781	517	-	-	7,342
Write off	-	-	103	426	18	-	-	-	-	-	547
Translation adjustments	-	-	-	(146)	-	-	-	-	-	-	(146)
At 30 September 2013 and 1 October 2013	-	(2,250)	(660)	(36,131)	(2,106)	(671)	(89,537)	(18,562)	(174)	-	(150,091)
Depreciation charge for the year	-	(277)	(104)	(8,898)	(326)	(200)	(13,444)	(5,592)	(182)	-	(29,023)
Disposals	-	-	-	22	-	99	1	-	-	-	122
Write off	-	-	-	572	153	19	-	11,222	-	-	11,966
Translation adjustments	-	-	-	44	-	-	-	-	-	-	44
At 30 September 2014	-	(2,527)	(764)	(44,391)	(2,279)	(753)	(102,980)	(12,932)	(356)	-	(166,982)
Allowance for impairment at 1 October 2012	-	-	-	(1,027)	-	-	(3,378)	(53)	-	-	(4,458)
Reversal of impairment loss	-	-	-	402	-	-	1,485	-	-	-	1,887
Allowance for impairment at 30 September 2013	-	-	-	(625)	-	-	(1,893)	(53)	-	-	(2,571)
Allowance for impairment at 30 September 2014	-	-	-	(625)	-	-	(1,893)	(53)	-	-	(2,571)

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Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles (in thousand Baht)	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in process	Total
Cost											
At 1 October 2012	25,835	139,069	26,944	2,307,628	73,804	27,931	10,548,259	611,983	2,189	268,056	14,031,698
Additions	-	-	6,623	138,088	10,359	6,153	-	661,276	25,364	480,906	1,328,769
Transfers	-	-	-	583,993	659	1,538	-	(2,103)	-	(584,087)	-
Disposals	-	-	-	(291,934)	(1,318)	(2,166)	(190,479)	(26,996)	-	-	(512,893)
Write off	-	-	(3,233)	(14,659)	(628)	-	-	-	-	-	(18,520)
Translation adjustments	470	2,534	492	41,023	1,345	509	192,258	11,154	39	4,886	254,710
At 30 September 2013 and 1 October 2013	26,305	141,603	30,826	2,764,139	84,221	33,965	10,550,038	1,255,314	27,592	169,761	15,083,764
Additions	-	-	1,004	146,619	10,651	15,280	1,004	35,384	1,586	2,322,202	2,533,730
Transfers	-	-	65	224,735	259	2,622	-	-	2,978	(232,602)	(1,943)
Disposals	-	-	-	(1,198)	-	(3,237)	(32)	-	-	-	(4,467)
Write off	-	-	-	(19,327)	(5,018)	(615)	-	(363,293)	-	-	(388,253)
Translation adjustments	824	4,433	964	84,874	2,637	1,031	330,239	39,294	865	5,313	470,474
At 30 September 2014	27,129	146,036	32,859	3,199,842	92,750	49,046	10,881,249	966,699	33,021	2,264,674	17,693,305

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	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles (in thousand Baht)	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in process	Total
Consolidated financial statements											
<i>Depreciation and impairment losses</i>											
At 1 October 2012	-	(60,794)	(21,612)	(969,134)	(57,496)	(18,343)	(2,445,957)	(449,330)	(1,418)	-	(4,024,084)
Depreciation charge for the year	-	(8,469)	(1,889)	(247,514)	(9,169)	(4,234)	(419,388)	(137,207)	(3,899)	-	(831,769)
Transfers	-	-	-	6,623	-	-	(6,623)	-	-	-	-
Disposals	-	-	-	92,257	1,318	1,978	118,688	16,229	-	-	230,470
Write off	-	-	3,233	13,372	565	-	-	-	-	-	17,170
Translation adjustments	-	(1,366)	(448)	(29,782)	(1,327)	(464)	(57,349)	(12,366)	(145)	-	(103,247)
At 30 September 2013	-	(70,629)	(20,716)	(1,134,178)	(66,109)	(21,063)	(2,810,629)	(582,674)	(5,462)	-	(4,711,460)
Depreciation charge for the year	-	(8,929)	(3,353)	(286,824)	(10,509)	(6,447)	(433,363)	(180,256)	(5,867)	-	(935,548)
Disposals	-	-	-	712	-	3,205	32	-	-	-	3,949
Write off	-	-	-	18,518	4,953	615	-	363,293	-	-	387,379
Translation adjustments	-	(2,249)	(665)	(35,312)	(2,114)	(687)	(89,842)	(19,015)	(196)	-	(150,080)
At 30 September 2014	-	(81,807)	(24,734)	(1,437,084)	(73,779)	(24,377)	(3,333,802)	(418,652)	(11,525)	-	(5,405,760)

15 CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements										
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles (in thousand Baht)	Offshore support vessels, and tender rigs (in thousand Baht)	Dry-docking	Motor launches	Construction in process	Total
Allowance for impairment											
at 1 October 2012	-	-	-	(31,661)	-	-	(104,140)	(1,634)	-	-	(137,435)
Reversal of impairment loss	-	-	-	12,619	-	-	46,615	-	-	-	59,234
Translation adjustments	-	-	-	(577)	-	-	(1,898)	(30)	-	-	(2,505)
Allowance for impairment at 30 September 2013	-	-	-	(19,619)	-	-	(59,423)	(1,664)	-	-	(80,706)
Translation adjustments	-	-	-	(614)	-	-	(1,860)	(52)	-	-	(2,526)
Allowance for impairment at 30 September 2014	-	-	-	(20,233)	-	-	(61,283)	(1,716)	-	-	(83,232)
Net book value											
At 1 October 2012	25,835	78,275	5,332	1,306,833	16,308	9,588	7,998,162	161,019	771	268,056	9,870,179
At 30 September 2013 and 1 October 2013	26,305	70,974	10,110	1,610,342	18,112	12,902	7,679,986	670,976	22,130	169,761	10,291,598
At 30 September 2014	27,129	64,229	8,125	1,742,525	18,971	24,669	7,486,164	546,331	21,496	2,264,674	12,204,313

Security

As at 30 September 2014 the Group's property, plant and equipment with a net book value of US Dollar 204.3 million (2013: US Dollar 214.1 million) were registered to secure short-term and long-term facilities with financial institutions.

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Separate finance statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand US Dollar)	Office equipment	Motor vehicles	Construction in process	Total
Cost								
At 1 October 2012	838	4,511	600	17	1,563	129	22	7,680
Additions	-	-	-	21	166	-	53	240
Transfers	-	-	-	20	-	-	(20)	-
At 30 September 2013 and 1 October 2013	838	4,511	600	58	1,729	129	55	7,920
Additions	-	-	-	7	65	-	10	82
Transfers	-	-	2	3	-	-	(65)	(60)
Disposals	-	-	-	-	-	(42)	-	(42)
At 30 September 2014	838	4,511	602	68	1,794	87	-	7,900
Depreciation								
At 1 October 2012	-	(1,971)	(490)	(13)	(1,260)	(106)	-	(3,840)
Depreciation charge for the year	-	(278)	(15)	(6)	(151)	(11)	-	(461)
At 30 September 2013 and 1 October 2013	-	(2,249)	(505)	(19)	(1,411)	(117)	-	(4,301)
Depreciation charge for the year	-	(278)	(17)	(10)	(156)	(10)	-	(471)
Disposals	-	-	-	-	-	42	-	42
At 30 September 2014	-	(2,527)	(522)	(29)	(1,567)	(85)	-	(4,730)
Net book value								
At 1 October 2012	838	2,540	110	4	303	23	22	3,840
At 30 September 2013 and 1 October 2013	838	2,262	95	39	318	12	55	3,619
At 30 September 2014	838	1,984	80	39	227	2	-	3,170

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Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand Baht)	Office equipment	Motor vehicles	Construction in process	Total
Cost								
At 1 October 2012	25,835	139,069	18,498	524	48,185	3,977	678	236,766
Additions	-	-	-	659	5,211	-	1,664	7,534
Transfers	-	-	-	628	-	-	(628)	-
Translation adjustments	470	2,534	337	10	879	72	12	4,314
At 30 September 2013 and 1 October 2013	26,305	141,603	18,835	1,821	54,275	4,049	1,726	248,614
Additions	-	-	-	227	2,104	-	324	2,655
Transfers	-	-	64	97	-	-	(2,104)	(1,943)
Disposals	-	-	-	-	-	(1,360)	-	(1,360)
Translation adjustments	824	4,433	589	56	1,699	127	54	7,782
At 30 September 2014	27,129	146,036	19,488	2,201	58,078	2,816	-	255,748
Depreciation								
At 1 October 2012	-	(60,764)	(15,106)	(401)	(38,844)	(3,268)	-	(118,383)
Depreciation charge for the year	-	(8,469)	(457)	(183)	(4,600)	(335)	-	(14,044)
Translation adjustments	-	(1,365)	(289)	(12)	(848)	(70)	-	(2,584)
At 30 September 2013 and 1 October 2013	-	(70,598)	(15,852)	(596)	(44,292)	(3,673)	-	(135,011)
Depreciation charge for the year	-	(8,961)	(549)	(322)	(5,029)	(322)	-	(15,183)
Disposals	-	-	-	-	-	1,354	-	1,354
Translation adjustments	-	(2,248)	(497)	(21)	(1,408)	(111)	-	(4,285)
At 30 September 2014	-	(81,807)	(16,898)	(939)	(50,729)	(2,752)	-	(153,125)
Net book value								
At 1 October 2012	25,835	78,305	3,392	123	9,341	709	678	118,383
At 30 September 2013 and 1 October 2013	26,305	71,005	2,983	1,225	9,983	376	1,726	113,603
At 30 September 2014	27,129	64,229	2,590	1,262	7,349	64	-	102,623

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16 Intangible assets

	Consolidated financial statements	
	Computer software	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Cost		
At 1 October 2012	2,317	71,430
Additions	226	7,094
Disposals	(539)	(16,920)
Write off	(334)	(10,484)
Translation adjustments	(12)	925
At 30 September 2013 and 1 October 2013	1,658	52,045
Additions	538	17,417
Transfers	60	1,943
Write off	(148)	(4,791)
Translation adjustments	(20)	982
At 30 September 2014	2,088	67,596
Amortisation		
At 1 October 2012	(1,920)	(59,191)
Amortisation for the year	(318)	(9,687)
Disposals	539	16,920
Write off	334	10,484
Translation adjustments	12	(997)
At 30 September 2013 and 1 October 2013	(1,353)	(42,471)
Amortisation for the year	(453)	(14,602)
Write off	137	4,435
Translation adjustments	17	(843)
At 30 September 2014	(1,652)	(53,481)
Net book value		
At 1 October 2012	397	12,239
At 30 September 2013 and 1 October 2013	305	9,574
At 30 September 2014	436	14,115

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	Separate financial statements	
	(in thousand US Dollar)	(in thousand Baht)
Computer software		
Cost		
At 1 October 2012	861	26,543
Additions	17	534
Disposals	(539)	(16,920)
Translation adjustments	-	484
At 30 September 2013 and 1 October 2013	339	10,641
Additions	41	1,327
Transfers	60	1,943
Translation adjustments	-	333
At 30 September 2014	440	14,244
Amortisation		
At 1 October 2012	(822)	(25,341)
Amortisation for the year	(22)	(670)
Disposals	539	16,920
Translation adjustments	-	(483)
At 30 September 2013 and 1 October 2013	(305)	(9,574)
Amortisation for the year	(30)	(967)
Translation adjustments	-	(304)
At 30 September 2014	(335)	(10,845)
Net book value		
At 1 October 2012	39	1,202
At 30 September 2013 and 1 October 2013	34	1,067
At 30 September 2014	105	3,399

17 Deferred tax

Deferred tax assets and liabilities as at 30 September were as follows:

	Consolidated financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Deferred tax assets	2,250	2,118	72,840	66,485
Deferred tax liabilities	(2,207)	(2,087)	(71,448)	(65,512)
Net	43	31	1,392	973

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Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements (Charged) / Credited to :			At 30 September 2014
	At 1 October 2013	Profit or loss	Other comprehensive income (note 28)	
<i>(in thousand US Dollar)</i>				
Deferred tax assets				
Property, plant and equipment	101	(7)	-	94
Provisions	-	212	-	212
Retirement benefits obligation	204	42	(37)	209
Loss carry forward	1,813	(30)	-	1,783
Total	2,118	217	(37)	2,298
Set off of tax	-	-	-	(48)
Net deferred tax assets	2,118	217	(37)	2,250
Deferred tax liabilities				
Property, plant and equipment	(2,087)	(168)	-	(2,255)
Total	(2,087)	(168)	-	(2,255)
Set off of tax	-	-	-	48
Net deferred tax liabilities	(2,087)	(168)	-	(2,207)
Net	31	49	(37)	43

	Consolidated financial statements (Charged) / Credited to :				At 30 September 2014
	At 1 October 2013	Profit or loss	Other comprehensive income (note 28)	Translation adjustments	
<i>(in thousand Baht)</i>					
Deferred tax assets					
Property, plant and equipment	3,170	(225)	-	98	3,043
Provisions	-	6,833	-	30	6,863
Retirement benefits obligation	6,405	1,353	(1,193)	201	6,766
Loss carry forward	56,910	(967)	-	1,779	57,722
Total	66,485	6,994	(1,193)	2,108	74,394
Set off of tax	-	-	-	-	(1,554)
Net deferred tax assets	66,485	6,994	(1,193)	2,108	72,840
Deferred tax liabilities					
Property, plant and equipment	(65,512)	(5,414)	-	(2,076)	(73,002)
Total	(65,512)	(5,414)	-	(2,076)	(73,002)
Set off of tax	-	-	-	-	1,554
Net deferred tax liabilities	(65,512)	(5,414)	-	(2,076)	(71,448)
Net	973	1,580	(1,193)	32	1,392

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Consolidated financial statements			
	At 1 October 2012	(Charged) / Credited to : Profit or loss (in thousand US Dollar)	At 30 September 2013
Deferred tax assets			
Property, plant and equipment	98	3	101
Retirement benefits obligation	185	19	204
Loss carry forward	4,094	(2,281)	1,813
Total	4,377	(2,259)	2,118
Deferred tax liabilities			
Property, plant and equipment	(1,599)	(488)	(2,087)
Total	(1,599)	(488)	(2,087)
Net	2,778	(2,747)	31

Consolidated financial statements				
	At 1 October 2012	(Charged) / Credited to : Profit or loss	Translation adjustments	At 30 September 2013
Deferred tax assets				
Property, plant and equipment	3,022	91	57	3,170
Retirement benefits obligation	5,703	580	122	6,405
Loss carry forward	126,212	(69,487)	185	56,910
Total	134,937	(68,816)	364	66,485
Deferred tax liabilities				
Property, plant and equipment	(49,295)	(14,867)	(1,350)	(65,512)
Total	(49,295)	(14,867)	(1,350)	(65,512)
Net	85,642	(83,683)	(986)	973

Deferred tax assets arising from temporary differences that have not been recognised in the financial statements as at 30 September 2014 and 2013 were as follows:

Consolidated financial statements				
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Loss carry forward	4,976	8,753	161,089	274,769

As at 30 September 2014, the Group had temporary differences arising from the unutilised tax losses carry forward which have not been recognised as deferred tax assets because it is not probable that the Group will be able to utilise the tax benefit in the foreseeable future. The tax losses will expire in 2018.

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18 Interest-bearing liabilities

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Current				
Current portion of long-term borrowings from financial institutions				
Secured	7,885	12,613	255,263	395,931
Unsecured	3,000	6,624	97,120	207,932
Current portion of long-term borrowings	10,885	19,237	352,383	603,863
Current portion of finance lease liabilities	31	17	1,004	534
Total current interest-bearing liabilities	10,916	19,254	353,387	604,397
Non-current				
Long-term borrowings from financial institutions				
Secured	99,368	107,252	3,216,870	3,366,715
Unsecured	7,125	10,125	230,660	317,831
Long-term borrowings	106,493	117,377	3,447,530	3,684,546
Finance lease liabilities	31	62	1,004	1,946
Total non-current interest-bearing liabilities	106,524	117,439	3,448,534	3,686,492
Separate financial statements				
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Current				
Current portion of finance lease liabilities	-	6	-	188

As at 30 September 2014 and 2013, maturity of long-term borrowings from financial institutions were as follows:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Less than 1 year	10,885	19,237	352,383	603,863
1 - 5 years	49,685	46,680	1,608,467	1,465,318
Over 5 years	56,808	70,697	1,839,063	2,219,228
	117,378	136,614	3,799,913	4,288,409

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The movement of long-term borrowings from financial institutions were summarised as follows:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
At 1 October	136,614	130,655	4,288,409	4,027,937
Additions during year	-	13,833	-	434,228
Repayments during year	(19,360)	(7,991)	(626,747)	(250,843)
Amortisation to profit and loss (front end fee)	124	117	3,997	3,564
Translation adjustments	-	-	134,254	73,523
At 30 September	117,378	136,614	3,799,913	4,288,409

The carrying amounts of long-term borrowings from financial institutions as at 30 September were denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Currencies:				
Thousand US Dollar	118,125	133,861	-	-
Thousand Qatari Dollar	-	13,156	-	-

Long-term loans from financial institutions comprise:

Loans for the purchase of support vessels were granted by commercial banks and were denominated in US Dollar, having a total outstanding balance of US Dollar 115.13 million as at 30 September 2014 (2013: US Dollar 122.12 million) with repayment terms within 8 to 10 years. These loans bore interest at the rate of USD-LIBOR plus a certain margin, were secured by mortgages of support vessels as mentioned in note 15 and were guaranteed by the Company.

Loan for the SPS of a tender rig was granted by a local commercial bank and was denominated in US Dollar with a total outstanding balance of US Dollar 3.00 million as at 30 September 2014 (2013: US Dollar 9.00 million) with repayment terms within 2 years. This loan bears interest at the rate of USD-LIBOR plus a certain margin, was secured by mortgage of a tender rig as mentioned in note 15, and guaranteed by the Company and a subsidiary.

According to a condition of the loan agreements for all asset acquisitions, the Company and its subsidiaries were not allowed to create any encumbrance on the assets which were 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.

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Finance lease liabilities

Finance lease liabilities as at 30 September were payable as follows:

	Consolidated financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand US Dollar)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	31	-	31	17	-	17
1 – 5 years	41	(10)	31	73	(11)	62
Total	72	(10)	62	90	(11)	79

	Consolidated financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	1,004	-	1,004	534	-	534
1 – 5 years	1,327	(324)	1,004	2,292	(346)	1,946
Total	2,331	(324)	2,008	2,826	(346)	2,480

	Separate financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand US Dollar)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	-	-	-	6	-	6
Total	-	-	-	6	-	6

	Separate financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	-	-	-	188	-	188
Total	-	-	-	188	-	188

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Borrowing facilities

The Group and the Company have the following undrawn committed long-term borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Fixed interest rate				
- expiring within one year				
Thousand Qatari Dollar	709	709	-	-

19 Trade accounts payable

	Note	Consolidated financial statements			
		2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Related parties	5	-	159	-	4,991
Other parties		17,876	16,455	578,705	516,534
Total		17,876	16,614	578,705	521,525

20 Employee benefit obligations

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Statement of financial position obligations for:				
Post-employment benefits				
Retirement benefit	1,714	1,711	55,488	53,709
Total	1,714	1,711	55,488	53,709
Statement of income:				
Recognised in profit or loss:				
Post-employment benefits				
Retirement benefit	403	824	12,991	25,102
Total	403	824	12,991	25,102

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Statement of financial position obligations for:				
Post-employment benefits				
Retirement benefit	123	176	3,982	5,525
Total	123	176	3,982	5,525
Statement of income:				
Recognised in profit or loss:				
Post-employment benefits				
Retirement benefit	41	41	1,322	1,249
Total	41	41	1,322	1,249

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Thailand legal severance plan

The subsidiaries registered in Thailand provide employee benefit provisions based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Retirement benefit

Movement in the present value of the defined benefit obligations

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Defined benefit obligations at 1 October	1,711	988	53,709	30,459
Current service costs and interest	403	824	12,991	25,102
Actuarial gains recognised in other comprehensive income	(340)	-	(10,960)	-
Benefits paid by the plan	(60)	-	(1,934)	-
Realised gains on exchange rate	-	(101)	-	(3,077)
Translation adjustments	-	-	1,682	1,225
Defined benefit obligations at 30 September	1,714	1,711	55,488	53,709

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Defined benefit obligations at 1 October	176	138	5,525	4,254
Current service costs and interest	41	41	1,322	1,249
Actuarial gains recognised in other comprehensive income	(94)	-	(3,030)	-
Realised gains on exchange rate	-	(3)	-	(91)
Translation adjustments	-	-	165	113
Defined benefit obligations at 30 September	123	176	3,982	5,525

Expense recognised in profit or loss:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Current service costs	380	805	12,250	24,523
Interest on obligation	23	19	741	579
Total	403	824	12,991	25,102

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Current service costs	35	36	1,129	1,097
Interest on obligation	6	5	193	152
Total	41	41	1,322	1,249

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The expense is recognised in profit or loss:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Administrative expenses	403	824	12,991	25,102
Total	403	824	12,991	25,102

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Administrative expenses	41	41	1,322	1,249
Total	41	41	1,322	1,249

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate	3.80	3.90	3.80	3.90
Future salary increases	4.00 - 8.00	6.00	4.00 - 8.00	6.00
Mortality rate	0.08 - 1.03	0.08 - 1.03	0.08 - 1.03	0.08 - 1.03
Resignation rate	0.00 - 20.00	0.00 - 20.00	0.00 - 20.00	0.00 - 20.00

Assumptions regarding future mortality are based on published statistics and mortality tables.

21 Share capital

On 20 March 2013, the Company's Board of Directors proposed a non-renounceable non-underwritten rights issue of new ordinary shares (the rights shares) and a private placement to raise gross proceeds of approximately SGD 176.1 million by issuing up to 628,799,634 new rights shares at a price of SGD 0.28 per share to all shareholders.

The number of new rights shares offered, 628,799,634 new right shares, was based on the assumption that all options that have been granted by the Company under the ESOP 2008 and ESOP 2009 which are exercisable are exercised prior to the Rights Issue Books Closure Date. The final number of new rights share would be changed.

If shareholders do not fully subscribe for their rights shares, the Company may then do a private placement for the remaining shares.

At the extraordinary meeting of shareholders of the Company held on 4 July 2013, the shareholders approved a reduction and an increase in the authorised share capital. The movement of authorised share capital can be summarised as follow:-

- reduce the authorised share capital from Baht 791,213,843 to Baht 787,055,943 by means of the cancellation of 4,157,900 ordinary shares with Baht 1 par value.
- increase the authorised share capital from Baht 787,055,943 to Baht 1,416,700,697 by means of the issuance of 629,644,754 new ordinary shares with Baht 1 par value.

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- (c) the allocation of 569,692,359 ordinary shares from the increase in authorised share capital was completed on 20 September 2013 for offering to registered shareholders under the rights issue proposed by the Company's Board of Directors on 20 March 2013.
- (d) the allocation of up to 1,846,560 ordinary shares from the increase in authorised share capital for adjustments to the employee share options.
- (e) the allocation of 58,105,821 ordinary shares from the increase in authorised share capital was completed on 3 October 2013 for the remaining unsubscribed Excess Rights Shares.

The Company registered the change in its authorised capital to 1,416.7 million ordinary shares at Baht 1 par value, or a total of Baht 1,416.7 million and its issued and paid - up capital 1,354.4 million ordinary shares at Baht 1 par value or totalling of Baht 1,354.4 million with the Ministry of Commerce on 24 September 2013.

Issue and listing of placement shares

On 3 October 2013, the Company's Board of Directors announced that the Company has completed the allotment and issue of 58,105,821 Placement Shares. The Placement Shares rank pari passu in all respects with and carry all rights similar to the other shares in issue as at 4 October 2013, except that they will not rank for any dividends, rights allotments or other distributions which may be declared or paid, the record date in respect of which falls on or before the day immediately prior to the date on which the Placement Shares are issued. The Placement Shares were listed for quotation on the Main Board of the SGX-ST on 4 October 2013 and the trading commenced on the same date.

Additionally, during the year, the 535,115 ordinary shares (*2013:nil*) were issued as a result of the exercise of vested options arising from the 2008 share option programme granted to key management.

	Par value per share (in Baht)	2014 (in thousand Baht/thousand number)	2013
<i>Authorised</i>			
At 1 October			
- ordinary shares	1	1,416,701	791,214
Reduction of shares	1	-	(4,158)
Increase of new shares	1	-	629,645
At 30 September			
- ordinary shares	1	1,416,701	1,416,701
<i>Issued and paid</i>			
At 1 October			
- ordinary shares	1	1,354,440	784,748
Increase of new shares	1	58,641	569,692
At 30 September			
- ordinary shares	1	1,413,081	1,354,440

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Premium on share capital

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

	2014	2013
	<i>(in thousand Baht)</i>	
At 1 October	13,219,720	9,818,420
Increase of new shares	337,296	3,401,300
At 30 September	13,557,016	13,219,720

22 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency transaction differences account within equity related to foreign currency differences arising from the translation of the financial statements of foreign operations to US Dollar and Thai Baht.

Difference arising from common control transactions

The differences arising from common control transactions represent the excess of the book values of certain entities or businesses under common control over their cost as of the date of their acquisition and have been recorded as a reserve. It is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

23 Segment information

The Group has four reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different services and are managed separately because they require different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

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Business segments

The Group comprises the following main business segments:

Segment 1	Subsea group
Segment 2	Survey group
Segment 3	Drilling group
Segment 4	Holding

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	Consolidated financial statements as at 30 September 2014					Elimination	Group
	Subsea group	Survey group	Drilling group	Holding	Total		
	<i>(in thousand US Dollar)</i>						
Interest-bearing liabilities	114,383	62	2,995	-	117,440	-	117,440
	114,383	62	2,995	-	117,440	-	117,440
Unallocated liabilities							67,992
Total liabilities							185,432
Capital expenditure	28,026	2,138	48,703	124	78,991	(187)	78,804
Depreciation	19,436	2,316	7,143	471	29,366	(343)	29,023
Amortisation	30	392	1	30	453	-	453
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	210	(30)	8	7	195	(188)	7

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	Consolidated financial statements as at 30 September 2013						
	Subsea group	Survey group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
Interest-bearing liabilities	124,897	72	11,718	6	136,693	-	136,693
Unallocated liabilities	124,897	72	11,718	6	136,693	-	136,693
Total liabilities							58,921
Capital expenditure	24,833	5,425	15,845	257	46,360	(3,804)	42,556
Depreciation	19,304	1,627	6,123	461	27,515	(211)	27,304
Amortisation	27	265	4	22	318	-	318
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	680	40	(95)	2	627	(876)	(249)

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	Consolidated financial statements for the year that ended on 30 September 2014						
	Subsea group	Survey group	Drilling group	Holding group	Total	Elimination	Group
Total service income	7,733,395	1,740,416	897,543	-	10,371,354	(283,182)	10,088,172
Operating profit (loss)	627,964	126,811	141,575	(167,653)	728,697	12,411	741,108
Share of profit of associates	-	-	-	1,001,178	1,001,178	-	1,001,178
Share of profit of jointly- controlled entity	8,445	-	-	-	8,445	-	8,445
Finance costs	(148,698)	(4,642)	(8,832)	-	(162,172)	36,940	(125,232)
Income tax expense	(52,832)	(21,178)	(55,445)	(36,586)	(166,041)	-	(166,041)
Profit for the year	434,879	100,991	77,298	796,939	1,410,107	49,351	1,459,458

	Consolidated financial statements as at 30 September 2014						
	Subsea group	Survey group	Drilling group	Holding group	Total	Elimination	Group
Cash and cash equivalents	624,092	115,573	230,012	838,080	1,807,757	-	1,807,757
Current investment	-	-	-	809,721	809,721	-	809,721
Trade accounts receivable	3,094,985	449,439	83,976	-	3,628,400	(72,193)	3,556,207
Investment in associates	-	-	-	4,253,042	4,253,042	-	4,253,042
Investment in jointly - controlled entity	8,482	-	-	-	8,482	-	8,482
Property, plant and equipment	9,187,316	196,376	3,056,266	102,623	12,542,581	(338,268)	12,204,313
Unallocated assets	12,914,875	761,388	3,370,254	6,003,466	23,049,983	(410,461)	22,639,522
Total assets							1,551,685
							24,191,207

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	Consolidated financial statements as at 30 September 2014						
	Subsea group	Survey group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Interest-bearing liabilities	3,702,956	2,007	96,958	-	3,801,921	-	3,801,921
Unallocated liabilities	3,702,956	2,007	96,958	-	3,801,921	-	3,801,921
Total liabilities							2,201,126
Capital expenditure	907,294	69,214	1,576,677	4,014	2,557,199	(6,052)	2,551,147
Depreciation	626,513	74,656	230,252	15,183	946,604	(11,056)	935,548
Amortisation	967	12,636	32	967	14,602	-	14,602
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	6,798	(971)	259	227	6,313	(6,087)	226

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	Consolidated financial statements for the year that ended on 30 September 2013						
	Subsea group	Survey group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Total service income	6,616,294	1,164,612	717,806	-	8,498,712	(285,776)	8,212,936
Operating profit (loss)	754,606	116,644	(72,107)	41,065	840,208	(188,598)	651,610
Share of profit of associates	-	-	-	134,831	134,831	-	134,831
Share of loss of jointly- controlled entity	(6,489)	-	-	-	(6,489)	-	(6,489)
Finance costs	(182,841)	(2,163)	(10,236)	(23,761)	(219,001)	67,598	(151,403)
Income tax expense	(19,253)	(30,829)	(108,449)	-	(158,531)	-	(158,531)
Profit (loss) for the year	546,023	83,652	(190,792)	152,135	591,018	(121,000)	470,018
	Consolidated financial statements as at 30 September 2013						
	Subsea group	Survey group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Cash and cash equivalents	983,313	39,019	169,981	3,479,220	4,671,533	-	4,671,533
Trade accounts receivable	2,357,818	294,382	224,977	-	2,877,177	(56,378)	2,820,799
Investment in associates	-	-	-	3,148,989	3,148,989	-	3,148,989
Property, plant and equipment	8,663,990	207,493	1,487,260	113,603	10,472,346	(180,748)	10,291,598
	12,005,121	540,894	1,882,218	6,741,812	21,170,045	(237,126)	20,932,919
Unallocated assets							1,429,846
Total assets							22,362,765

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	Consolidated financial statements as at 30 September 2013					Group
	Subsea group	Survey group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	
Interest-bearing liabilities	3,920,605	2,260	367,836	188	4,290,889	4,290,889
	3,920,605	2,260	367,836	188	4,290,889	4,290,889
Unallocated liabilities						1,849,570
Total liabilities						6,140,459
Capital expenditure	779,525	170,295	497,386	8,067	1,455,273	1,335,863
Depreciation	588,063	49,564	186,527	14,044	838,198	831,769
Amortisation	823	8,072	122	670	9,687	9,687
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	20,714	1,219	(2,894)	61	19,100	(7,585)

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Geographical information

Segments Subsea, Survey, Drilling and Holding are managed on a worldwide basis but mainly operate and provide services in Thailand, Singapore, Indonesia, Qatar and Saudi Arabia.

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

Geographical information

	2014		2013	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
			Service income	
			2014	2013
Saudi Arabia	95,891	60,302	3,091,019	1,836,997
Indonesia	69,957	49,086	2,255,043	1,495,321
Thailand	62,076	42,477	2,001,001	1,293,990
UK	31,950	202	1,029,899	6,154
Qatar	12,711	46,801	409,735	1,425,713
China	11,747	35,527	378,661	1,082,270
Singapore	1,719	806	55,411	24,553
Italy	9,512	10,591	306,616	322,637
Other countries	17,397	23,809	560,787	725,301
Total	312,960	269,601	10,088,172	8,212,936

	2014		2013	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
			Assets	
			2014	2013
Saudi Arabia	103,454	73,910	3,349,148	2,320,087
Indonesia	25,927	18,753	839,343	588,670
Thailand	433,676	580,854	14,039,523	18,233,412
Qatar	7,033	22,947	227,681	720,322
Singapore	79,572	15,919	2,576,008	499,709
Cayman	97,582	-	3,159,051	-
Other countries	14	18	453	565
Total	747,258	712,401	24,191,207	22,362,765

Major customer

Revenues from the major customer of the Group's Segments Subsea and Survey represents approximately US Dollar 117.88 million (2013: US Dollar 120.02 million) of the Group's total revenues.

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24 Cost of services

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Crew, staff and subcontractor costs	105,083	105,076	3,387,319	3,200,963
Vessel expenses and repair and maintenance expenses	54,558	39,826	1,758,661	1,213,231
Charter hire and equipment rental	33,657	18,026	1,084,924	549,131
Recharge expenses related to services provided	19,204	5,042	619,035	153,596
Mobilisation/demobilisation expense	13,744	22,574	443,034	687,679
Depreciation	28,105	26,530	905,956	808,191
Amortisation	415	288	13,377	8,773
Commission fee	670	1,547	21,597	47,127
Total	255,436	218,909	8,233,903	6,668,691

25 Administrative expenses

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Employee benefit expenses	21,756	19,989	701,298	608,930
Depreciation	918	775	29,591	23,609
Amortisation	38	30	1,225	914
Office and office equipment rental	806	478	25,981	14,562
Management and support fees	6	(144)	193	(4,387)
Consulting fees	750	1,018	24,176	31,012
Losses on disposals and write-offs of property, plant and equipment and intangible assets	-	249	-	7,585
Withholding tax not recoverable	3,635	1,922	117,173	58,550
Others	8,150	6,720	262,714	204,714
Total	36,059	31,037	1,162,351	945,489

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Employee benefit expenses	3,408	3,661	109,856	111,526
Depreciation	471	461	15,183	14,044
Amortisation	30	22	967	670
Office and office equipment rental	113	103	3,643	3,138
Management and support fees	6	(144)	193	(4,387)
Consulting fees	313	121	10,089	3,686
Others	1,535	1,133	49,481	34,516
Total	5,876	5,357	189,412	163,193

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26 Employee benefit expenses

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Crew expenses and subcontractor	105,083	105,076	3,387,319	3,200,963
Wages and salaries	15,053	13,196	485,229	401,994
Contribution to defined contribution plans and social security and expenses related to define benefit plans	1,037	1,127	33,427	34,332
Bonus	1,652	1,880	53,252	57,270
Staff welfare	3,308	3,250	106,632	99,006
Equity-settled share-based payment transactions	14	15	451	457
Others	692	521	22,307	15,871
Total	126,839	125,065	4,088,617	3,809,893

	Separate financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Wages and salaries	2,331	2,209	75,139	67,293
Contribution to defined contribution plans and social security and expenses related to define benefit plans	157	158	5,061	4,813
Bonus	259	634	8,349	19,314
Staff welfare	285	323	9,187	9,840
Equity-settled share-based payment transactions	14	15	451	457
Others	362	322	11,669	9,809
Total	3,408	3,661	109,856	111,526

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rate 7% of their basic salaries and by the Group at rate 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Manager.

27 Finance costs

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Interest expense from borrowings	3,756	4,759	121,074	144,975
Amortisation of front-end fees	124	206	3,997	6,276
Interest expense from finance lease	5	5	161	152
Total	3,885	4,970	125,232	151,403

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	Separate financial statements			
	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Interest expense from borrowings	-	647	-	19,710
Amortisation of front-end fees	-	88	-	2,680
Interest expense from related parties	-	45	-	1,371
Total	-	780	-	23,761

28 Income tax expenses

Income tax recognised in profit or loss

	Consolidated financial statements			
	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Adjustment for prior years	-	76	-	2,315
Current taxes	5,200	2,381	167,621	72,533
Deferred taxes (note 17)	(49)	2,747	(1,580)	83,683
Total	5,151	5,204	166,041	158,531

	Separate financial statements			
	2014	2013	2014	2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current taxes	1,135	-	36,586	-
Total	1,135	-	36,586	-

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2014			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand US Dollar)</i>			<i>(in thousand Baht)</i>		
Defined benefit plan actuarial gains	340	(37)	303	10,960	(1,193)	9,767
Total	340	(37)	303	10,960	(1,193)	9,767

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Reconciliation of effective tax rate

The tax on the Group's profit before taxes differs from the theoretical amount that would arise using the weighted average effective tax rate to profits of the consolidated entities as follows:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar)</i>	2013	2014 <i>(in thousand Baht)</i>	2013
Profit before income taxes – accounting	50,427	20,633	1,625,499	628,549
Tax at the domestic rate of 20% <i>(2013 :23%)</i>	10,085	4,746	325,100	144,566
Adjustments:				
Effect of difference tax rate in foreign jurisdictions	61	-	1,966	-
Income tax reduction - deferred	-	(62)	-	(1,888)
Income not subject to tax and additional taxable expenses	(9,794)	(2,805)	(315,706)	(85,450)
Reversal of losses from impairment of investment	-	(3,888)	-	(118,441)
Expenses not deductible for tax purposes	1,923	5,041	61,974	153,577
Utilisation of previously unrecognised tax losses	(3,435)	(436)	(110,726)	(13,282)
Tax losses for which no deferred income tax assets were recognised	2,032	2,738	65,501	83,409
Adjustments in respect of prior year	198	(42)	6,382	(1,279)
Remeasurement of gain on exchange rate of US Dollar financial statement	(85)	(228)	(2,740)	(6,946)
Remeasurement of loss (gain) on exchange rate of Thai Baht financial statement	980	(776)	31,590	(23,640)
Tax charges from overseas operations	3,186	916	102,700	27,905
Total income tax expenses	5,151	5,204	166,041	158,531
The average effective tax rate	10%	25%	10%	25%

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	Separate financial statements			
	2014 (in thousand US Dollar)	2013	2014 (in thousand Baht)	2013
Profit (loss) before income taxes – accounting	(1,555)	538	(50,125)	16,389
Tax at the domestic rate of 20% (2013: 23%)	(311)	124	(10,025)	3,769
Adjustments:				
Expenses not deductible for tax purposes	2	87	65	2,659
Utilisation of previously unrecognised tax losses	(305)	(237)	(9,832)	(7,220)
Remeasurement of gain on exchange rate of US Dollar financial statement	478	108	15,408	3,290
Remeasurement of gain (loss) on exchange rate of Thai Baht financial statement	1,271	(82)	40,970	(2,498)
Total income tax expenses	1,135	-	36,586	-
The average effective tax rate	(73%)	0%	(73%)	0%

The average effective tax rate is calculated including taxes due from overseas operations.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

29 Promotional privileges

As at 30 September 2014, the Company and four subsidiaries received promotional privileges from the Thailand Board of Investment (“BOI”) under a number of different categories, including services of submerged structure inspection, service of underwater equipment, service of inspection of marine pollution, drilling services, trade and investment service office. 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.

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MERMAID MARITIME PUBLIC COMPANY LIMITED

30 Earnings (losses) per share

Basic earnings (losses) per share

The calculations of basic earnings (losses) per share for the years that ended on 30 September 2014 and 2013 were based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements			
	2014 <i>(in thousand US Dollar/thousand shares)</i>	2013 <i>(in thousand US Dollar/thousand shares)</i>	2014 <i>(in thousand Baht/ thousand shares)</i>	2013 <i>(in thousand Baht/ thousand shares)</i>
Profit attributable to ordinary shareholders of the Company (basic)	45,156	15,746	1,455,590	479,675
Number of ordinary shares outstanding (basic)	1,354,440	784,748	1,354,440	784,748
Effect of shares issued on				
-22 October 2013	54,763	-	54,763	-
-24 September 2013	-	10,925	-	10,925
Effect of shares options exercised	468	-	468	-
Weighted average number of ordinary shares outstanding (basic)	1,409,671	795,673	1,409,671	795,673
	<i>(in US dollar)</i>		<i>(in Baht)</i>	
Earnings per share (basic)	0.032	0.020	1.033	0.603
	Separate financial statements			
	2014 <i>(in thousand US Dollar/thousand shares)</i>	2013 <i>(in thousand US Dollar/thousand shares)</i>	2014 <i>(in thousand Baht/ thousand shares)</i>	2013 <i>(in thousand Baht/ thousand shares)</i>
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(2,690)	538	(86,711)	16,389
Number of ordinary shares outstanding (basic)	1,354,440	784,748	1,354,440	784,748
Effect of shares issued on				
-22 October 2013	54,763	-	54,763	-
-24 September 2013	-	10,925	-	10,925
Effect of shares options exercised	468	-	468	-
Weighted average number of ordinary shares outstanding (basic)	1,409,671	795,673	1,409,671	795,673
	<i>(in US dollar)</i>		<i>(in Baht)</i>	
Earnings (losses) per share (basic)	(0.002)	0.001	(0.062)	0.021

Diluted earnings (losses) per share

The calculations of diluted earnings (losses) per share for the years that ended on 30 September 2014 and 2013 were based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

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	Consolidated financial statements			
	2014	2013	2014	2013
	<i>(in thousand US Dollar/thousand shares)</i>		<i>(in thousand Baht/thousand shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	45,156	15,746	1,455,590	479,675
Weighted average number of ordinary shares outstanding (basic)	1,409,671	795,673	1,409,671	795,673
Effect from employee share option plan	320	466	320	466
Weighted average number of ordinary shares outstanding (diluted)	1,409,991	796,139	1,409,991	796,139
	<i>(in US dollar)</i>		<i>(in Baht)</i>	
Earnings per share (diluted)	0.032	0.020	1.032	0.603

	Separate financial statements			
	2014	2013	2014	2013
	<i>(in thousand US Dollar/thousand shares)</i>		<i>(in thousand Baht/thousand shares)</i>	
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(2,690)	538	(86,711)	16,389
Weighted average number of ordinary shares outstanding (basic)	1,409,671	795,673	1,409,671	795,673
Effect from employee share option plan	320	466	320	466
Weighted average number of ordinary shares outstanding (diluted)	1,409,991	796,139	1,409,991	796,139
	<i>(in US dollar)</i>		<i>(in Baht)</i>	
Earnings (losses) per share (diluted)	(0.002)	0.001	(0.062)	0.021

31 Dividends

At the annual general meeting of the shareholders of the Company held on 28 January 2014, the shareholders approved the appropriation of dividend of Baht 0.2630 per share or equivalent to US Dollar 0.0086 per share, amounting to Baht 371.64 million or equivalent to US Dollar 12.15 million. The dividend was paid to the Company's shareholders on 21 February 2014.

At the annual general meeting of the shareholders of the Company held on 28 January 2013, the shareholders approved the appropriation of dividend of Baht 0.0274 per share or equivalent to US Dollar 0.0009 per share, amounting to Baht 21.50 million or equivalent to US Dollar 0.72 million. The dividend was paid to the Company's shareholders on 22 February 2013.

32 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

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Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding minority interests and also monitor the level of dividends to ordinary shareholders.

Foreign currency risk

A substantial part of the assets and liabilities of the Group are recognised in USD, the functional currency of the Group. These assets and liabilities are translated into THB for presentation purposes. The translation into THB does not imply that the assets and liabilities recognised in USD can be recovered or settled in the future at exchange rates similar to the exchange rate prevailing at the current reporting date.

At 30 September, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in thousand US Dollar)</i>					
<i>Thai Baht</i>					
Cash and cash equivalents	6	7,450	11,065	232	831
Trade accounts receivable	8	1,258	529	-	-
Short-term loans to related parties	5	-	-	131,250	19,496
Trade accounts payable	19	664	2,407	-	-
Other payables		3,818	2,727	133	101
Gross balance sheet exposure		13,190	16,728	131,615	20,428
<i>Singapore Dollar</i>					
Cash and cash equivalents	6	27	113	1	-
Trade accounts payable	19	695	799	-	-
Other payables		29	162	1	33
Gross balance sheet exposure		751	1,074	2	33

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	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in thousand US Dollar)</i>					
<i>Qatari Dollar</i>					
Cash and cash equivalents	6	578	1,518	-	-
Trade accounts payable	19	555	770	-	-
Gross balance sheet exposure		1,133	2,288	-	-
<i>Indonesian Rupiah</i>					
Cash and cash equivalents	6	406	330	-	-
Trade accounts payable	19	5,909	2,696	-	-
Other payables		531	321	-	-
Gross balance sheet exposure		6,846	3,347	-	-

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other accounts receivables is taken to approximate the carrying value.

As at 30 September 2014 and 2013, the financial assets and liabilities have fair values that do not differ significantly from the amounts recorded in the statement of financial position.

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33 Guarantees

As at 30 September 2014 and 2013, the Group and the Company had outstanding guarantees as follows:

	Consolidated financial statements							
	30 September 2014				30 September 2013			
	thousand Baht	thousand USD	thousand AED	thousand QAR	thousand Baht	thousand USD	thousand AED	thousand QAR
Letters of guarantee issued by financial institutions in the normal course of business	19,650	26,519	50	-	15,600	20,827	50	300
Guarantee for long-term borrowings of subsidiaries to financial institutions	-	118,125	-	-	-	133,861	-	13,156

	Separate financial statements			
	30 September 2014		30 September 2013	
	thousand Baht	thousand USD	thousand Baht	thousand USD
Letters of guarantee issued by financial institutions in the normal course of business	400	8,750	400	8,750
Guarantee for long-term borrowings of subsidiaries to financial institutions	-	118,125	-	133,861

34 Commitments with non-related parties

(a) Capital commitments

	Consolidated financial statements			
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Purchasing of Diving Equipments	261	-	8,449	-
Purchasing of tender rigs	254,000	-	8,222,818	-
Purchasing of DSV	117,600	-	3,807,100	-
Other	127	-	4,111	-
Total	371,988	-	12,042,478	-

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(b) Operating lease commitments - company as lessee

The future aggregate minimum lease payments under operating lease are as follows:

	Consolidated financial statements			
	30 September 2014 <i>(in thousand US Dollar)</i>	30 September 2013	30 September 2014 <i>(in thousand Baht)</i>	30 September 2013
<i>Non-cancellable operating lease commitments</i>				
Within one year	9,666	12,577	312,920	394,801
After one year but within five years	8,186	17,769	265,008	557,781
Total	17,852	30,346	577,928	952,582

In February 2012, a subsidiary has entered into the agreement with its local third party company for the vessel time charter for the period of 2 years which effective dated 29 February 2012, the contract has been extend one year till 28 February 2015.

In June 2013, a subsidiary has entered into the agreement with its local third party company for the vessel time charter for the period of 3 years term and the option for 2 years extension period. The vessel delivery date will be 1 December 2013.

(c) Other commitments

As at 30 September 2014 the Group had commitments on procurement commission of a new drilling unit of US Dollar 2.0 million (2013: US Dollar 2.0 million).

35 Share-based payments

The Company had four share option schemes in operation during the financial year, all of which are equity-settled schemes:

- i) Employee share option plan 2008 (“ESOP 2008”) was approved by the Company’s shareholders on 11 July 2007. This scheme permits the grant of options in respect of ordinary shares to the Group’s senior management. Options are normally exercisable every six months commencing from 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 options, upon which the options shall expire automatically. No further options will be granted under this scheme.
- ii) Employee share option plan 2009 (“ESOP 2009”) was approved by the Company’s shareholders on 29 January 2009. This scheme permits the grant of options in respect of ordinary shares to the Group’s senior management. Options are normally exercisable every six months commencing from 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 options, upon which the options shall expire automatically. No further options will be granted under this scheme.

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- iii) Employee share option plan 2010 (“ESOP 2010”) was approved by the Company’s shareholders on 28 January 2010. This scheme permits the grant of options in respect of ordinary shares to the Group’s senior management. Options are normally exercisable every six months commencing from 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 options, upon which the options shall expire automatically. No further options will be granted under this scheme.
- iv) Employee share option plan 2011 (“ESOP 2011”) was approved by the Company’s shareholders on 25 January 2011. This scheme permits the grant of options in respect of ordinary shares to the Group’s senior management. Options are normally exercisable every six months commencing from 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 options, upon which the options shall expire automatically. No further options will be granted under this scheme.

Share options are granted to the selected executive directors and non-executive directors. The exercise price of the granted options is equal to the average of the “Market Price”, being the price equal to the weighted average price for the shares on SGX-ST fifteen consecutive trading days immediately preceding the date of grant. Options are conditional on the employee completing three years’ service (the vesting period). The options are exercisable starting three years from the grant date. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Pursuant to the terms of each ESOP, an adjustment must be made to the exercise price and/or the numbers of options granted in the event that there is any variation to the Company’s issued capital, such as arising from a rights issue. This is for purpose of the mitigation of the dilution effect on the options already granted arising from such a capitalising exercise.

In early October 2013, the Company completed a non-renounceable non-underwritten rights issue and private placement of 627,798,180 rights shares at a price of SGD 0.28 for each rights share on the basis of 4 rights shares for every 5 existing ordinary shares.

Accordingly, the total number of options granted pursuant to ESOP 2008, ESOP 2009, ESOP2010, and ESOP 2011 and their respective exercise price have been adjusted by the Remuneration Committee to be as follows:

	Outstanding no. of options	Previous Exercise Price (SGD per share)	Adjusted no. of options	Adjusted Exercise Price (SGD per share)
ESOP 2008	661,200	0.30	745,092	0.27
ESOP 2009	552,000	0.81	622,037	0.72
ESOP 2010	345,000	0.45	388,773	0.40
ESOP 2011	620,000	0.24	698,664	0.21
Total	2,178,200		2,454,566	

None of the participants in any of the said ESOPs were granted 5% or more of the total number of options originally available in each ESOP and no options were granted at a discount. Furthermore, no directors or controlling shareholders of the Group hold options under any of the said ESOPs and no options are held by the Company’s parent company or other subsidiaries of the parent company outside the Company, nor any of its or their directors or employees.

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Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Consolidated financial statements		Separate financial statements	
	Average exercise price SGD per share	Option Thousand shares	Average exercise price SGD per share	Option Thousand shares
At 1 October 2012	0.42	2,532	0.42	2,532
Granted	0.39	276	0.39	276
Forfeited	0.33	(353)	0.33	(353)
At 30 September 2013	0.39	2,455	0.39	2,455
Forfeited	0.28	(209)	0.28	(209)
Exercise	0.27	(535)	0.27	(535)
Expired	0.27	(210)	0.27	(210)
At 30 September 2014	0.46	1,501	0.46	1,501

Out of the 1,500,998 outstanding options (2013: 2,454,566 options), 937,562 options (2013: 1,367,129 options) were exercisable. The average share price during the financial year ended 30 September 2014 was SGD 0.44 per share (2013: SGD 0.36 per share).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Consolidated financial statements			Separate financial statements		
	Exercise price SGD per shares	30 September 2014 Thousand shares	30 September 2013 Thousand shares	Exercise price SGD per shares	30 September 2014 Thousand shares	30 September 2013 Thousand shares
Expired date:						
20 November 2013	0.27	-	745	0.27	-	745
16 November 2014	0.72	622	622	0.72	622	622
1 December 2015	0.40	316	389	0.40	316	389
15 December 2016	0.21	563	699	0.21	563	699
		1,501	2,455		1,501	2,455

The weighted average fair value of options granted during the year 2011 using the Binomial Lattice valuation model was SGD 0.09 per option. The significant inputs into the model were a weighted average share price of SGD 0.23 at the grant date, exercise price shown above, volatility of 45%, dividend yield of 0%, an expected option life of 3.85 years, and an annual risk-free interest rate of 3.015% - 3.081%.

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On 15 December 2011, 1,310,000 share options were granted to the Group's executive directors and non-executive directors with an exercise price set at the market price on that date of SGD 0.24 per share (share price: SGD 0.23 per share) (expiry date: 15 December 2016). With the adoption of TFRS 2 "Share-based Payment", grants on or after 1 October 2011 were accounted for in accordance with that accounting standard. Given that this option has a vesting period of 3 years, the accounting expense with respect to the plan is amortised using the straight-line method over 3 years. The projected accounting expense calculated by an actuary which is recognised as a component of equity in the statement of changes in equity for the year ended 30 September 2014 amounted to US Dollar 14,272.9 or equivalent to Baht 462,060. (2013: US Dollar 14,719.7 or equivalent to Baht 462,060)

36 Events after the reporting period

Change of the Company's accounting period

At the extraordinary general meeting of shareholders of the Company held on 16 June 2014, the shareholders approved to change the Company's accounting period from beginning on 1 October and ending on 30 September to beginning on 1 January and ending on 31 December. The Company has completed the registration with the Department of Business Development, Ministry of Commerce for this change and the Company's first accounting period following the change will commence on 1 October 2014 and end on 31 December 2014.

Change in shareholding of a subsidiary

On 8 October 2014, Mermaid Subsea Services (International) Ltd. ("formerly Subtech Ltd.", a wholly owned subsidiary of the Company) has increased its shareholding interest in Subtech Saudi Arabia Ltd. from 70% to 95% by acquiring additional shares from General Technology & Systems Co., Ltd, an existing shareholder of Subtech Saudi Arabia Ltd. As a result, the Company holds 95% indirect interest in Subtech Saudi Arabia Ltd.

Dividend payment proposal

At the Board of the director of the Company held on 26 November 2014, the Board approved to propose an annual dividend payment of US Dollar 0.0047 per share or equivalent to Baht 0.1542 per share, total amounting of US Dollar 6.7 million or equivalent to Baht 218 million to the shareholders of the Company. The dividend shall be proposed to the Annual General Meeting of Shareholders in January 2015 for their consideration and approval.

37 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised Thai Financial Reporting Standards ("TFRS") that have been issued as of the reporting date but are not yet effective. The new and revised TFRS become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

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TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

THE COMPANY

Name of Company	Mermaid Maritime Public Company Limited
Place of Incorporation	Kingdom of Thailand
Registration No.	0107550000017
In Business Since	1983
Date of Conversion to Public Company	15 January 2007
Date of Listing	16 October 2007
Place of Listing	Singapore Stock Exchange
Company Secretary	Dr. Vincent Siaw
Corporate Head Office	26/28-29 Orakarn Building, 9 th Floor, Soi Chidlom, Ploenchit Road, Kwaeng Lumpinee, Khet Pathumwan, Bangkok 10330 Thailand
Telephone	+66 2255 3115 (local dial 0 2255 3115) +66 2255 3116 (local dial 0 2255 3116)
Facsimile	+66 2255 1079 (local dial 0 2255 1079)
Type of Business	Offshore Drilling Services Subsea Engineering Services
Registered Capital	Baht 1,416,700,697
Paid-up Capital	Baht 1,413,081,038
No. of Issued Shares	1,413,081,038 ordinary shares
Par Value/Share	Baht 1
Corporate Website:	http://www.mermaid-maritime.com
Investor Relations E-mail:	irelations@mermaid-maritime.com



(as at 15 December 2014)



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