



**MERMAID**

MERMAID MARITIME  
PUBLIC COMPANY LIMITED

# ANNUAL REPORT 2017

*A Company Moving Forward*







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# FINANCIAL HIGHLIGHTS

(Consolidated numbers)

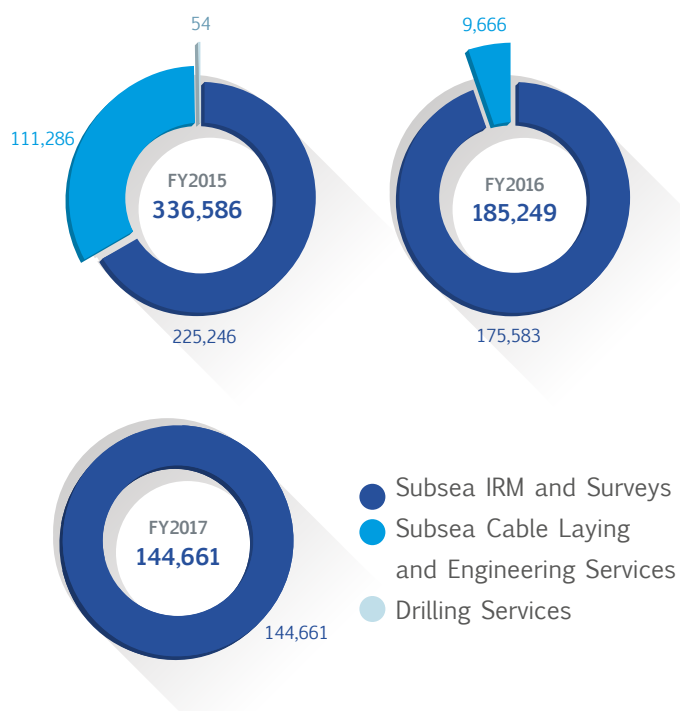
	Year Ended 31 December		
	2015	2016	2017
	(in thousand US Dollars, except share, per share data, and ratios)		
Service income	336,586	185,249	144,661
EBITDA*	18,857	27,401	22,666
Net profits (losses)	(231,343)	17,226	4,204
Normalise profit/(loss)**	2,802	17,232	4,204
Book value per share	0.23	0.24	0.24
Return on shareholders' equity (%)	(52.16)	5.23	1.24
Net profits (losses) margin (%)	(68.73)	9.30	2.91
Total debt to total capitalisation (Times)	0.25	0.21	0.19
Net gearing (%)	13.8	n/a	n/a

\* EBITDA excludes impairment losses

\*\* Excludes non-recurring items

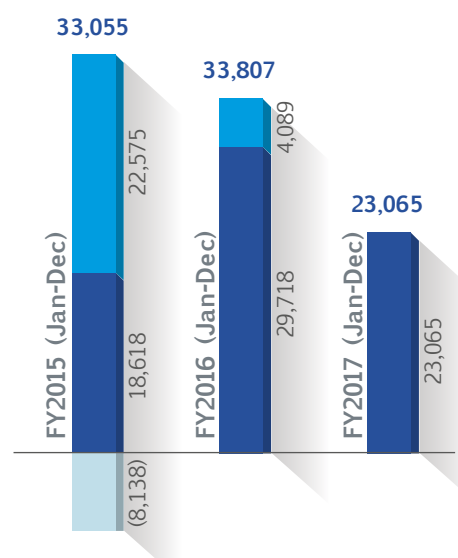
## SERVICE INCOME

Unit : in thousand US Dollars



## GROSS PROFIT

Unit : in thousand US Dollars



## MESSAGE FROM THE CHAIRMAN



**PRASERT BUNSUMPUN**  
CHAIRMAN OF THE BOARD

### DEAR VALUED SHAREHOLDERS,

It is my great pleasure to present to you our Annual Report 2017. The year proved to be another momentous year that has tested our faith and placed us on the foundations for stability and growth.

Mermaid has continued to demonstrate its status as a leading international specialist for subsea services 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, chartering-in and operating a diversified portfolio of specialist vessels, barges and rigs and providing a complete suite of turnkey services. Our distinguished customer base and stable contract backlog provides earnings visibility and our operational performance. Furthermore, 34 years of proven track record has given us premium status amongst our peers.





## POSITIVE RESULTS DESPITE CONTINUED RECESSION

In 2017, we have witnessed the persistent impact from historically low oil price and its continued volatility. Oil majors focused on further cost optimization, delayed projects sanctions, put on hold or even cancelled a number of projects. All players in the chain, which had been hit hard by the flow down effect since the downturn of oil prices, had to stay in a survival mode for another year. The continued depressed market conditions led to overcapacity and put pressure on vessel charter rates, resulting in fierce price competition. A number of offshore contractors, especially vessel owners, were unable to pay their debt and went bust in the process. Despite the rise of oil prices which started in Q3, still, Oil majors stated their intentions to continue to operate at optimum cost base, and hence has not helped much in creating a more favorable business climate for the offshore contractors.

Mermaid's focus for the year has been on pursuing corporate strategies for resilience, operational excellence and most importantly in delivering bottom line results throughout the organization. And, notwithstanding the market recession, we have managed to maintain profitability and stability in Mermaid. This fact underscores the strong conviction 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, despite the challenging business environment.

In 2017, revenue earned was USD 144.7 million representing a 22 percent decrease from USD 185.2 million in 2016. Mermaid delivered a net profit of USD 4.2 million in 2017.

Also noteworthy is that in 2017 Mermaid generated USD 11.3 million in positive cash flow from operations, and our ending cash balance was USD 81.5 million against debts of USD 79.8 million, hence net cash positive. Our backlog, excluding earnings from our associate Asia Offshore Drilling Limited ("AOD"), stood at USD 147.8 million as at 31 December 2017, lower than in previous years, but still competitive given the current market conditions. Our regional commercial teams are also aggressively tendering for new jobs to add to our backlog.

Another highlight is that Mermaid's associate Zamil Mermaid Offshore Services Company LLC secured a one-year contract extension for its dive support vessel, the Mermaid Asiana, thus assuring its continued employment until end of 2018.

## IMPLEMENTING STRATEGIC ESSENTIALS

As a result of the continued challenging outlook across the oil and gas industry, a two-pronged strategy continues to be implemented driven by Mermaid's senior management team which takes into account both a short-term / tactical approach ("Strengthening our Core Business Fundamentals") and the longer term vision ("Positioning for Growth"), that will ensure our ability to continue to build sustained shareholder value.



**Strengthening our Core Business Fundamentals:**

In adhering to this strategy, we have continued to prioritize our revenue protection initiatives and streamlined our internal processes. Key achievements in 2017 included rationalization of un-competitive assets across our drilling and subsea services segments; and further intensifying our efforts to improve our internal costs efficiency and productivity.

**Positioning for Growth:** In furtherance to our “Positioning for Growth” strategy, we continue to focus on a move towards higher value installation engineering segments in the IRM, SURF and Cable lay markets offering short and medium range turnkey contracts or lump sum contracts. We have also implemented selective geographical expansion programs into other key markets i.e. India, Egypt, and Malaysia.

## THE PERSISTENT IMPACT OF HISTORICALLY LOW OIL PRICES

Due to the persistent impact from the oil downturn, the subsea market was still characterized by hunting down any work that could be found. During the first half of 2017, subsea field development EPC projects continued to stall and major subsea contractors experienced lackluster order intake and backlogs stood at 40-50 percent down from peak 2014 levels. Inspection, repair and maintenance (“IRM”) services

remained in demand, particularly in the shallow water segment. However, demand for such services had experienced continued contraction. Revenues from subsea services business decreased 17.6% from USD 175.6 million in 2016 to USD 144.7 million in 2017. The decline was mainly driven by lacking numbers of awarded projects, size of projects, and depressed charter rates.

On the positive side, as the oil prices were strengthening during the latter half of the year, and with the agreement by OPEC and its alliance to extend cut until end of 2018, subsea activities showed a trend of improvement, though slightly. Accordingly, utilization is expected to gradually improve throughout the year 2018.

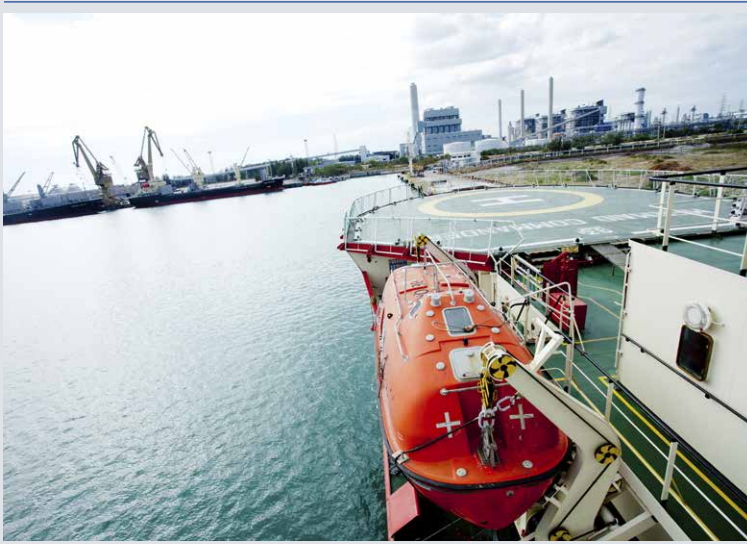
In 2017, the offshore drilling market showed little signs of life, especially for the tender rig market which could hardly compete with more modern units in the highly over-supplied market. Day rate and utilization trends for offshore drilling rigs had only improved marginally. As a result, the ‘MTR-1’ and ‘MTR-2’, our tender rigs remained uncontracted. We are currently reviewing several options for the rationalization of these assets.

In contrast, Mermaid’s associate AOD, which owns three jack-up rigs with secure contract until 2019, has delivered exemplary operating results, with utilization for all three rigs at 99 percent.

To emerge stronger and better valued through these challenging times, Mermaid has taken the considered course of action to conserve its cash reserves in order to maintain its stability and to be ready to engage in opportunistic moves that may arise, thus limiting its ability to pay dividends on this occasion.

## MAINTAINING OUR COMPETITIVE EDGE

Project delivery and customer service remains our key differentiating factors. 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 coupled with a competitive price mix. We have the capability and resources to handle any size of project which is supported by a large talent pool





of in-house experienced and dedicated personnel, strategic local partnerships in various regions, local talent development programs and local content compliance initiatives. This is further endorsed by us being fully compliant with all relevant 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 at all times and in all situations. As a result, we are pleased to receive continued repeat business from our valued customers.

## 2018 PRIORITIES

The market has seen the signs of the turnaround, yet that will require patience and will be about having strong management – commercially, operationally, and most importantly financially. The makeup of energy supply might also be changing to cleaner energy but the fundamental need for oil is not going to go away. According to the EIA, by 2030, renewable energy is expected to grow fastest, coal use plateau, natural gas surpassing coal and oil maintaining its leading share.

Although Mermaid maintains a cautionary perspective on the oil and gas outlook over the next 12 months, Mermaid believes that it remains one of those well placed companies due to its strategic industry positioning, reputation, track record, and fiscal discipline. We intend to strive forward to maintain our competitive position.

Mermaid's priorities for 2018 will be to continue to expand our service offerings to existing customers and to win new customers, both in existing and new geographic footprints, in order to grow our revenue base further. Mermaid will also continue to focus on optimizing performance and maximizing cost efficiencies in its businesses. We will also continue to pursue potential mergers and acquisitions for immediate opportunistic growth.

## WORD OF THANKS

I am a big believer that people is the Company's most precious resource, and is key to every single milestone and success. 2017 has proved to be another difficult year, and all the achievements throughout the year would not have been possible without all the hard work and dedication from all our people. Perseverance and teamwork have played the key roles in placing us in the right position this year.

To our Board, I would like to thank you for your invaluable contribution, leadership, and advice. Time and again you have guided us through all the business challenges and difficulties.

To our business partners and customers, I would like to take this opportunity to thank you for trusting and showing faith in us. Together, we have clearly demonstrated how the win-win relationship allows us to operate successfully in this ever-changing business environment.

Finally, I would like to express my sincere gratitude to you, our shareholders, for your continued support and the confidence you have placed in us. As we enter 2018, Mermaid will remain focused on being the "Contractor of Choice" in the offshore oil and gas service industry. The Board and management will remain committed to complying with corporate governance best practices across our businesses and delivery of bottom line results to shareholders. We are "A Company Moving Forward" and with your continued support, I am certain that we can and will deliver!

Yours Sincerely,



Mr. Prasert Bunsumpun  
Chairman of the Board

## MERMAID PROFILE

Mermaid is a leading international subsea and offshore drilling services company. Our corporate headquarter 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.

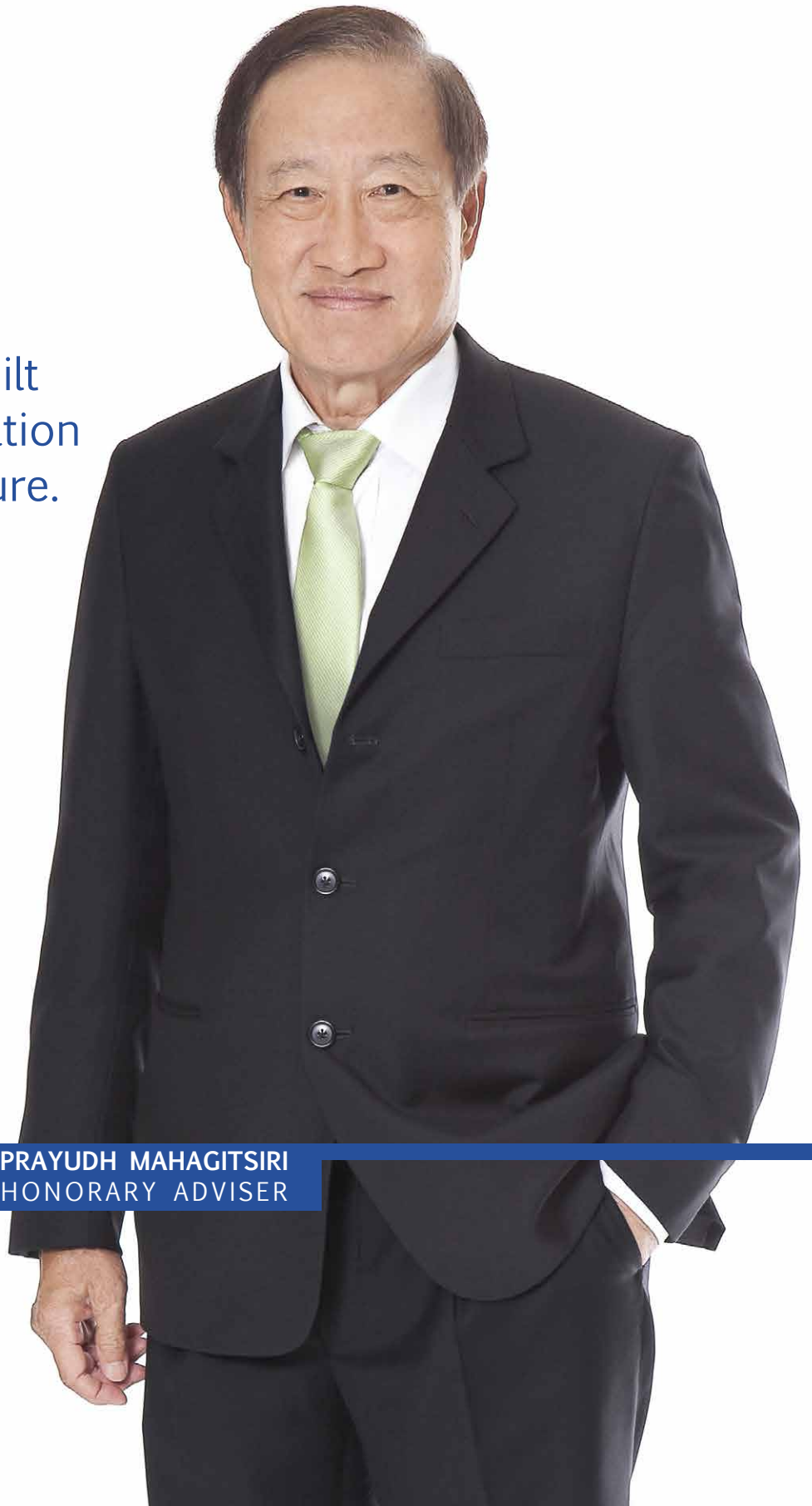




HONORARY  
ADVISER STATEMENT

Mermaid has built  
a strong foundation  
for a stable future.

PRAYUDH MAHAGITSIRI  
HONORARY ADVISER



## THE BOARD OF DIRECTORS



**Mr. Prasert Bunsumpun**  
Non-Executive Chairman  
(Age 65)



**Mr. Chalermchai Mahagitsiri**  
Executive Vice Chairman  
(Age 39)



**Mr. Jitender Pal Verma**  
Non-Executive Director  
(Age 54)

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 and to, among other things, approve adequacy of internal controls, risk management, financial reporting, corporate governance and compliance matters. Ad-hoc meetings are also called to discuss other major issues, such as establishment and capital increases of new subsidiaries, significant asset investments, strategy and annual budget approvals. The Board consist of not fewer than five (5) Directors as per the Articles of Association.

**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., and Chairman of SVI Plc., and as a director on the board of Intouch Holdings Plc. and Thaicom Plc. He also previously served as Chairman of PTT Exploration and Production Plc., PTT Chemical Plc., IRPC Plc. and Thai Lube Base Plc., and as Executive Chairman of Krungthai Bank Plc. He was President and CEO of PTT Plc. for over eight years. In addition, he served as a director of PTT Plc., IRPC Plc., PTT Chemical Plc., PTT Exploration and Production 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. He also completed the Role of the Chairman Program No. 28/2012, Director Accreditation Program No. 26/2004 from the Thai Institute of Directors Association (IOD), and Certificate in Capital Market Academy Leadership Program Class 3/2006 from Capital Market Academy.

**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., Director 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., Chairman of PM Thoresen Asia Holdings Plc. and Executive Vice Chairman of 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. He also completed the Director Certification Program No. 53/2005, and the Director Accreditation Program No. 30/2004 from the Thai Institute of Directors Association (IOD), as well as the Capital Market Academy Leadership Program Class 17/2013 from Capital Market Academy (CMA), Academy of Business Creativity (ABC) Class 4/2016 and Digital Edge Fusion (DEF) Class 1/2017 from Sripatum University.

**Mr. Jitender Pal Verma** has been on the Mermaid Board since 2016. He also serves as Board Director and Senior Executive Vice President & Group Chief Financial Officer of SET Listed Thoresen Thai Agencies Plc. (TTA) and is also a Board Director on SET listed P M Thoresen Asia Holdings Plc.

In addition, he is a board director on many subsidiaries of TTA the list of which is available in Annual Report of TTA. He brings to Mermaid his diversified international business experience of more





**Dr. Jean Paul Thevenin**  
Non-Executive Director  
(Age 77)



**Mr. Tang Kee Fei**  
Independent Director  
(Age 62)



**Mr. Tay Yu-Jin**  
Independent Director  
(Age 42)



**Dr. Jan Jozef Skorupa**  
Independent Director  
(Age 70)

than 25 years in the various fields of Marine, FMCG food, retail, electronics, metal, manufacturing and real estate development. He previously served as Executive Director at Jindal Stainless Limited in India and Chief Financial Officer and Acting Managing Director to companies such as Thainox Stainless Plc. (now renamed as POSCO-Thainox Plc.), Dole Food Inc. and Seagate Technologies.

Mr. Verma holds a Bachelor Degree in Commerce (Honours) from University of Delhi and is a Fellow Chartered Accountant (FCA). He also completed the Director Certification Program No. 78/2006, the Diploma Examination Class 49/2016, and the Board's Role in Mergers and Acquisition (M&A) Class 1/2011 from the Thai Institute of Directors Association (IOD).

**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 Plc., 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 an officer of the National Order of Merit, a French decoration awarded in recognition of his distinguished civil achievements, as well as a recipient of an honorary Ph.D. from King Mongkut Institute of Technology in Thailand.

**Mr. Tang Kee Fei** is a fellow member of the Chartered Institute of Management Accountants since 1991. Mr. Tang has over 30 years diversified international accounting and management experience in various multi-national companies. He served as VP Finance at Creative Technology Ltd from 1996 to 2013. He is currently the general manager of Asiatech Energy Pte Ltd.

**Mr. Tay Yu-Jin** is a partner of Mayer Brown LLP, a leading global law firm. He is based in Singapore

and has over 15 years of experience covering disputes in Asia, specializing in international arbitrations arising from M&A/joint venture, energy, oil and gas, mining/natural resources, infrastructure, technology and general commercial disputes. He has extensive experience of arbitration under the rules of most leading arbitral institutions and in the world's major seats. In addition to acting as counsel, Yu-Jin sits regularly as an arbitrator in ICC, SIAC, LCIA, VIAC and ad hoc arbitrations. He is a Fellow and Council member of the Singapore Institute of Arbitrators, in which he chairs the Arbitration Bar Committee. He has also practiced in Paris, London and Washington DC and previously headed the Asia arbitration practice of a leading US wall street law firm, where he practised for over ten years. He was called to the bar in England in 1998 and trained as a pupil at Fountain Court Chambers, a leading commercial barristers' chambers. As a returning Singapore Public Service Commission Overseas Merit Scholar, he also served in the Singapore Ministry of Defence. Mr. Tay also has experience leading and advising on corporate and internal investigations throughout the Asia-Pacific region. He holds a Bachelor of Laws (LL.B.) and Master of Laws (LL.M.) from University College London.

**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.

## MERMAID FLEET PROFILE

### 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 Endurer

#### 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 Asiana

#### 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 90 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.



Mermaid Commander



## 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, 10.99 km 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.

### MERMAID SIAM (BUILT IN 1991)



The MV 'Mermaid Siam' is a DP2 construction support barge. The vessel features an IMCA-compliant 10 man single bell saturation diving system rate 300m water depth. It is equipped with a 56-tonne crane, accommodation for 135 personnel, a conference room for 12 persons, numerous offices, recreation rooms, gymnasium, and hospital. The MV 'Mermaid Siam' is under DNV classification society, and is flying the St. Vincent and the Grenadines flag.

## SUBSEA SERVICES

### 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.



Barakuda

### 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.



Resolution (Chartered-In)



## DRILLING AND ACCOMMODATION BARGE SERVICES

### MTR-1

**(BUILT IN 1978 AND UPGRADED IN 1998)**



The 'MTR-1' is a 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.

### 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 to 2019 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.

# GLOBAL PRESENCE



## Thailand

- Bangkok
- Chonburi



## Saudi Arabia

- Al Khobar
- Tanajib



## Qatar

- Doha
- Ai Khor

\* Includes 1 chartered-in subsea vessel

\*\* 33.76% Ownership through Asia Offshore Drilling Limited

# 34

YEARS SINCE  
MERMAID MARITIME'S  
ESTABLISHMENT

# 1000+

SKILLED DIVERS, CREW, TECHNICIANS,  
SUPPORT SERVICE PROVIDERS &  
MANAGEMENT

# 8

SUBSEA VESSELS\*







**United Arab Emirates**  
• Abu Dhabi



**Singapore**  
• Changi



**Indonesia**  
• Jakarta



**6+17**

SATURATION AND  
AIR DIVING SYSTEMS

**15**

REMOTELY  
OPERATED  
VEHICLES

**1+1**

TENDER ASSIST  
DRILLING RIG AND  
ACCOMMODATION  
BARGE

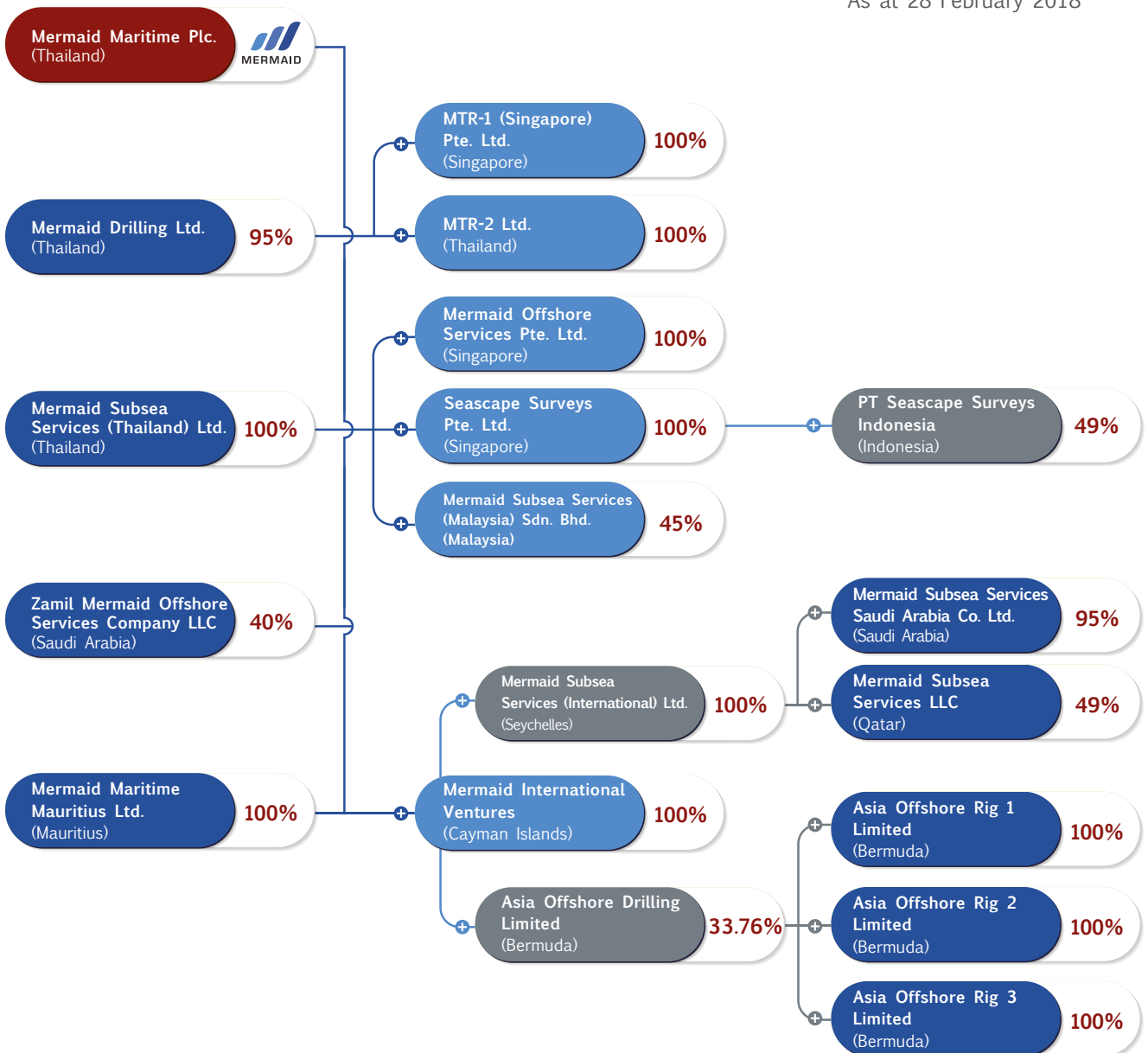
**3**

HIGH  
SPECIFICATION  
JACK-UP  
DRILLING RIGS\*\*



# CORPORATE STRUCTURE

As at 28 February 2018





## KEY EXECUTIVES



**Dr. Vincent Siaw**  
Executive Vice President  
and Chief Operating  
Officer



**Mr. Mark Midgley**  
Chief Operating Officer –  
Worldwide Subsea Business

**Dr. Vincent Siaw** joined Mermaid in 2005 and during his last 12 years at Mermaid, he has performed various key roles including Head of Legal, Corporate Strategy, Investor Relations, Enterprise Risk Management and Company Secretary. Prior to joining Mermaid, he was Legal Counsel for the Thailand operations of General Motors, Legal Manager at corporate and business restructuring specialists Ferrier Hodgson, and a Corporate and Government Lawyer with Deacons Graham & James in Australia. He graduated with a Bachelor of Commerce (Accounting) and LL.B. (Hons.) from the Australian National University, M.B.A. in Oil and Gas Management from Curtin University's joint program with Aberdeen Business School and D.B.A. in Corporate Law and Governance from the University of South Australia. He is admitted as a Barrister-at-Law and Solicitor in Australia and a Solicitor in England and Wales.

**Mr. Mark Midgley** was appointed Chief Operating Officer of Mermaid in January 2018. Mark has a strong senior operational and commercial managerial background gained from over 30 years of international experience in the Oil and Gas Offshore Industry and has a history of driving a company's strategic vision, building and implementing sophisticated business plans with a proven track record of business acquisition success which has explicitly supported a company's business needs. He has a Bachelor of Engineering degree in Mechanical Engineering and an MBA in Project Management.



**Mr. Graham McKnockiter**  
Group Regional Director,  
Subsea Services, Western  
Hemisphere



**Mr. Phiboon  
Buakhungamcharoen**  
Chief Financial Officer

**Mr. Graham McKnockiter** joined Mermaid as Asset Management Director before being promoted to Group Regional Director for Mermaid Subsea Services, overseeing its western region. He brings with him over 30 years of relevant experience in the marine, subsea and offshore industry. Prior to joining Mermaid, he held various several senior positions where he worked continuously in various Project, Operations, Business Development, and General Management roles worldwide. Graham is a marine engineer and holds a Bachelor of Technology Management in Marine Engineering.

**Mr. Phiboon Buakhungamcharoen** joined Mermaid in 2005. During his 12 years of experience with Mermaid, he started working as the Financial Controller in June 2005 where he was responsible for and oversaw the finance and accounting function of Mermaid's Drilling Business Division. In October 2013, he was promoted to Finance Director where he

oversaw the Management Reporting function for Mermaid covering both its Subsea and Drilling Business Divisions. In March 2016, he was appointed as Compliance and Internal Audit Director leading the internal audit team to audit and access internal controls, operation efficiencies and compliance.

Phiboon began his career in Finance & Accounting at IBM Thailand in 1996 where he worked for 5 years. He had also worked with Bristol-Myers Squibb Thailand in 2000 as a Business Analyst. Prior to joining Mermaid, he worked with Exel Thailand as their Management Accounting Manager during 2003-2005. He graduated with a Bachelor of Business Administration (major in Accounting) from Yonok University in 1996 (scholarship program) and a Masters of Business Administration (Major in Finance) from the National Institute of Development Administration (NIDA), Thailand.

Note: The above Key Executives are in addition to Mr. Chalermchai Mahagitisri (Chief Executive Officer). His profile can be found in the section on Board of Directors.

## MERMAID GROUP COMPANIES

As at 28 February 2018

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	Thailand	15 January 2007*	0107550000017	Ordinary	THB 1,413,328,857	1,413,328,857	-
2.	Mermaid Subsea Services (Thailand) Ltd.	Subsea	Thailand	24 June 2003	0105546072562	Ordinary	THB 2,130,000,000	213,000,000	100% (direct)
3.	Seascope Surveys Pte. Ltd.	Subsea	Singapore	24 November 2004	200415192D	Ordinary	SGD 100	100	100% (indirect)
4.	PT Seascope Surveys Indonesia	Subsea	Indonesia	19 January 2005	0903.1.7.4.4960	Ordinary	IDR 7,328,000,000	800	49% (indirect)
5.	Mermaid Subsea Services (International) Ltd.	Subsea	Seychelles	05 March 2008	046418	Ordinary	USD 1	1	100% (indirect)
6.	Mermaid Subsea Services LLC	Subsea	Qatar	11 November 2008	40867	Ordinary	QAR 200,000	200	49% (indirect)
7.	Mermaid Subsea Services Saudi Arabia Co. Ltd.	Subsea	Saudi Arabia	8 April 2011	623353	Ordinary	SAR 500,000	5,000	95% (indirect)
8.	Zamil Mermaid Offshore Services Company LLC	Subsea	Saudi Arabia	18 September 2012	2051050298	Ordinary	SAR 2,000,000	2,000	40% (direct)
9.	Mermaid Offshore Services Pte. Ltd.	Subsea	Singapore	28 March 2011	201107423W	Ordinary	USD 20,400,100	20,400,100	100% (indirect)
10.	Mermaid Subsea Services (Malaysia) Sdn. Bhd.	Subsea	Malaysia	16 January 2018	1264208-U	Ordinary	MYR 350,000	350,000	45% (indirect)
11.	Mermaid Drilling Ltd.	Holding	Thailand	24 January 2005	0105548011196	Ordinary	THB 410,000,000	41,000,000	95% (direct)
12.	Mermaid Drilling (Singapore) Pte. Ltd. <sup>(a)</sup>	Holding	Singapore	27 February 2007	200703192D	Ordinary	USD 50,999,926	50,999,926	100% (direct)
13.	Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling	Malaysia	5 August 2005	705457A	Ordinary	MYR 500,000	500,000	95% (indirect)
14.	MTR-1 Ltd.	Drilling	Thailand	15 March 2005	0105548036890	Ordinary	THB 240,000,000	24,000,000	95% (indirect)
15.	MTR-2 Ltd.	Drilling	Thailand	15 March 2005	0105548036881	Ordinary	THB 350,000,000	35,000,000	95% (indirect)
16.	MTR-1 (Singapore) Pte. Ltd.	Drilling	Singapore	27 September 2007	200717860H	Ordinary	USD 40,000	40,000	95% (indirect)
17.	Asia Offshore Drilling Limited	Holding	Bermuda	29 October 2010	44712	Ordinary	USD 60,000,100	60,000,100	33.76% (indirect)
18.	Asia Offshore Rig 1 Limited	Drilling	Bermuda	29 October 2010	44713	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
19.	Asia Offshore Rig 2 Limited	Drilling	Bermuda	29 October 2010	44714	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
20.	Asia Offshore Rig 3 Limited	Drilling	Bermuda	1 July 2011	45551	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
21.	Mermaid Maritime Mauritius Ltd.	Holding	Mauritius	25 March 2014	121881	Ordinary	USD 1	1	100% (direct)
22.	Mermaid International Ventures	Holding	Cayman Islands	26 August 2014	291210	Ordinary	USD 100	100	100% (indirect)

\* as a public listed company

(a) Mermaid Drilling (Singapore) Pte. Ltd. is under process to be struck off from the Register. If there is no objection received within 60 days from 1 February 2018, the name of the company will be struck off from the Register.



# CORPORATE GOVERNANCE

## STATEMENT OF GENERAL COMPLIANCE

Mermaid Maritime Public Company Limited (“Mermaid” or the “Company”) is committed to continually enhancing shareholder value by maintaining high standards of corporate governance, professionalism, integrity and commitment at all levels, underpinned by strong internal controls and risk management systems within the Company and its subsidiaries (the “Group”).

As at 31 December 2017, Mermaid is generally in compliance with 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. Specific disclosure in relation the Code is set forth below:

## 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 shareholders’ meeting in good faith and due care for the best interest of the Company.

The key functions of the Board are to:

1. be responsible for the overall management and strategic direction for the Group;
2. perform duties with knowledge, competence, transparency, due care and accountability for the Company and its shareholders;
3. bring in expertise, capability and experience that are beneficial to the Company’s operations;
4. have leadership skills, vision and independent decision-making ability to ensure the utmost benefit to the Company and the shareholders; and
5. meet on a regular 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 ended 31 December 2017, as well as the attendance of every Board member at these meetings, including participation through teleconference, is as follows.

Name	Board	Audit Com.	Type of Meetings			
			Rem. Com.	Nom. Com.	Exec. Com.	Risk Com.
Mr. Prasert Bunsumpun	6/6	-	-	-	8/8	-
Mr. Chalermchai Mahagitsiri	6/6	-	-	-	7/8	4/4
Dr. Jean Paul Thevenin	6/6	3/4	1/1	1/1	8/8	4/4
Mr. Jitender Pal Verma	6/6	-	-	1/1	8/8	-
Mr. Chia Wan Huat Joseph*	-	-	-	-	2/2	-
Mr. Ng Cher Yan*	1/1	1/1	1/1	1/1	-	1/1

Name	Board	Audit Com.	Type of Meetings			
			Rem. Com.	Nom. Com.	Exec. Com.	Risk Com.
Dr. Jan Jozef Skorupa	6/6	4/4	1/1	1/1	-	-
Mr. Tang Kee Fei*	5/6	3/3	1/1	-	-	3/3
Mr. Tay Yu-Jin	5/6	-	-	1/1	-	-

\* Mr. Chia Wan Huat Joseph resigned from the Company on 30 April 2017.

\* Mr. Ng Cher Yan retired as a Director on 25 April 2017. Prior to his retirement, he was the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee and Risk Management Committee.

\* Mr. Tang Kee Fei was appointed as a Director, the Chairman of the Audit Committee and a member of the Nomination Committee and Risk Management Committee on 25 April 2017.

### *Matters Requiring Board Approval*

All acquisitions or investments, investments in securities and immovable assets, divestments, funding requests, borrowings and expenditures of 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, in order to familiar with compliance, essentials of the roles of director and a member of each committee in a listed company. The Company shall be responsible for the course fees.

Upon the appointment of any 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 issues of conflicts of interest and change of shareholding interests, including the Company's policies.

### *Meetings via Electronic Media*

As a recent development, the Thailand National Council for Peace and Order announcement issued on 27 June 2014 and the Clarification of the Department of Business Development ("DBD") dated 23 September B.E. 2559 (A.D. 2016), which broadly stated that conducting meetings via electronic media as well as the registration of resolutions passed at electronic meetings of directors and shareholders of both private and public limited companies are now allowed. However, public limited companies shall be required to amend their Articles of Association if they wish to conduct their meetings via electronic media.

In order for such meetings via electronic media to be valid, one-third of the meeting quorum must be physically present at the same place where the meeting is held, and all meeting attendees, including those who attend via electronic means, must be in Thailand while the meeting is conducted.

As soon as the applicable Thai laws and regulations allow for the participants to attend the meetings via electronic media without their physical presence in Thailand, the Company will start the process to amend its Articles of Association to allow for the conduct of Board and shareholders meetings via telephonic and video-conferences in accordance with, and subject to any limitations imposed by, applicable laws and regulations in Thailand.

To provide equal participation opportunity for all shareholders, each year the Company organizes a Shareholders Forum in Singapore. At this event, shareholders (including depositors whose shares are held

via CDP), particularly those based in Singapore, would be given the opportunity to meet with Board members and Key Executives of the Company.

Mermaid's subsidiaries incorporated in Thailand, being private limited companies, are now able to conduct Board and shareholder meetings via telephonic and video-conferences pursuant to applicable laws and regulations in Thailand. There is no need to amend their Articles of Associations beforehand as this prerequisite only applies to public limited companies in Thailand.

Furthermore, Mermaid's subsidiaries incorporated in jurisdictions outside Thailand are also able to conduct Board and shareholder meetings via telephonic and video-conferences, to the extent permissible by applicable laws and regulations in such jurisdictions.

### *Sustainability Reporting*

The Company acknowledges that the interaction with the communities in which the Company operates and its environmental and social interactions within such communities affect long-term organizational success. The Board takes into relevant consideration environmental and social aspects in its decision making processes alongside financial and governance aspects that are part of its customary and regulatory practice. As at 31 December 2017, the Company has adopted a formal policy on Sustainability Reporting and started to report on environmental, social and governance information ("ESG Information") on an annual basis and regarding the same period covered in this Annual Report. Accordingly, the Company has started publishing the ESG Information in its Annual Report.

## BOARD COMPOSITION AND GUIDANCE

### PRINCIPLE 2

Each year, the Nomination Committee reviews and determines periodically whether or not a 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 31 December 2017, the Board comprises seven (7) Directors including three (3) Independent Directors, three (3) Non-Executive Directors, and one (1) Executive Director.

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 31 December 2017, the Audit Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and two (2) Independent Directors, namely Mr. Tang Kee Fei, and Dr. Jan Jozef Skorupa. The Chairman of the Audit Committee was Mr. Tang Kee Fei. The majority of the Audit Committee members, including the Chairman, are Independent Directors.

The Audit Committee is responsible, among other things to:

- (a) review the quarterly financial statements prior to approving or recommending their release to the Board, as applicable;
- (b) oversee the performance and effectiveness of the Group's risk management and internal controls;
- (c) oversee the Compliance and Internal Audit Department;
- (d) oversee the integrity of financial statements and other disclosures;



- (e) review the qualification, independence and performance of the external auditors and non-audit services rendered by the external auditors; and
- (f) 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 the Company’s financial statements.

### *Remuneration Committee*

As at 31 December 2017, the Remuneration Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and two (2) Independent Directors, namely Mr. Tay Yu-Jin, and Dr. Jan Jozef Skorupa.

The Chairman of the Remuneration Committee was Mr. Tay Yu-Jin. The majority of the Remuneration Committee members, including the Chairman, are Independent Directors.

The Remuneration Committee is responsible, among other things to:

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

### *Nomination Committee*

As at 31 December 2017, the Nomination Committee comprises two (2) Non-Executive Directors, namely, Dr. Jean Paul Thevenin and Mr. Jitender Pal Verma, and three (3) Independent Directors, namely, Mr. Tang Kee Fei, Mr. Tay Yu-Jin, and Dr. Jan Jozef Skorupa. The Chairman of the Nomination Committee was Dr. Jan Jozef Skorupa.

The Nomination Committee is responsible, among other things to:

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

### *Executive Committee*

As at 31 December 2017, the Executive Committee members were Mr. Prasert Bumsumpun, Mr. Chalermchai Mahagitisiri, Mr. Jitender Pal Verma and Dr. Jean Paul Thevenin. The Chairman of the Executive Committee was Mr. Prasert Bunsumpun. Mr. Chia Wan Huat Joseph resigned from the Company on 30 April 2017.

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 31 December 2017, the Risk Management Committee members were Dr. Jean Paul Thevenin, Mr. Chalermchai Mahagitsiri, Mr. Phiboon Buakhunngamcharoen, and Mr. Tang Kee Fei. The Chairman of the Risk Management Committee was Dr. Jean Paul Thevenin. Mr. Ng Cher Yan retired as a Director on 25 April 2017.

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 percent 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 (9) years from the date of his first appointment.

### *Board Composition and Size*

The composition of the Board is governed by various laws, listing rules, articles and best practise including, but not limited to, the following:

- (a) the Board shall comprise of not less than five (5) persons (Section 67 of the Thai Public Companies Act B.E. 2535 (A.D. 1992) and Article 13 of the Articles of Association);
- (b) not less than half (1/2) of the total number of Directors shall be resident in Thailand (Section 67 of the Thai Public Companies Act B.E. 2535 (A.D. 1992) and Article 13 of the Articles of Association);
- (c) the Board should comprise at least two (2) Independent Directors (Rule 210(5)(c) of the Listing Manual of the SGX-ST);
- (d) at least two (2) Independent Directors shall be resident in Singapore (Rule 221 of the Listing Manual of the SGX-ST);
- (e) Independent Directors should make up one-third of the Board (Principle 2, Guideline 2.1 and 2.2 of the Code);
- (f) the Audit Committee should comprise at least three (3) Directors, a majority of whom, including the Chairman, should be Independent and all of whom should be Non-Executive Directors (Principle 12, Guideline 12.1 of the Code);
- (g) the Nomination Committee should comprise at least three (3) Directors, a majority of whom, including the Chairman, should be Independent (Principle 4, Guideline 4.1 of the Code);
- (h) the Remuneration Committee should comprise at least three (3) directors, a majority of whom, including the Chairman, should be Independent and all should be Non-Executive Directors (Principle 7, Guideline 7.1 of the Code);

- (i) the Risk Management Committee should comprise at least four (4) members of which two (2) should be Non-Executive Directors and the other two (2) should be the Chief Executive Officer and Chief Financial Officer (Section 3.2 of the Risk Management Committee Charter); and
- (j) the Lead Independent Director should be appointed where the Chairman is not an Independent Director and should also be a member of the Nomination Committee (Principle 4, Guideline 4.1 of the Code).

The Nomination Committee reviews the structure, size and composition of the Board and Board committees annually, including the skills and core competencies of its members to ensure an appropriate balance of skills and experience. 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 one-third (1/3) 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 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 execution of the Board's adopted strategies and policies.

The Chairman is not an Independent Director. Pursuant to the Code, where the Chairman is not an Independent Director, Independent Directors should make up at least half (1/2) of the Board. As a transitory measure, additional time has been given to implement the Board changes required to comply with this



guidance. The Company therefore will as soon as practically possible propose to the Shareholders a revised composition of the Board such that Independent Directors should make up at least half (1/2) of the Board.

The Company endeavors to maintain a strong and independent element on the Board. The Board considers that there is a strong independent element in the Board. The Board has examined its size and is satisfied that it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Company although the number of Independent Directors does not represent half of the Board as at the date of this Annual Report.

## 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 AGM under Mermaid's Articles 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. Tang Kee Fei, Mr. Tay Yu-Jin 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 ended 31 December 2017.

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, 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. There is no alternate director on the Board.

The Chairman of the Nomination Committee, Dr. Jan Jozef Skorupa, was appointed to serve as Lead Independent Director effective 26 April 2016. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer has failed to resolve or is inappropriate.

Newly appointed Directors serve an initial term of three (3) years, after which they are considered for re-nomination for another term. Their re-nominations are subject to the recommendations of the Nomination Committee.

The Company's Articles of Association provide that at each AGM of the Company, one-third (1/3) of the Directors for the time being, or, if their numbers is not three or a multiple of three, then the number nearest to but not less than one-third (1/3) are required to retire from office and are eligible for re-election. Retiring Directors are selected on the basis of those who have been longest in office since their last re-election, failing which they shall be selected by agreement.

New Directors appointed in the year are encouraged, but not mandated, to retire and seek re-election by shareholders at the next AGM after their appointment.

## 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 ongoing 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 that presided for the year ended 31 December 2017 was appointed since 28 February 2017. The appointment and removal of the 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.

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.

For the financial year ended 31 December 2017, there were no remuneration consultants engaged by the Company.

## 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 packages 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 Remuneration Committee 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 Directors 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 Directors and Independent Directors do not receive any other remuneration from the Company. Directors' fees are tabled periodically for shareholders' approval at the AGM.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

## DISCLOSURE OF REMUNERATION

### PRINCIPLE 9

The name and remuneration of each person who is/was a Director of the Company during the financial year ended 31 December 2017 is presented in bands.

Given the wage discrepancies within the industry and also across the industries and the competitive pressures that may result from such disclosure, the Board is of the opinion that it is in the best interest of the Company not to disclose the detailed remuneration of each individual director and the CEO to the nearest thousand dollars. The Company has instead disclosed such remuneration in bands and it is the Board's view that such disclosure would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices in relation to its directors and the CEO.

Name	Below SGD 100k	SGD 100k-200k	SGD 200k-300k	SGD 300k-400k	SGD 400k-500k
Mr. Prasert Bunsumpun	●	-	-	-	-
Mr. Chalermchai Mahagitsiri	-	-	-	-	●
Mr. Jitender Pal Verma	-	-	-	-	-
Dr. Jean Paul Thevenin	●	-	-	-	-
Mr. Ng Cher Yan	●	-	-	-	-
Mr. Tay Yu-Jin	●	-	-	-	-



Name	Below SGD 100k	SGD 100k-200k	SGD 200k-300k	SGD 300k-400k	SGD 400k-500k
Dr. Jan Jozef Skorupa	●	-	-	-	-
Mr. Tang Kee Fei	●	-	-	-	-

Director who receives remuneration as executive of the Company includes Mr. Chalermchai Mahagitsiri in his capacity as Executive Vice Chairman and CEO. As executive of the Company, Mr. Chalermchai Mahagitsiri did not receive any Director's fees. Mr. Jitender Pal Verma did not receive any Directors' fees or other remuneration from the Company.

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).

During the financial year that ended 31 December 2017, not all Directors listed above served for the full financial period. Mr. Ng Cher Yan retired as a Director at the Annual General Meeting of Shareholders No. 01/2017 on 25 April 2017. Mr. Tang Kee Fei was elected as a Director at the Annual General Meeting of Shareholders No. 01/2017 on 25 April 2017.

**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	-	93%	7%	-	-
Mr. Jitender Pal Verma	-	-	-	-	-
Dr. Jean-Paul Thevenin	100%	-	-	-	-
Mr. Ng Cher Yan	93%	-	-	7%	-
Mr. Tay Yu-Jin	89%	-	-	11%	-
Dr. Jan Jozef Skorupa	100%	-	-	-	-
Mr. Tang Kee Fei	87%	-	-	13%	-

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

Key Executives	Below SGD 250k	SGD 250k-500k	SGD 500k-750k
Dr. Vincent Siaw	●	-	-
Mr. Darren Morgan	-	-	●
Mr. Graham McKnockiter	-	●	-
Mr. Phiboon Buakhunngamcharoen	●	-	-

For persons who served in the capacity of a key executive (who is not also 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 key executive would have received if he/she had served as a key executive for the full financial period).

During the financial year that ended 31 December 2017, not all Key Executives listed above served for the full financial period. Mr. Phiboon Buakhunngamcharoen was appointed as Chief Financial Officer on 28 February 2017.

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]
Dr. Vincent Siaw	88%	12%	-	-
Mr. Darren Morgan	82%	2%	16%	-
Mr. Graham McKnockiter	92%	8%	-	-
Mr. Phiboon Buakhunngamcharoen	80%	6%	14%	-

The aggregate remuneration paid to the above key management personnel (who are not Directors) for financial year ended 31 December 2017 was SGD 1,419,585.07

**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.

*Pay-for-Performance Alignment*

In performing the duties as required, the Remuneration Committee ensures that remuneration paid to the CEO and key executives is strongly linked to the achievement of business and individual performance targets. The performance targets as determined by the Board are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short- and long-term quantifiable objectives.

## 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 evaluates the adequacy and effectiveness of administrative, operating, and accounting controls used by the Group.

Based on the internal controls established and maintained by the Company, the independent audits performed by the internal and external auditors and the assurance from the CEO, the CFO, and relevant management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Company has in place adequate and effective internal controls addressing in all material respects the financial, operational, compliance and information technology controls, and risk management systems within the current scope of the Company's business operations.

The system of internal controls which has been put in place throughout the financial period for the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

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, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2017.

## AUDIT COMMITTEE

### PRINCIPLE 12

As at 31 December 2017, the Audit Committee held four (4) meetings. The management of Mermaid, including the CEO, CFO, Financial Director, Senior Finance and Accounting Manager, General Counsel, 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.

The Audit Committee is chaired by a practicing accountant with relevant qualifications and experience. The Audit Committee keeps itself apprised of changes in accounting policies and guidelines through scheduled regular updates with the internal auditor and external auditor.

## INTERNAL AUDIT

### PRINCIPLE 13

The Company performs its own internal audit. The internal audit function is adequately resourced and has appropriate standing within the Company. The 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 Audit Committee 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 AGMs.

The Company is committed to strengthening its relationship with the investment community and believes in timely and consistent disclosure of pertinent information to enable a transparent assessment of the Company’s value. The Company values dialogue with shareholders, and holds analyst briefings following announcement of its financial results.

The Company’s website is an important source of information for shareholders and the investment community. Quarterly results announcements, news releases, presentation slides, annual reports and other key facts and figures about the Company are available on the website.

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 Key Executives of the Company.

#### *Dividend*

On 27 February 2017, the Board of Directors proposed that no dividends shall be declared to the shareholders for the financial year ended 31 December 2016. Upon the approval from AGM No. 01/2017 dated 25 April 2017, the shareholders present had unanimously approved that no dividends be declared to the shareholders for the financial year ended 31 December 2016.

## CONDUCT OF SHAREHOLDER MEETINGS

### PRINCIPLE 16

The 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 are available to shareholders upon their request. They are also presented at the subsequent general meeting of shareholders for adoption.

The Company has implemented the system of 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, Rule 730A and Practice Note 7.5 of the Listing Manual of the SGX-ST was introduced. Rule 730A(1) and Practice Note 7.5 require (unless exempted by the Singapore Exchange) an issuer with a primary listing on the Singapore Exchange to hold its general meeting of shareholders 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 Singapore Exchange on this matter, and the Singapore Exchange 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 (A.D.1992). For the purpose of paragraph 2.4 of Practice Note 7.5, the Singapore Exchange also 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 shall continue to hold shareholders' forums regularly in Singapore.

# GENERAL DISCLOSURES

## 1. SHAREHOLDER BASE AND VOTING RIGHTS

As at 29 December 2017, the statistics of shareholdings of Mermaid Maritime Public Company Limited (“Mermaid” or “Company”) are as follows:

Number of Authorised Shares	1,416,700,697
Number of Issued Shares	1,413,328,857
Issued and Fully Paid Up Capital	Thai Baht 1,413,328,857
Treasury Shares	None
Number of Shareholders	4,701
Class of Shares and Voting Rights	Ordinary shares with equal voting rights

In accordance with Rule 730A(2) of the SGX-ST Listing Manual, Mermaid conducts all voting of resolutions at its shareholders’ meetings by poll which is defined as a method of voting under which shareholders are given one vote for each share held.

Pursuant to the Thai Public Companies Act B.E. 2535 (A.D. 1992), in a shareholders’ meeting, voting must be by a show of hands, unless at least five (5) shareholders request for a secret ballot.

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 (3/4) 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 (3/4) 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 (1/2) 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.

## 2. DISTRIBUTION OF SHAREHOLDINGS

As at 29 December 2017, the distribution of ordinary shares amongst all shareholders was as follows:

No. of Shares	No. of Shareholders	%	Number of Shares	%
1-99	202	4.30	3,012	0.00
100 - 1,000	197	4.20	167,801	0.01
1,001 - 10,000	1,670	35.52	10,979,502	0.78
10,001 - 1,000,000	2,602	55.35	167,725,065	11.87
1,000,001 and above	30	0.63	1,234,453,477	87.34
Total	4,701	100.00	1,413,328,857	100.00

## 3. DETAILS OF SUBSTANTIAL SHAREHOLDERS

As at 29 December 2017, 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 (49.53%)	122,908,013 (8.69%)	822,908,013 (58.22%)
Soleado Holdings Pte. Ltd. ("Soleado")	102,509,593 (7.25%)	-	102,509,593 (7.25%)
Mr. Chalermchai Mahagitsiri (see Note 2)	150,461,660 (10.65%)	822,908,013 (58.22%)	973,369,673 (68.87%)
Mr. Prayudh Mahagitsiri (see Note 3)	52,020,682 (3.68%)	63,588,647 (4.50%)	118,670,229 (8.20%)
Ms. Ausana Mahagitsiri (see Note 3)	63,588,647 (4.50%)	-	63,588,647 (4.50%)

**Note 1:** TTA's deemed interest arises from the shares in the Company held by its wholly owned subsidiaries Soleado and Athene Holdings Ltd. ("Athene"). Athene is the registered holder of 20,398,420 ordinary shares (1.44%) in the Company.

**Note 2:** Mr. Chalermchai Mahagitsiri was the registered holder of 251,348,382 ordinary shares (13.79%) in TTA and 150,000,000 ordinary shares (8.24%) were also registered under his custodian account in TTA. His associates are Ms. Ausana Mahagitsiri who is a registered holder of 70,795,737 ordinary shares (3.88%) in TTA, Ms. Suvimol Mahagitsiri who is the registered holder of 27,845,223 ordinary shares (1.54%) in TTA and Mr. Prayudh Mahagitsiri who is the registered holder of 6,475,758 ordinary shares (0.36%) in TTA. The combined interest of Mr. Chalermchai Mahagitsiri and his three above mentioned associates in TTA is therefore 506,685,100 ordinary shares (27.80%).

Accordingly, Mr. Chalermchai Mahagitsiri has a deemed interest in the 700,000,000 shares, 102,509,593 shares and 20,398,420 shares held in aggregate by TTA, Soleado and Athene in the Company, respectively.

**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.



## 4. TOP 20 LARGEST SHAREHOLDERS

As at 29 December 2017, the twenty (20) largest holders of ordinary shares and the number of shares held by such shareholders in Mermaid on record with the share registry as registered with the Thai Ministry of Commerce together with depositors whose security accounts with Central Depository (Pte.) Ltd. hold shares of Mermaid were as follows:

No.	Name	Shares	%	Culm. %
1	THORESEN THAI AGENCIES PLC	700,000,000	49.53	49.53
2	RAFFLES NOMINEES (PTE) LTD	142,982,107	10.11	59.64
3	SOLEADO HOLDINGS PTE. LTD.	86,747,393	6.14	65.78
4	DBS NOMINEES PTE LTD	66,425,497	4.69	70.47
5	MORGAN STANLEY ASIA (S) SEC PL	63,913,997	4.52	74.99
6	BPSS NOMINEES SPORE (PTE.)LTD.	34,973,650	2.47	77.46
7	ATHENE HOLDINGS LTD.	20,398,420	1.44	78.90
8	DBS VICKERS SECS (S) PTE. LTD.	17,619,946	1.24	80.14
9	MAYBANK KIM ENG SECS PTE. LTD.	9,615,817	0.68	80.82
10	BNP PARIBAS SECURITIES SVCS	9,566,200	0.67	81.49
11	OCBC SECURITIES PRIVATE LTD.	8,561,458	0.60	82.09
12	CIMB SEC (S'PORE) PTE. LTD.	7,912,454	0.56	82.65
13	PHILLIP SECURITIES PTE. LTD.	7,443,152	0.52	83.17
14	HSBC (SINGAPORE) NOMS PTE. LTD.	5,715,350	0.40	83.57
15	UOB KAY HIAN PTE. LTD.	5,292,900	0.37	83.94
16	LEE GEOK HWA	3,363,500	0.24	84.18
17	LIM & TAN SECURITIES PTE. LTD.	3,215,700	0.23	84.41
18	RBH SECURITIES SINGAPORE PTE. LTD.	2,193,200	0.15	84.56
19	DB NOMINEES (S) PTE. LTD.	1,958,610	0.14	84.70
20	ONN KIEN HOE	1,900,000	0.13	84.83

## 5. MERMAID SHARES HELD BY DIRECTORS

As at 29 December 2017, the direct and deemed interests of each Director of Mermaid in Mermaid's ordinary shares and its percentage of issued share capital were as follows:

Name	Direct	%	Deemed	%
Mr. Prasert Bunsumpun	None	n/a	None	n/a
Mr. Chalermchai Mahagitsiri	150,461,660	10.65	822,908,013	58.22
Mr. Tang Kee Fei	None	n/a	None	n/a
Mr. Tay Yu-Jin	None	n/a	None	n/a
Mr. Jitender Pal Verma	None	n/a	None	n/a

Name	Direct	%	Deemed	%
Dr. Jean Paul Thevenin	None	n/a	None	n/a
Dr. Jan Jozef Skorupa	80,000	0.0057	None	n/a

## 6. SHAREHOLDING HELD BY PUBLIC

As at 29 December 2017, the percentage of ordinary shares held in the hand of the public was 24.39%. 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.

## 7. TREASURY SHARES

Mermaid has no treasury shares.

## 8. 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 31 December 2017 or still subsisting as at 31 December 2017.

## 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 also has an internal 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 Phoomchai Audit Ltd. ("KPMG") and its relevant affiliated audit entities for audit of the Company and its relevant subsidiaries during the financial year ended 31 December 2017 amounted to US Dollars 156,812 (one hundred fifty six thousand eight hundred and twelve United States Dollars).

Non-audit fee paid to KPMG and its relevant affiliated audit entities during the financial year ended 31 December 2017 amounted to US Dollars 46,575 (forty six thousand five hundred and seventy five United States Dollars). This was for work related to agreed-upon procedures in relation to Thailand Board of Investment (“BOI”) related certification, tax advice 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 conducting the audit of the Company and its relevant subsidiaries and did not affect the independence of their audit signatory’s review and certification of the Company’s separate financial statements and the Company and its subsidiaries’ consolidated financial statements for the financial year ended 31 December 2017.

	Group	
	2017 USD	2016 USD
Audit fees :		
- Auditors of the Company	156,812	157,321
- Other auditors	53,823	57,638
Non-audit fees :		
- Auditors of the Company	46,575	9,950
- Other auditors	4,044	5,666
Total audit and non-audit fees	261,254	230,575

## 11. APPOINTMENT OF AUDITOR

Auditors from KPMG were reappointed by a resolution of the Company’s shareholders on 25 April 2017 to audit the Company’s separate financial statements and the Company and its subsidiaries’ consolidated financial statements for the financial year ended 31 December 2017.

The following names are audit partners whom were appointed to engage in the audit of the consolidated and separate Company financial statements for the financial year ended 31 December 2017:

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 Rimduisit	CPA License No. 5565
5. Mr. Banthit Tangpakorn	CPA License No. 8509

Mr. Banthit Tangpakorn was the audit partner in charge of auditing and expressed his opinion on the consolidated and separate Company financial statements for the financial year ended 31 December 2017. This is the first year that he audited and expressed his opinion on the said consolidated and separate Company financial statements.

KPMG and its relevant affiliated audit entities was appointed to audit all of the Company’s significant subsidiaries for the financial year ended 31 December 2017 except for Singapore-based subsidiaries, which was audited by Thong & Lim, certified public accountants based in Singapore. Mermaid’s Board and Audit Committee were satisfied that the appointment of Thong & Lim as auditor of the said subsidiary did not

compromise the standard and effectiveness of the audit of Mermaid on a consolidated basis. In relation to Asia Offshore Drilling Limited, PricewaterhouseCoopers LLP was appointed to engage in audit of this significant associated company's non-statutory financial statements for the financial year ended 31 December 2017.

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 financial year ended 31 December 2017 pursuant to Rule 907 of the SGX-ST Listing Manual.

## 13. USE OF RIGHTS ISSUE AND PRIVATE PLACEMENT PROCEEDS

In September 2013, Mermaid's total proceeds received from the Rights Issue of its shares was US Dollars 126.37 million after deduction of issuing costs. In October 2013, Mermaid's total proceeds received from the Private Placement of its shares was US Dollars 12.78 million after deduction of issuing costs. The total accumulative proceeds received from the said Rights Issue and Private Placement of its shares in 2013 was therefore USD 139.15 million.

The total actual accumulative uses of Rights Issue and Private Placement proceeds as at 31 December 2017 was US Dollars 105.34 million, or 75.71% 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 and related payment for the construction and purchase of two tender rigs and one dive support and construction vessel	70.34
	Total	105.34
	Balance of Net Proceeds	33.81

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

## 14. DIFFERENCE IN REGISTERED CAPITAL AND ISSUED AND PAID-UP CAPITAL

As at 31 December 2017, 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 1,413,328,857 represented by 1,413,328,857 ordinary shares with a par value of Baht 1 each.



The difference between registered capital and issued and paid-up capital is therefore Baht 3,371,840 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 31 December 2017, all share options under the Company's ESOPs have expired. The balance of 3,371,840 registered but unissued ordinary shares cannot be applied for any other purpose and will therefore remain unallocated.

## 15. 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	First Appointed	Last Appointed	Expiry Date
1.	Dr. Jan Jozef Skorupa	21 Oct 2013	29 Apr 2015	AGM 2018
2.	Mr. Jitender Pal Verma	28 Oct 2017	N/A	AGM 2018
3.	Mr. Chalermchai Mahagitsiri	19 Jun 2012	27 Jan 2015	AGM 2018
4.	Mr. Tay Yu-Jin	26 Apr 2016	N/A	AGM 2019
5.	Mr. Prasert Bunsumpun	19 Jun 2012	25 Apr 2017	AGM 2019
6.	Dr. Jean Paul Thevenin	28 Jan 2013	25 Apr 2017	AGM 2019
7.	Mr. Tang Kee Fei	25 Apr 2017	25 Apr 2017	AGM 2020

## 16. DETAILS OF EMPLOYEE SHARE OPTION PLAN

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

Mermaid's first ESOP was approved by Mermaid's shareholders on 11 July 2007 ("ESOP 2008"). Allocation of Options pursuant to ESOP 2008 was made on 20 November 2008 and all remaining Options expired on 20 November 2013.

Mermaid's second employee share option plan was approved by Mermaid's shareholders on 29 January 2009 ("ESOP 2009"). Allocation of Options pursuant to ESOP 2009 was made on 16 November 2009 and all remaining Options expired on 16 November 2014.

Mermaid's third employee share option plan was approved by Mermaid's shareholders on 28 January 2010 ("ESOP 2010"). Allocation of Options pursuant to ESOP 2010 was made on 1 December 2010 and all remaining Options expired on 1 December 2015.

Mermaid's fourth employee share option plan was approved by the Mermaid's shareholders on 25 January 2011 ("ESOP 2011"). Allocation of Options pursuant to ESOP 2011 was made on 15 December 2011 and all remaining Options expired on 15 December 2016.

Details of ESOP 2008, ESOP 2009, ESOP 2010 and ESOP 2011 have been disclosed in previous Annual Reports.

## 17. LAND, BUILDINGS AND KEY MOVABLE ASSETS

As at 31 December 2017, land and buildings owned by Mermaid 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	1.09	On freehold land	

The land and buildings at (1) and (3) were used as offices and mortgaged to secure short-term facilities with financial institutions while the land at (2) remained vacant land and held for investment purposes.

As at 31 December 2017, Mermaid's key movable assets were seven (7) vessels, one (1) accommodation barge and one (1) tender assist drilling rig owned by its subsidiaries as follows:

No.	Name of Vessels/Rigs	Calendar Year		Million USD	
		Build Year	Purchase Year	Cost	Net Book Value
1.	Mermaid Commander	1987	2005	38.86	3.36
2.	Mermaid Challenger	2008	2008	19.83	3.89
3.	Mermaid Sapphire	2009	2009	34.41	23.28
4.	Mermaid Siam	2002	2010	34.47	2.95
5.	Mermaid Endurer	2010	2010	102.97	62.88
6.	Barakuda	1982	2010	1.02	0.07
7.	Mermaid Asiana	2010	2010	92.76	62.29
8.	MTR-1	1978	2005	15.56	1.00
9.	MTR-2	1981	2005	69.19	1.00

The net book values presented in the table above represent post-asset impairment values for such assets for the financial year ended 31 December 2017.

'Mermaid Commander', 'Mermaid Challenger', 'Mermaid Sapphire', 'Mermaid Siam', 'Mermaid Endurer' and 'Mermaid Asiana' are owned by Mermaid Subsea Services (Thailand) Ltd. 'Barakuda' is owned by PT Seascope Surveys Indonesia. 'MTR-1' is owned by MTR-1 (Singapore) Pte. Ltd. and 'MTR-2' is owned by 'MTR-2 Ltd.'

## 18. DIRECTORS' AND EXECUTIVE OFFICERS' FORM OF UNDERTAKING

Pursuant to Rule 720(1) of the Listing Manual of the SGX-ST, the Company is required to procure undertakings from all of its Directors and Executive Officers to, among other things, comply with the listing rules of the SGX-ST. Such undertaking shall be in a form prescribed by the SGX-ST.

As at 31 December 2017, the Company remains in compliance with this requirement and shall continue to comply with this requirement on a continuing basis.

## 19. MINIMUM TRADING PRICE COMPLIANCE

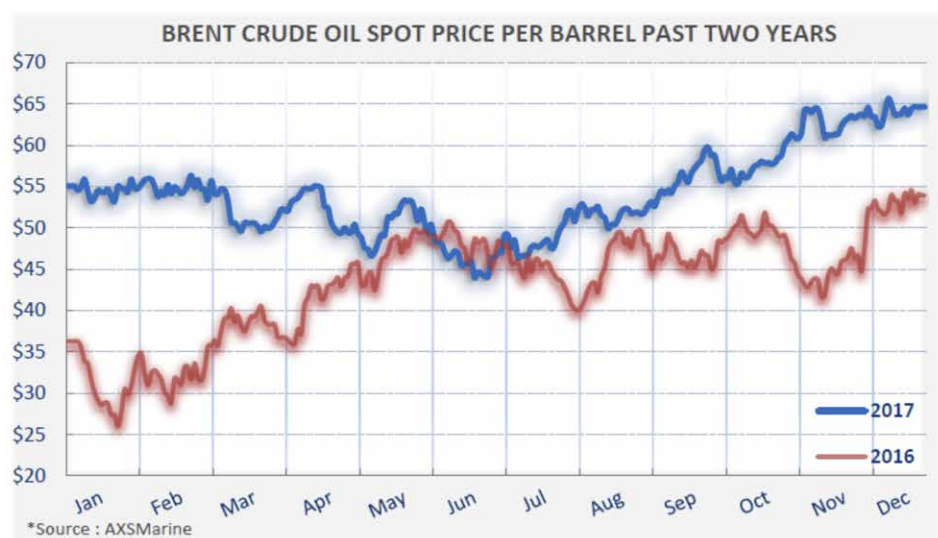
Pursuant to Rule 1311(2) of the Listing Manual of the SGX-ST, in the case the Company records a volume weighted average share price ("VWAP") of less than SGD 0.20 and an average daily market capitalization of less than SGD 40 million over the last six (6) months, the SGX-ST shall place the Company on the watch-list.

As at 29 December 2017, the Company's share price closed at SGD 0.128 and its market capitalization is SGD 180.9 million. Therefore, Company is in compliant with the Minimum Trading Price ("MTP") requirement.

## INDUSTRY OVERVIEW

### 1. 2017 – OIL MARKET REBALANCING

Overall, oil prices were more stable in 2017 when compared to the previous year, as well as universally reaching higher values. After the sharp price fall in which the Brent oil price reached its lowest at USD 27 per barrel in 2016, prices started to recover consistently before it exceeded the USD 60 per barrel benchmark in the latter half of 2017. According to the U.S. Energy Information Administration (EIA), Brent crude oil prices averaged USD 54 per barrel in 2017, an increase of USD 10 per barrel from 2016 levels, and are forecast to average USD 60 per barrel in 2018.



(Source: BRS Group)

The rise of the oil price during the second half of 2017 has been influenced by several key fundamentals, one of which was the supply cut deal by OPEC and its non-OPEC alliance partners. The deal which started in January 2017 yielded in a tightening oil market condition whereby the prices started a sustained rise above USD 50 per barrel and then above USD 60 per barrel in November 2017. Also, following the agreement by OPEC and its alliance to extend supply cut to until end of 2018, analysts had raised their forecasts of 2018 average Brent oil price, as tabled below.

2018 Brent Price Forecast	
Citigroup	USD 54
Barclays	USD 55
JP Morgan	USD 60
Credit Suisse	USD 60
UBS	USD 60
Goldman Sachs	USD 62

(Source: Kennedy Marr)



In the month of December 2017, oil price continued the upward trend. The Joint OPEC-Non-OPEC Ministerial Monitoring Committee announced its members had achieved a 122 percent compliance within the supply cut deal, and Brent Crude was traded on the spot market at over USD 64 on monthly average. Analysts at Jefferies opined that the oil market would remain undersupplied until 2019 and that inventories would fall to 5-year average levels in 3Q 2018.

However, it must be noted that, higher oil prices are bringing more supply to the market, particularly in North America and specifically shale oil. EIA has forecast that U.S. crude oil production will hit its highest average daily in history in 2018, at 10.3 mbpd, and will grow to reach 11 mbpd in late 2019. There has been an ongoing concern that shale will keep the oil price within a certain range because if it rises too high, shale producers will up their production and drag down prices again. Though the shale production costs have risen with renewed drilling activity, tightened labour market and the availability of equipment, producers have managed to lower their breakeven costs by improving technology and efficiency to the point that they are able to achieve decent rates of return at USD 53 per barrel and could achieve similar returns at USD 60 per barrel.

OPEC and all conventional producers will have to keep an eye on U.S. shale developments to see how the lower-cost producers will respond to the strengthening oil price, and take prompt actions to keep the oil price from plummeting again.

In addition, BP had released the 2017 edition of its Energy Outlook to 2035 forecasting that energy demand is expected to increase by only 30 percent over the period as increases in demand are offset by gains in energy efficiency. Renewable energy is expected to become the fastest growing source of fuel, quadrupling over the next 20 years as competitiveness continues to grow. In spite of the growth of renewable energy, fossil fuels are expected to remain the major source of energy in 2035 at 77 percent, and global oil production is expected to become more concentrated in the Middle East, the US and Russia as low cost producers increase their share – accounting for up to 63 percent of oil production in 2035, compared to 56 percent in 2015. Oil, gas, and coal will remain the dominant sources of energy powering the world economy, accounting for more than three-quarters of total energy supplies in 2035.

## 2. THE OFFSHORE OIL AND GAS SECTOR

Offshore field project sanctioning reached its peak of 120 FIDs in 2012, but since then, sanctioning activity has been under pressure from the falling oil price since the latter half of 2014. Oil company E&P spending cuts caused a 33 percent decline in FIDs in 2015. Larger projects have been hit harder with the number of such developments in 2016 to receive an FID down by 60 percent on 2012.

After 2 years of the “unprecedented market downturn”, the hangover persisted and continued to hit the sector hard. 2017 has seen a number of companies’ debt restructurings, bankruptcies, and M&As. Rystad Energy reported that, while 2017 has been a year where average service market has increased, it is rather only for players exposed to North America and shale business. On the contrary, those players in the offshore EPCI, offshore drilling, and subsea markets have been hurt by the low project sanctioning activity in 2014-2016, as well as offshore capex being reduced by 18 percent in 2017.

According to Clarksons Platou Offshore, offshore field activity has been severely reduced during the downturn. 53 offshore fields have been discovered globally in 2017, which represented a decline of 56 percent versus the 2005-2014 average of 166 per year. Offshore start-ups have dwindled as the backlog of under development fields has eroded and fewer projects had been sanctioned. Only 41 fields had started up as of October 2017, a fall of 51 percent on the 2005-2014 average of 115, global combined jack-up and floater utilization stood at 65 percent, a 27 percent down compared to same period of 2014, and a total of 129 jacks-ups and floaters remained cold stacked, an 87 percent increase from 2014.

OSV deliveries in 2017 continued the downward trend. The year saw less than 100 newly built units delivered to their owners, with the record levels of nearly 400 vessels built in 2009 seeming unreachable any time soon. There are also about 400 OSVs in Chinese shipyards, waiting to be delivered to their owners, but

as 2017 demonstrated, these deliveries will likely continue to be pushed back.

However, though deep challenges remain for 2018, all offshore players are now observing an encouraging sign for the years to come. The rising oil prices as well as the upward trend in activity, even slightly, is expected to ease off the intensity of competition allowing for more work, higher utilization for their vessels, and better operating cash flow than last year.

### 3. ANOTHER YEAR OF COST CUTTING

2017 is another year oil companies had been cutting their spending aggressively. Wood Mackenzie reported that cancelling projects and squeezing suppliers were common tactics used to bring down costs throughout the year. Budget tightening and cost optimization initiatives had been implemented across the industry, and the 'lower-for-longer', or even 'lower-forever' mindsets had been adopted by every oil operator.

Despite the rise of oil price during the second half of 2017, E&P companies continued to reiterate their intention to keep their cost at the optimum price levels. This means, while oil companies may have become profitable again thanks to the climbing oil prices, smaller companies in the supply chain have not, especially the offshore vessel owners who have their own issues to deal with, with overcapacity being the most pressing issue. The huge oversupply of vessels will have to be absorbed into the market before any meaningful increase in vessel charter rates take effect.

To win works and to sustain the business until the effect of the higher oil prices materialize in the offshore market, innovations for cost efficiency and productivity remain key to all contractors throughout 2018.

## 4. SUBSEA SERVICES

### 4.1 THE SUBSEA MARKET

"Subsea" is a term used to describe fully submerged ocean equipment, operations or applications, especially when some distance offshore, in deep ocean waters, or on the seabed. Oil and gas fields reside beneath many inland waters and offshore areas around the world, and in the oil and gas industry the term "subsea" relates to the exploration, drilling and development of oil and gas fields in these underwater locations. Under water oil fields and facilities are generically referred to using a "subsea" prefix, such as subsea well, subsea field, subsea project, and subsea developments etc.

Subsea oil field developments are usually split into shallow water and deepwater categories to distinguish between the different facilities and approaches that are needed. The term shallow water or shelf is used for very shallow water depths where bottom-founded facilities like jack-up drilling rigs and fixed offshore structures can be used, and where saturation diving is feasible. Deepwater is a term often used to refer to offshore projects located in water depths greater than around 600 feet, where floating drilling vessels and floating oil platforms are used, and remotely operated underwater vehicles are required as manned diving is not practical.

As the offshore exploration and development activity went down, the subsea vessels market continued to remain highly over-supplied, resulting in intense price competition. Vessel charter rates were at a depressed level. Offshore contractors did not have much choice but needed the works just to keep the vessels utilization. Reportedly, some contractors even subsidized their clients or offered ROV equipment for free, and charge for only personnel.

Vessels utilization had been relatively low in the year, for example, average dive support vessel utilization outside the North Sea region stood at 55-57 percent, compared to 80 percent during the oil peak in 2014. ROV support vessel utilization stood at 66-70 percent, compared to 85-95 percent during the oil peak in 2014. Furthermore, later in the year the market has also anticipated the delivery of the new dive support vessels from the shipyards, adding up capacity to the already over-supplied market.

Later in 2017, as the oil prices were picking up, contractors have seen indicators of increased activity and more projects being sanctioned, demand from their customers has increased compared with the same period last year, yet the offshore service vessel market was still characterized by low activity and overcapacity of vessels.

Despite the challenging business environment, broader signs for a recovery in the sector have also been moving steadily into place, though very slowly. The turnaround is also backed by the fact that oil companies are cashflow-positive at USD 50 per barrel, as they resume spending and exploration activities.

## 4.2 TYPES OF SUBSEA VESSELS

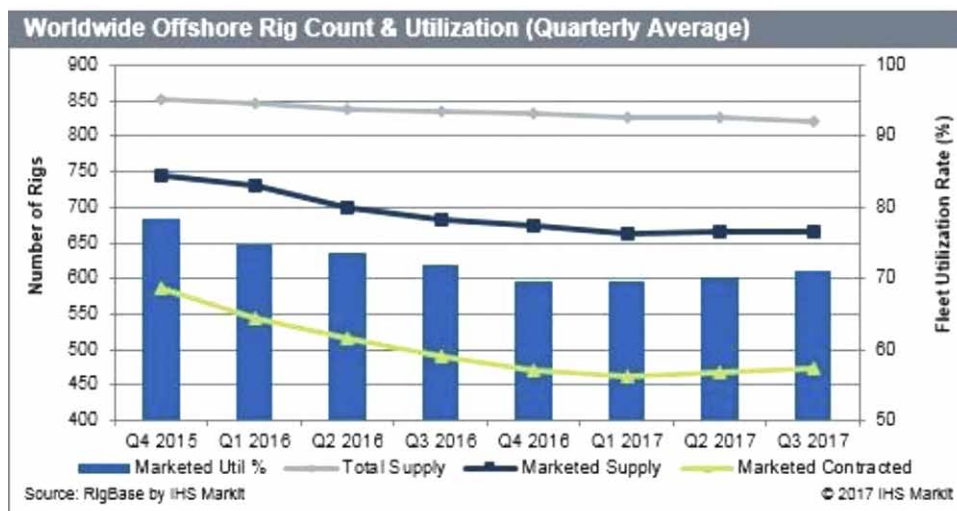
The offshore industry is a varied sector within which many vessel types operate, performing numerous different tasks with often-unique systems and equipment. These vessels can range from purpose-built specialized ships which may, for example, only perform diving operations, to vessels which have been repeatedly converted from one vessel type to another as nature of the business changes. The term “offshore support vessel” can include many vessel types and it is unusual for one single vessel to only fulfill one particular function. Depending on configuration, a vessel could perform diving, remotely operated vehicle (“ROV”) support, survey and construction support operations.

Generally, dive support vessels (DSV) within the offshore industry can range from converted vessels fitted with rudimentary air diving spreads to purpose built vessels fitted with extensive and complex saturation diving system. ROV support vessels can include vessels fitted with portable launching systems, which can be mobilized and demobilized to the vessel within very short periods of time. Construction support vessels will have many generic characteristics and design features associated with dive and ROV support vessels, the main function of the offshore construction vessel will be before the installation and decommissioning of subsea and surface structure installations. Pipe lay vessels may have different design features of systems and equipment on board however the main function of these vessels will be the lay pipe along a designated seabed channel or route.

## 5. OFFSHORE DRILLING – SLIGHT IMPROVEMENT, RATES REMAINED FLAT

### 5.1 THE OFFSHORE DRILLING MARKET

Rig demand across the board continued to wane in 2017. IHS Market has reported overcapacity of offshore rigs, with a slight improvement of utilization to merely above 70 percent levels in Q3. The number of contracted rigs were not showing much sign of development either.

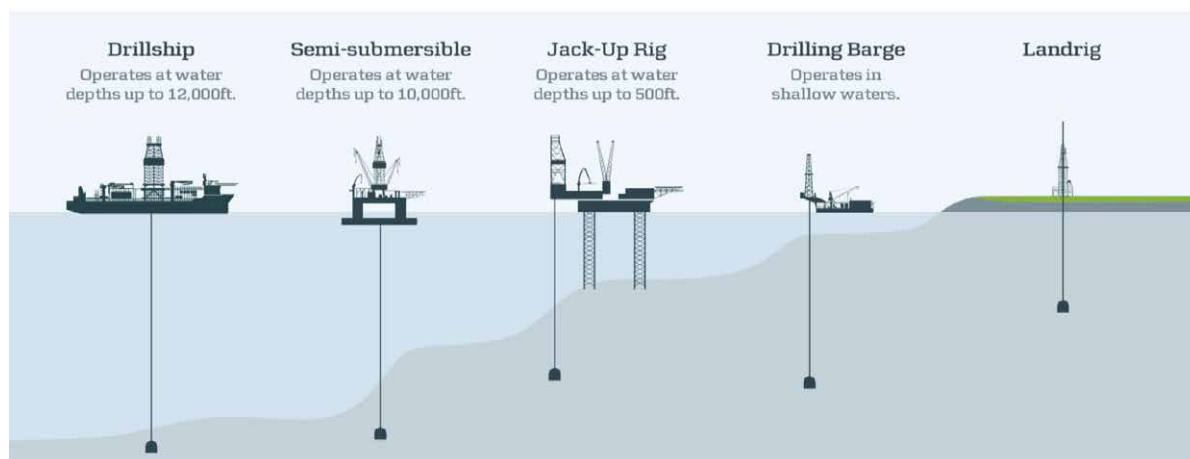


(Source: IHS Markit)

Similarly, Basso Offshore reported that dayrate and utilization trends for offshore drilling rigs have only improved marginally in 2017. It further opined that for 2018, oil companies will cut spending on exploration for a fifth consecutive year. Efficiency, low-cost developments, and high budget-sensitivity in exploration and production planning will continue to constrain the rig market. However, they pointed out that this does not mean offshore drilling will decrease, but instead it is because oil companies can now drill more with much less cost as rig rates are still much lower than they once were. They believed that offshore drilling activity will pick up slightly, but oversupply will continue to restrain the day rates.

## 5.2 TYPES OF OFFSHORE DRILLING RIGS

There are different types of drilling units, typically known as Mobile Offshore Drilling Units (“MODU”).



(Source: IHS Petrodata)

### Tender Rigs

A tender rig is a barge moored alongside a platform and carries its own drilling equipment and has a crane capable of erecting the derrick onto the neighboring platform, eliminating the need for a separate derrick barge and related equipment. 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. Jack-up rigs can drill in water depths of 350-450 feet and are capable of drilling as far as 40,000 feet.

### Semisubmersible Rigs

A semisubmersible rig is a floating drilling platform with columns and pontoons featuring a ballast system enabling the platform to adjust the draft of the partially submerged hull and can either be self-propelled or non-propelled, it utilizes DP systems or mooring to maintain their position over the wellhead. Semisubmersibles can operate in water depths of 1,000 to 10,000 feet and can drill beyond 40,000 feet.

### Drillships

Drillships have designs based on ship hulls, are self-propelled, and utilize DP systems or mooring to maintain their position over the wellhead. Drilling operations are performed utilizing the derrick and the moon pool which is fitted mid-ship. Drillships are well suited for drilling in remote locations due to their mobility. These vessels can operate in water depths of 1,000 to 12,000 feet and can drill beyond 40,000 feet.

### 5.3 THE JACK-UP DRILLING RIG MARKET

As at Q3 2017, the jack-up fleet count stood at 546 rigs of which 78 cold stacked. Of these, 301 units were contracted, with a total and marketed utilization of 55 percent and 64 percent effectively. Total utilization for the rigs over 20 years old was 52 percent while utilization for the jack-ups that are under 10 years old stood at 65 percent. Reflective of the oversupplied market, rig day rates were largely flat in 2017. According to Clarksons Platou Offshore, global jack-up average dayrate increased by only 6 percent in the year to USD 83,500 per day.

The order book count stood at 94 units, of which only 9 rigs of them expected to be owned and operated by their current owner. The remaining 85 units are effectively owned by the shipyards and will have to be re-sold and/or operated under bareboat leases. In addition to the existing overcapacity, a 50/50 JV between Saudi Aramco and Rowan had committed to building 20 units in Saudi Arabia with delivery from 2021. All these new jack-up units will come out to flood the market, ensuring that competition will remain fierce and rates will remain low between 2018 - 2020.

Scrapping remains key to long term market rebalancing but continues to be modest compared to the supply glut. The scrapping activity is expected to accelerate in the coming years, driven by an increasing maintenance and survey backlog with limited fleet investment at current, as well as the coming of modern builds.

Saudi Aramco had contracts on their existing fleet of jack-up rigs with anticipated demand for more jack-up rigs in the near future. In line with this development, all three jack-up rigs owned by Mermaid's associate Asia Offshore Drilling Ltd. were awarded three-year contract extensions in 2016, which shall see all three rigs scheduled to remain on contract in Saudi Arabia until 2019.

### 5.4 THE TENDER DRILLING RIG MARKET

Usually when the jack-up market improves the tender market does too, but that was not the case in 2017. The year has seen no signs of improvement in tender drilling rig market given the oversupply as well as rivalry with modern units in the market. As at December 2017, the number of tender drilling rigs stood at 22 units, and only 10 of them were working.

## 6. MERMAID'S INDUSTRY POSITIONING

Mermaid takes a cautionary perspective on the oil and gas outlook over the next 12 months. With the recent oil market rebalance, 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, reputation, track record, and fiscal discipline. This is further elaborated below:

#### *Geographical coverage and shallow water focused*

Mermaid's fleet of subsea vessels 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.

#### *IRM focused, and geographical expansion*

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 continues to pursue service and geographical expansion to those countries where demand growth is relatively strong.

### *Track record of quality and safety, modern asset 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 favorable position with oil and gas majors who have shown a tendency to prefer newer equipment due to superior capabilities and operational efficiency. 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 a stable order book mostly for subsea services, with more near term contract wins expected. This contract backlog is expected to provide a backbone of revenue in 2018 with room for additional upside. Mermaid's investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs has also stabilized in 2016 with these rigs having their contracts extended to 2019 given ongoing customer demand and their operational efficiency and customized modifications to suit customer field requirements.

### *Fiscal discipline*

In these challenging market conditions, Mermaid retains low gearing and sufficient cash reserves. It allows the company to remain agile and be ready to take advantage of any opportunistic and organic growth that may present itself in the present time.

(References: BRS Group, Clarksons Platou Offshore, Icarus Consultants, IHS Markit, Kennedy Marr, Organization of the Petroleum Exporting Countries (OPEC), Pareto Securities Research, Rigzone, Rystad Energy, Strategic Offshore Research, U.S. Energy Information Administration (EIA), Wood Mackenzie, Bassoe Offshore).

## MANAGEMENT DISCUSSION & ANALYSIS

This discussion and analysis of the operating results of Mermaid Maritime Public Company Limited (the “Company” or “Mermaid”) and its subsidiaries’ (collectively the “Group”) are 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, and upgrades or special surveys. Available days represent 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 represent 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, or special surveys.
- **Dry-docking:** Each of the vessels and drilling rigs must be cyclically dry-docked for inspection, repairs and maintenance, and any modifications to fulfill industry certification or government requirements. Generally, the vessels and drilling rigs are dry-docked every five (5) years and additional interim dry-docked every two and a half (2.5) 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 2017 financial numbers, the exchange rate of Baht 32.6809 and Baht 33.9380 to US Dollar 1.00 was 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. 2016 and 2017) shall mean the financial years of the Group ending 31 December.

## SUBSEA SERVICES

The subsea services group comprises Mermaid Subsea Services (Thailand) Ltd., Seascope Surveys Pte. Ltd. and Mermaid Offshore Services Pte. Ltd. in Singapore, PT Seascope Surveys Indonesia, Mermaid Subsea Services (International) Ltd. in Seychelles, Mermaid Subsea Services LLC in Qatar, and Mermaid Subsea Services Saudi Arabia LLC (collectively "Subsea Group").

### SUBSEA IRM AND SURVEY WORKS

The following table provides a summary of the changes in Calendar-vessel-days by owned and chartered-in vessels for subsea inspection, repair and maintenance ("IRM") and survey works.

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

*Unit: Days*

Calendar-Vessel-Days	FY2017		FY2016	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	2,555	-0.27%	2,562	0.27%
Chartered in Vessels	592	-5.13%	624	-43.01%
<b>Total</b>	<b>3,147</b>	<b>-1.22%</b>	<b>3,186</b>	<b>-12.71%</b>

Calendar days of owned vessel were maintained at 2,555 days as there was no new acquisition or disposal during the year. The overall calendar days decreased 39 days or 1.22% mainly due to expiry of chartered-in vessel 'Nusantara' in August 2017.

**Table 2: Fleet Utilisation for Offshore Service Vessels**

*Unit: Days*

Item	FY2017		FY2016	
	No. of Days	% Change	No. of Days	% Change
Calendar-Vessel-Days	3,147	-1.22%	3,186	-12.71%
Planned Off-Hire Days	12	-29.41%	17	-92.74%
<b>Available Days</b>	<b>3,135</b>	<b>-1.07%</b>	<b>3,169</b>	<b>-7.23%</b>
<b>Operating Days</b>	<b>1,089</b>	<b>-26.62%</b>	<b>1,484</b>	<b>-33.21%</b>
<b>Fleet Utilisation</b>	<b>34.74%</b>	<b>-12.09%</b>	<b>46.83%</b>	<b>-18.22%</b>

**Service revenues:** Service revenues decreased 17.6% from US Dollars 175.6 million in 2016 to US Dollars 144.7 million in 2017. The decrease was mainly driven by lower fleet utilisation from 1,484 operating days in 2016 to 1,089 operating days in 2017 due to lacking of project in company home base market and expiry of chartered-in vessel contract. As a result, total fleet utilisation dropped from 46.83% in 2016 to 34.74% in 2017. Despite having lower fleet utilisation, average day rates increased from US Dollars 81.7 thousand in 2016 to US Dollars 93.0 thousand in 2017.

**Costs of services:** Recorded at US Dollars 121.6 million in 2017, costs of services, mainly consisting of service expenses and depreciation, decreased by 16.6% compared to US Dollars 145.8 million in 2016.

**Service expenses:** Service expenses decreased 17.89% from US Dollars 125.8 million or equivalent US Dollars 39,490 per Calendar-vessel-day in 2016 to US Dollars 103.3 million or equivalent US Dollars 32,813 per Calendar-vessel-day in 2017. Service expenses as percentage of revenue slightly decreased from 71.66% to 71.38% as a result of cost saving program implementations.

**Depreciation:** Depreciation expenses decreased from US Dollars 20.0 million in 2016 to US Dollars 18.3 million in 2017 representing an 8.50% decrease.

## SUBSEA CABLE LAYING & ENGINEERING WORKS

The following table provides a summary of the project works for cable laying and engineering services during the fiscal year 2017 with a comparison to same period of the year 2016.

**Table 3: Project works for Cable Laying and Engineering Services**

Item	FY2017		FY2016	
	Amt	% Change	Amt	% Change
No. of Project	0	-100.00%	2	-66.67%
Average Project Value (USD MM)	0	-100.00%	4.3	-74.25%
Average Working Days	0	-100.00%	89	-22.61%

**Service revenues:** No revenue recorded in 2017 that compared to US Dollars 9.7 million in 2016. The declining was mainly driven by lower demand and high competition in this market.

**Costs of services:** Recorded no cost of service which was a result of no project work in 2017.

## OFFSHORE DRILLING SERVICES

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

**Table 4: Calendar-Rig-Days for Drilling Rigs**

Unit: Days

Calendar-Rig-Days	FY2017		FY2016	
	No. of Days	% Change	No. of Days	% Change
Owned Rigs	730	-0.27%	732	0.27%
Chartered in Rigs	-	-	-	-
<b>Total</b>	<b>730</b>	<b>-0.27%</b>	<b>732</b>	<b>0.27%</b>

**Table 5: Fleet Utilisation for Drilling Rigs**

Unit: Days

Item	FY2017		FY2016	
	No. of Days	% Change	No. of Days	% Change
Calendar-Rig-Days	730	-0.27%	732	0.27%
Planned Off-Hire Days	-	n/a	-	n/a
<b>Available Days</b>	<b>730</b>	<b>-0.27%</b>	<b>732</b>	<b>0.27%</b>
Unplanned Off-Hire Days	-	n/a	-	n/a
<b>Operating Days</b>	<b>-</b>	<b>n/a</b>	<b>-</b>	<b>n/a</b>
<b>Fleet Utilisation</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>

**Service revenues:** Drilling group reported no service income in 2017 and 2016 as 'MTR-1' and 'MTR-2' have both been cold stacked since 2015 as a result of limited demand in the drilling market.

**Cost of services:** Cost of services consisting of service expenses and depreciation were at US Dollars 998 in 2017 which remained the same level with 2016 at US Dollars 1,004.

**Service expenses:** No service costs were recorded in both of 2016 and 2017 due to no service activities and both of MTR-1 and MTR-2 have been cold stacked.

**Depreciation:** No significant change for depreciation, recorded US Dollars 1,004 in 2016 and US Dollars 998 in 2017.

## OTHER OPERATING RESULTS

**General and administrative expenses:** In 2017, general and administrative expenses were US Dollars 23.3 million. Administrative expenses as percentage of revenue slightly increased from 15.84% in 2016 to 16.10% in 2017 as a result of revenue slow down.

**Finance costs:** The costs of finance were recorded at US Dollars 3.6 million in 2017, no significant change from 2016 at US Dollars 3.5 million.

**Interest income:** Interest income increased by 63.46% from US Dollars 0.5 million in 2016 to US Dollars 0.8 million in 2017 as a result of treasury management improvement.

**Foreign exchange gains (losses):** Changes in foreign exchange rates resulted in US Dollars 1.1 million gains in 2017 compared to US Dollars 4 thousand losses in 2016.

**Other income:** Other revenues were recorded at US Dollars 1.6 million in 2017 which slightly increased by 9.04% from US Dollars 1.4 million in 2016.

**Share of profits on investment in associated company:** US Dollars 4.6 million was recorded in 2017 as share of profits from investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs, a decrease from profit US Dollars 10.6 million in the previous year as a result of lower day rate in 2017. In 2017, all three jack-up rigs operated steadily and achieved high utilisation rates of 99%, 100% and 100% for 'AOD-I', 'AOD-II', and 'AOD-III' respectively.

**Share of profits of investment in jointly-controlled entity:** Share of profits of investment in jointly-controlled entity decreased from US Dollars 0.9 million in 2016 to US Dollars 82 thousand in 2017.

**Impairment provisions:** No impairment was recorded in 2017 and 2016; this number excludes the share of loss on impairment from the AOD investment.

**Income taxes:** Income tax expense incurred in 2017 was US Dollars 56 thousand, compared to tax benefit US Dollars 2.8 million in 2016.

Based on the factors illustrated above, the Group reported net profit of US Dollars 4.2 million in 2017, which decreased from net profit of US Dollars 17.2 million in 2016.

## LIQUIDITY AND CAPITAL RESOURCES

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



Table 6: Total Capitalisation

Unit: US Dollars'000

Item	As at 31 December	
	2017	2016
<b>Cash and cash equivalents</b>	<b>81,494</b>	<b>97,744</b>
<b>Debt</b>		
Short-term debt	-	-
Current portion, long-term debt (including finance leases)	11,937	9,901
Long-term debt (including finance leases)	67,817	79,616
<b>Total Debt</b>	<b>79,754</b>	<b>89,517</b>
<b>Shareholders' Equity</b>		
Ordinary shares, Baht 1 par value 1,413.33 million shares (2016: 1,413.33 million shares) issued and fully paid-up	47,322	47,322
Additional paid-in capital	343,536	343,536
Retained earnings	(46,052)	(50,400)
Others	(2,622)	(2,211)
<b>Total Shareholders' Equity</b>	<b>342,184</b>	<b>338,247</b>
<b>Total Capitalisation</b>	<b>421,938</b>	<b>427,764</b>
<b>Total Debt to Total Capitalisation</b>	<b>0.19</b>	<b>0.21</b>

As at 31 December 2017, the Group's total cash and cash equivalents equaled US Dollars 81.5 million, a decrease of US Dollars 16.2 million from US Dollars 97.7 million as at 31 December 2016.

In 2017, the Company generated net cash from operating activities of US Dollars 11.3 million compared to US Dollars 52.4 million in 2016. Before changes in working capital as well as tax and financial costs, the Company generated cash of US Dollars 23.4 million in 2017, compared to US Dollars 37.5 million for 2016.

The Company received cash from investment activities of US Dollars 8.5 million in 2017, primarily for the proceeding from short-term deposits at financial institution of US Dollars 28.0 million. The Company purchased various equipments and intangible assets for US Dollars 3.0 million. In addition, the Company entered into a Shares Sale and Purchase Agreement for the purchase by Mermaid of 49 percent shares in PTGC Co., Ltd, a company incorporated in Cambodia.

The Company used net cash for financing activities of US Dollars 13.5 million in 2017 primarily for long-term loan repayment of US Dollars 10.0 million and finance cost paid of US Dollars 3.5 million.

As at 31 December 2017, the Company had a total debt including financial lease of US Dollars 79.8 million, comprising of US Dollars loans of 79,615 thousand and financial lease of US Dollars 139 thousand. In comparison, as at 31 December 2016, the Company had a total debt including financial lease of US Dollars 89.5 million, comprising of US Dollars loans of US Dollars 89,505 thousand and financial lease of US Dollars 12 thousand. Outstanding loans were obtained mainly for acquisitions of vessels, rigs, and equipment.

## CAPITAL EXPENDITURES

The major capital expenditure in 2017 was new equipment purchases totaling of US Dollars 4.0 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 Dollar interest rates, because almost of the Group's loans are denominated in US Dollars and set against LIBOR. Those interests incurred were paid under the existing credit facilities at a rate of LIBOR plus a certain margin. In some exceptional cases, such as with smaller loans in Qatari Dollar, the interests paid are 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*

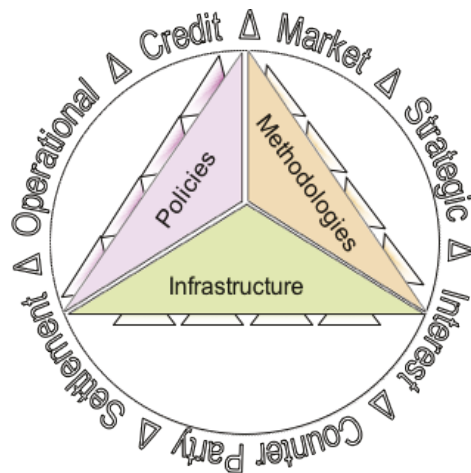
The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

# RISK MANAGEMENT

Mermaid Maritime Public Company Limited and its subsidiaries (“Mermaid Group” or “the Group”) has a sound risk management framework which is a proactive process to identify, assess, monitor and mitigate risks appropriately. It is established for the correct management of risk appetite expressed by the shareholders to ascertain that the Group may continue to achieve its corporate vision and mission.

## ROBUST ENTERPRISE RISK MANAGEMENT FRAMEWORK

Mermaid Group’s Enterprise Risk Management (“ERM”) framework provides the Group with a robust, holistic and systematic approach in risk management. The Group has established ERM frameworks, methodologies and tools to develop risk management. To provide an integrated and holistic view on the overall strategy for managing risk in the Group, organizational reporting has been structured for risk identification, assessment and prioritization, as well as design and implementation of mitigating actions including monitoring and reporting risks, as well as Group policies and limits, in addressing the key risks of the Group.



The Group has developed a risk management framework to provide assurance about the effectiveness and efficiency of operations, to enforce compliance with regulations, to support business sustainability, to ensure reliable reporting to stakeholders and to ensure responsible behavior.

## RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

### THE BOARD OF DIRECTORS

Our Board is responsible for governing risks and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the Company’s assets.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee (“RMC”) assists the Board to drive risk governance in the Group and communicate an appropriate tone from the top to all levels of the Group. This entails overseeing the design, implementation and monitoring of the Group’s risk management and internal control systems. The RMC engages in regular reviews and discussions with management at the committee meetings, covering the Group’s top risks and treatment plans.

## MERMAID GROUP’S FIVE-STEP RISK MANAGEMENT PROCESS

The Group’s five-step risk management process consists of risk identification, risk assessment, risk responding, monitoring and reporting. The assessment process takes into account both the impact and likelihood of the risks occurring, and also covers financial, operational, compliance, reputational and other aspects. Tools such as risk rating matrices and risk registers are used as part of this process.

Our ERM framework is reviewed regularly, taking into account changes in the business and operating environments. References are made to the Singapore Code of Governance, ISO31000 standards for Risk Management, COSO Enterprise Risk Management-Integrated Framework (2004) as well as the Guidebook for Audit Committees (2014).

As a Group, our ERM framework provides robust and holistic enterprise-wide view of potential events that may affect the ability to achieve an organization’s objectives. We take a balanced approach to risk management. To minimize risks and optimize returns for the Group, we will only undertake appropriate and well-considered risks.

## KEY RISKS AND MITIGATION STRATEGIES

The Group conducts an exercise to review its key risk profile on a quarterly basis, or whenever there are significant changes to the business or operating environment. During the review, both internal and external factors are examined to determine the Group’s key risk profile. The key risk profiles of strategic business units as well as risk factors in the global environment are analysed and deliberated by the RMC.

### *(a) Strategic Risks*

Strategic risks pertain to the Group’s business plans and strategies, as well as uncertainties associated with the countries and industries in which Mermaid operates. These include market driven forces, changing laws and regulations, evolving competitive landscape, changing customer demands, shifting technology and product innovation.

Risk considerations form an integral part of the Group’s strategic and budget reviews, policy formulation and revision, projects and investments. Strategic risks are reviewed periodically with our Board to ensure that the Group is resilient in dealing with adversity and agile in pursuing opportunities.

On a regular basis, we closely monitor for changes in the business, economic, political, regulatory and competitive landscape which in turn gives the management better insights into impending developments.

### *(b) Credit Risks*

#### **Credit default risks:**

Credit default risk refers to customer credit risk due to uncertainty in customer’s ability to meet its financial obligations to the Group. It may affect the Group’s collectability on receivables which is already generally long outstanding as a normal practice for the oil and gas business. To reduce customer credit risk, the

Group minimizes risk by developing Group credit policy and procedures including closely monitoring of account receivable collections.

**Concentration risk:**

The Group's revenue is mainly derived from a few customers. This creates exposure the potential to produce large enough losses to threaten the Group's operations if projects end unexpectedly. The Group conducts feasibility study to expand its customer base across countries, and grow its market position by seeking new contracts to mitigate customer credit risk.

*(c) Operational Risks*

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, human factors or external events associated to the Group's operations. The Group adopts a standardised risk assessment, risk decision making, implementation of risk controls and monitoring process, to help manage the spectrum of key risks throughout the stages of each project. Integrating risk management processes with business operations and project execution across all business units facilitates early risk detection and proactive management of those risks. Formalised guidelines, procedures, internal training and tools are used to provide guidance in assessing, mitigating and monitoring risks.

During the pre-contract stage, the project evaluation team, comprising members from different functions, identifies and evaluates key risks concerning the market, customers, engineering expertise and challenges, contractual terms, cost estimation, resource availability and other specific project structure and conditions. Mitigating actions are identified to address these potential risks.

At the execution stage, key risk areas involving costing, scheduling, planning, engineering, procurement, quality control, health, safety and environment (HSE) management are closely monitored to ensure that pre-emptive measures are taken and appropriately implemented. The aim is to ensure that projects are executed and completed on time, within budget, and with standards of safety and quality that meet or exceed contractual specifications.

In addition, 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.

*(d) Financial Risks*

Financial risk management relates to the Group's ability to meet financial obligations and mitigate credit, liquidity, currency, interest rate and price risks.

The Group's international presence and worldwide clientele inevitably subjects it to financial risks arising from the global financial market, ranging from foreign exchange volatilities to customer credit risks. Policies and procedures addressing these areas have been established and implemented throughout the Group to mitigate their associated risks.

All of the Group's revenues are paid in US Dollars. Most of the Group's expenditures are 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 regularly reviews its loan covenants before entering into loan commitments to ensure financial flexibility is maintained. The Group regularly reviews its financing commitments from time to time to consider if refinancing opportunities exist to secure more competitive financing terms.



### *(e) Compliance Risks*

We, as with any other company with business operations spanning several countries, are facing an increasing trend of scrutiny and enforcement by authorities and government agencies. Some legislation, e.g. tax regulations, carries significant financial penalties. Against this, the Group has developed a compliance checklist to identify legal and regulatory obligations which strategic business units are subjected to and review them on a quarterly basis to ensure the Group comply with relevant laws and regulations.

Another approach is the regularly review of all applicable laws and regulations of its operating countries. This is done to ensure that operational and compliance activities are aligned with the latest versions throughout the Group.

### *(f) Human Resources Risks*

Excellent people and talent management are the best bulwarks against HR risks. A tightening market for qualified labour will place upward pressure on compensation expectations. Employee engagement and capability remain the most important HR issues the Group is facing year to year. The Group remains concerned about employee engagement and capability. Therefore, the Group has developed a system to attracting and retaining talent employee in a cost-effective manner and has also initiated succession planning and management, role and competency design and leadership development.

In addition, to develop robust HR risk controls, the Group has monitoring systems and responds appropriately to any HR risks by using early warning systems before a HR risk starts to threaten the sustainability of the organization. Measures have been put in place to address such risks. The challenge for the Group to develop and implement effective HR risk management strategies to generate significant business opportunities and to ensure that HR risk management is enduringly embedded in the overall governance and management strategies of the organization.

### *(g) External Risks*

External risks have far-reaching impacts which affect the Group and its customers, suppliers, vendors and other business partners. Such risks include volatilities in the commodity market, health of the world economy, stability in the global financial and banking systems, foreign exchange fluctuations, changes in political regimes and regulatory landscape, and natural disasters.

The Group recognises that external environment risks are inherently volatile and unpredictable and may cause interruption to the Group's business continuity. Working within these constraints, the Group strives to mitigate such risks to as low as reasonably practicable with due consideration given to achieving an appropriate risk-reward balance.

## **ENHANCING RISK MANAGEMENT CULTURE**

To establish an appropriate risk management culture, we focus on increasing risk awareness as a means to reduce overall enterprise exposure. We endeavor to drive a culture of appropriate risk-taking. The Group constantly strives to move beyond awareness, creating an atmosphere where employees are always making risk-informed decisions. Effective risk management hinges equally on mindsets and attitudes through training, communication, outreach and tool development as well as systems and processes.

Our management is committed to fostering a strong risk culture in the Group, which encourages prudent risk-taking in decision-making and business processes. We are constantly scanning for emergent threats that may affect our businesses. Through close collaboration with stakeholders, we will continue to review our risk management system to ensure that it remains adequate and effective. This will allow the Group to capitalize on growth opportunities while managing the risks of a challenging business environment.

# SUSTAINABILITY REPORT

## BOARD STATEMENT

The board of directors of the Company (the “Board” or the “Directors”) are committed to maintaining a high standard of corporate governance within the Group and adopt practices based on the Singapore Code of Corporate Governance 2012 (the “Code”). The Board has adopted the Code where appropriate so as to strengthen corporate governance practice and foster greater corporate disclosure.

In addition, it has embraced the Listing Rule 711A which requires every listed issuer to prepare an annual sustainability report. This report is developed in line with Listing Rule 711B on a ‘comply or explain’ basis. The policies, targets, risks and opportunities identified within an external independent review are monitored and reported within this ESG report and the Board commits to oversee the appropriate activities are undertaken to achieve the good practice targets set.

**The Company recognises the importance of good governance for continued growth and investors’ confidence**

The Company recognises the importance of good governance for continued growth and investors’ confidence. In line with the commitment by the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code. The Board confirms that for the financial year ended 31 December 2017 (“FY2017”), the Company has generally adhered to the principles and guidelines set out in the Code, and where there are deviations from the Code, appropriate explanations are provided.

## INTRODUCTION

Mermaid Maritime Public Company Limited (from here on referred to as ‘Mermaid’) is a leading international subsea and offshore drilling services company, headquartered in Thailand and with operational bases in Thailand, Singapore, Indonesia, Qatar, Saudi Arabia and the United Arab Emirates.

Mermaid’s business is divided between its Subsea, Offshore and Drilling Services business units. It also has a number of holdings in smaller regional subsea and drilling companies. A hallmark of the company’s value proposition across these diverse markets is a common commitment to quality, reliability, safety and operational excellence. This is underpinned by the company’s leading performance in environmental, health and safety management across its operations and a growing commitment to sustainability.

Being pro-active in identifying key materiality issues provides companies with the opportunity to increase their value, both in business and financial terms. Focusing on these material sustainability issues will allow companies to positively impact their growth both in terms of profit and customers, while failure to address externalities can cause immense harm to the company’s reputation and profits.

## MATERIAL ESG FACTORS AND REPORTING FRAMEWORKS

Identifying the impacts that are material to investors and other stakeholders is crucial for companies to manage ESG risks and opportunities. Mermaid considers the direct ESG materiality of its own operations, as well as the materiality of ESG within its supply chain particularly those in which there is operational control.

TABLE 1: ESG METRICS RELEVANT TO MERMAID

TOPIC	ACCOUNTING METRIC
<b>GHG Emissions and Emissions to Air</b>	Total fuel consumed by type/source, percentage renewable by type, percentage used in operations and equipment.
	Description of strategy or plans to address emissions-related risks, opportunities and impacts and improve energy efficiency
<b>Water Consumption</b>	Average volume of freshwater used per volume of gas or oil extracted by (1) fresh water (2) recycled water
	Description of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts
<b>Chemicals Management</b>	Description of strategy or plans to address chemical-related risks, opportunities and impacts from drilling and other activities
<b>Effluents and Waste</b>	Total number and volume of significant spills
	Total weight of waste and type by disposal method
<b>Ecological Impact Management</b>	Description of strategy or plan to address risks and opportunities relating to ecological impacts from core activities
<b>Health, Safety and Emergency Management</b>	(1) Total Recordable Injury Rate (TRIR), (2) Fatality Rate, (3) Near Miss Frequency Rate, and (4) Total Vehicle Incident Rate (TVIR) for (a) full time employees, (b) contract employees and (c) short service employees
	Emergency preparedness policies are in place and aligned with industry standards
	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and project lifecycles, including site and asset security procedures
<b>Employment Practices</b>	Report policies, practices and standards for all workers (including contractors, subcontractors and migrant labour) relating to (1) Working conditions, (2) Working hours, (3) Needs and concerns of vulnerable workers (eg. migrant workers), including management ownership of these policies.
<b>Anti-corruption</b>	Report anti-corruption policy, including commitments to work against corruption in all its forms (including bribery and extortion), to be in compliance with relevant laws

The Singapore Stock Exchange refers to materiality reporting as the identification of environmental, social and governance risks and opportunities that will act as barriers or enablers to achieving business goals in the short, medium and long term. The omission or misstatement of these risks or opportunities could influence the decisions of investors. Mermaid have used the Sustainable Accounting Standards Board (SASB) and the Global Reporting Initiative materiality standards and sector guides to first identify relevant ESG issues focussing on oil and gas support services companies. This was used as a shortlist to cross reference with internal stakeholders to refine the specific activities of risk or opportunity to Mermaid, and the resulting issues are included within this report.

## ENVIRONMENTAL

### ENVIRONMENTAL IMPACTS: GHG EMISSIONS

Mermaid's operational greenhouse gas emissions were calculated based on onsite energy use and business travel.

For the purposes of this report GHG emissions to air are reported in line with the Greenhouse Gas Protocol, an international corporate accounting and reporting framework developed by the World Resources Institute and the World Business Council for Sustainable Development. The Greenhouse Gas Protocol differentiates between direct and indirect emissions using a classification system across 3 different scopes:

- **Scope 1** includes direct emissions from sources which a company owns or controls. This includes direct emissions from fuel combustion and industrial processes.
- **Scope 2** covers indirect emissions relating solely to the generation of purchased electricity that is consumed by the owned or controlled equipment or operations of the company.
- **Scope 3** covers other indirect emissions including third-party provided business travel only.

**The most significant source of GHG emissions for Mermaid is associated with direct operations, responsible for 96% of the calculated carbon footprint.**

TABLE 2: GROUP GHG EMISSIONS, FY2017

Item	Units	Quantity
<b>Energy use</b>		
Purchased electricity	kWh	2,037,937
<b>Company cars-travel distance</b>		
Total distance travelled	km	181,884
<b>Greenhouse gases</b>		
Scope 1	tCO <sub>2</sub> e	29,778
Scope 2 (location-based)	tCO <sub>2</sub> e	1,227
Scope 2 (market-based)	tCO <sub>2</sub> e	1,227

The bulk of emissions from Mermaid's direct operations come from fuel oil use within the fleet as well as electricity generation through gas turbines and diesel engines. Scope 1 emissions from direct operations represent 96% of the total GHG footprint.

Purchased electricity represents the next highest overall source of operational GHG emissions, whilst business travel represents a small share of the overall footprint.

Mermaid develops, records and maintains an Energy Review System, which is updated every 12 months at a minimum as well as in response to any changes in facilities, equipment, systems, or processes which could affect energy management. Mermaid identifies appropriate environmental performance indicators to assess performance against the energy baseline using a methodology in line with ISO 50001 (the company is in the process of updating the Review System to the latest 2015 ISO standard). In addition, DNV GL provides external assurance of energy and emissions data (with FY2016 being the most recently assured data). Further detail on energy demand reduction as it relates to the vessel fleet and associated emissions will be useful to communicate the practical efforts the company is taking.

Scope 3 emissions were not disclosed in FY2017 but will be in future reporting years.

## ENVIRONMENTAL IMPACTS: EMISSIONS TO AIR

Emissions to air are a key environmental impact associated with offshore subsea activities. Accordingly, Mermaid's Pollution Prevention Protocol sets use boundaries and requirements for company equipment to limit emissions of certain key pollutants. These include:

*Nitrogen oxides (NO<sub>x</sub>)* – diesel engine usage is prohibited unless NO<sub>x</sub> emissions are within the g/kWh limits for rated engine speed as defined within the MARPOL (International Convention for the Prevention of Pollution from Ships) Annex VI NO<sub>x</sub> Technical Code<sup>1</sup>.

*Sulphur oxides* – the sulphur content of any fuel oil used on board ships may not exceed 3.5% m/m. Average sulphur content of fuel oil supplied for use on board ships is monitored and SO<sub>x</sub> Emission Control Areas are observed under MARPOL – sulphur content under these areas may not exceed 1% m/m.

Mermaid's fleet consumed 7,314 m<sup>3</sup> of fuel oil for electricity generation on ships in 2017, which resulted in 779 tonnes of SO<sub>2</sub> emissions, 814 tonnes of NO<sub>x</sub> and 147 tonnes of CO.

**TABLE 3: FUEL OIL USAGE AND ASSOCIATED AIR POLLUTANTS**

Item	Units	Quantity
<b>Energy use</b>		
Fuel Oil Consumption	m <sup>3</sup>	7,314
SO <sub>2</sub>	g/kWh	9
NO <sub>x</sub>	g/kWh	9.4

## ENVIRONMENTAL IMPACTS: WATER CONSUMPTION

Due to the nature of its operations, much of the water consumed in Mermaid's operations is seawater, in the form of cooling water and bilge water which can be largely returned to the sea. Of freshwater consumption in Mermaid operations, 100% is in the form of supplied (purchased) water consumption, which was 10,863 m<sup>3</sup> in 2017. The largest share of this came from Thai operations (37%). Some 76% of supplied water was used by Mermaid's vessel fleet.

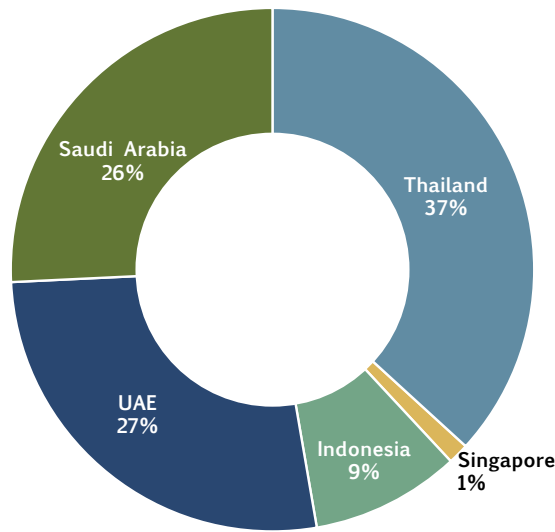
**TABLE 4: SUPPLIED WATER CONSUMPTION, FY2017**

Item	Units	Quantity
<b>Water Consumption</b>		
Supplied water	m <sup>3</sup>	10,863

<sup>1</sup> MARPOL Annex VI NO<sub>x</sub> Technical Code & SO<sub>x</sub> explained (<https://www.marpol-annex-vi.com/marpol-annex-vi/>)



FIGURE 1: WATER CONSUMPTION BY SOURCE, FY2017



## ENVIRONMENTAL IMPACTS: CHEMICAL RISK MANAGEMENT

Mermaid has detailed risk management policies in place for 31 commonly-used or potentially hazardous chemicals and substances used within its activities. Each Material Safety Data Sheet details the substance and its supplier, composition/physical and chemical properties and associated hazards, first aid, firefighting and accidental release response methods, appropriate handling, transport and storage based on substance reactivity or toxicology.

The Material Safety Data Sheet also details the regional or local regulations each substance is subject to and measures taken to ensure ongoing compliance. Risk and hazard assessment terminology is also aligned with the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation as well as relevant Thai regulation.

## ENVIRONMENTAL IMPACTS: WASTE GENERATION AND DISPOSAL

Mermaid's operations generated some 563 tonnes of waste in FY2017.

Mermaid's waste impacts predominantly occur within its vessel fleet, where 439 tonnes of waste was generated in FY2017. This ranged from high volume but relatively low impact forms of waste (such as paper) to wastes with a much higher environmental impact (eg. incineration of 149 tonnes of sludge, 38 tonnes of lubricating oil). The fleet also disposed of relatively large amounts of metal (21 tonnes) and plastic (50 tonnes). The bulk of waste is disposed of onshore, where this goes to landfill or in the case of scrap metal, collected for reuse by an onshore contractor.

TABLE 5: VESSEL WASTE TYPES BY VOLUME AND DISPOSAL PATHWAY

Waste type	Volume (tonnes)	Disposal <sup>2</sup>
<b>Waste</b>		
Sludge	149	Incineration
Bilge water	89	Onshore processing
Plastic	50	Onshore processing
Paper	44	Onshore processing
Lubricating oil	38	Onshore processing
Food waste	25	Onshore processing
Metals	21	Onshore processing
Soda lime	12	Onshore processing
Wood	9	Onshore processing
Electronic waste	2	Onshore processing
Paint and paint waste	1	Onshore processing
Other	1	Other processing

In addition to vessel waste, some 124 tonnes of office waste was generated in FY2017, some 22% of the total. This represents a mix of food, paper, plastic and other wastes.

## ENVIRONMENTAL IMPACTS: ECOLOGICAL IMPACTS

Impacts on the marine environment and ecology are a key concern for companies operating in the offshore sector. A major risk is oil spillage in operations – and no spills occurred in Mermaid’s operations in FY2017. Company operations and vessel procedures are aligned with Annex V of MARPOL 73/78 on the prevention of pollution from waste management.

<sup>2</sup> Where ‘Onshore processing’ of waste occurred, this was assumed to be landfill unless stated otherwise

## SOCIAL

### SOCIAL IMPACTS: ONSITE HEALTH AND SAFETY MANAGEMENT

Operational excellence and a strong safety management framework are at the core of Mermaid's value proposition to its clients and the basis of its longstanding relationships.

At the core of this is the Safety Health Environment Quality and Security (SHEQS) management system which is compliant with the requirements of the Institute of Supply Management, ISO 9001, ISO 14001 and OHSAS 18001. Staff training is an essential element of quality and risk management and a company-wide training target of 3% of overall man hours is set each year. This equates to 26,191 hours for FY2017 to date. The company is in the process of updating all its procedures to comply with the latest iterations of the relevant ISO standards. It is also an accredited International Maritime Contractors Association Member for its diving, marine, remote systems and remote operated vehicles, as well as bell and saturation diving activities.

A comprehensive hazard identification, risk assessment and control framework is in place, in line with the OHSAS 18001 standard. When determining controls, consideration is given to reducing risks according to the following hierarchy:

- Elimination
- Substitution
- Engineering controls
- Signage/warnings and/or administrative controls
- Personal protective equipment

The company health and safety risk management system identifies the following areas of operations as having the highest risk/potential hazard for employees:

- Air diving operations
- Saturation diving operations
- Offshore remotely operated underwater vessel operations
- Dynamically positioned vessel operations

Accordingly, each of these areas of operations have a detailed health and safety manual detailing responsibilities, safe operating procedures and checklists, and specific hazards associated with these operations and mitigation strategies.

Continuous efforts to integrate a robust onsite health and safety culture are evidenced in the low Total Recordable Injury Rate for FY2017 (1.29 based on 2,004,403 man-hours), Near Miss Cases (8 cases) and zero fatalities or vehicle incidents in FY2017 to date. These performance data are recorded in line with the Occupational Safety Health Administration (OSHA) Standard.

**TABLE 6: HEALTH AND SAFETY KEY PERFORMANCE INDICATORS, FY2017**

OSHA Indicator	FY2017 Performance
Total Recordable Injury Rate	1.29 (13 cases/2,004,403 man-hours)
Total Fatality Rate	0
Near Miss Cases	8 cases
Vehicle Incident Rate	0

## SOCIAL IMPACTS: EMPLOYEE DIVERSITY AND INCLUSION

Mermaid Maritime is committed to encouraging equality and diversity among its workforce, eliminating unlawful discrimination, and aims to provide equality, fairness and respect for all employment, whether temporary, part-time or full-time.

Mermaid oppose and avoid all forms of unlawful discrimination. This includes pay and benefits, terms and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working, and selection for employment, promotion, training or other developmental opportunities

The impacts of this diversity policy are borne out in company-wide gender diversity – at 69% male and 31% female, this represents a reasonable performance within an often male-dominated sector, albeit with room for improvement.

Age diversity is another area of focus – some 71% of employees fall within the 30-50 age category, with comparatively small shares of under-30s and over-50s. This is partly attributable to the specialist nature of the business and its services. The company is committed to making continued efforts to attract and retain young talent, as well as to retain the knowledge and expertise of older workers, as part of a diverse workforce.

FIGURE 2: GENDER RATIO OF MERMAID, FY2017

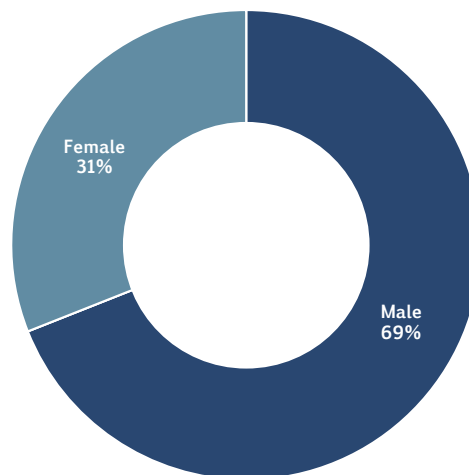
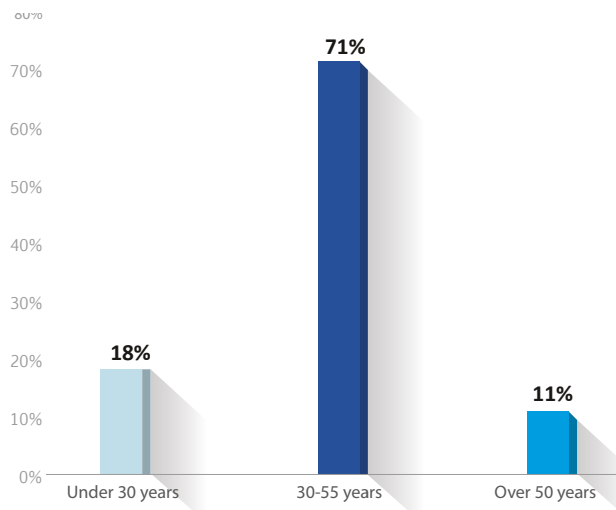


FIGURE 3: MERMAID EMPLOYEES BY AGE GROUP, FY2017



## GOVERNANCE

### GOVERNANCE: EMPLOYMENT PRACTICES

Mermaid has a number of detailed company policies in place in relation to reasonable working conditions and working hours. The company Safe Work and Rest Hours policy establishes manager responsibility for maintaining an ongoing watch schedule of employee working hours and rest hours in accordance with the International Convention on Standards of Training, Certification and Watch Keeping. This applies to all Mermaid vessels and shore based operations.

This is further supported by the company Fatigue Policy, which establishes that the maximum period that can be worked offshore by any senior employee or contractor will normally be 60 days offshore and 30 days onshore. The maximum shift that can be worked offshore is 12 hours in 24 hours, followed by a minimum 10 hours of rest. All senior personnel are trained to recognise signs of sleep deprivation or fatigue.

### GOVERNANCE: MANAGEMENT DIVERSITY

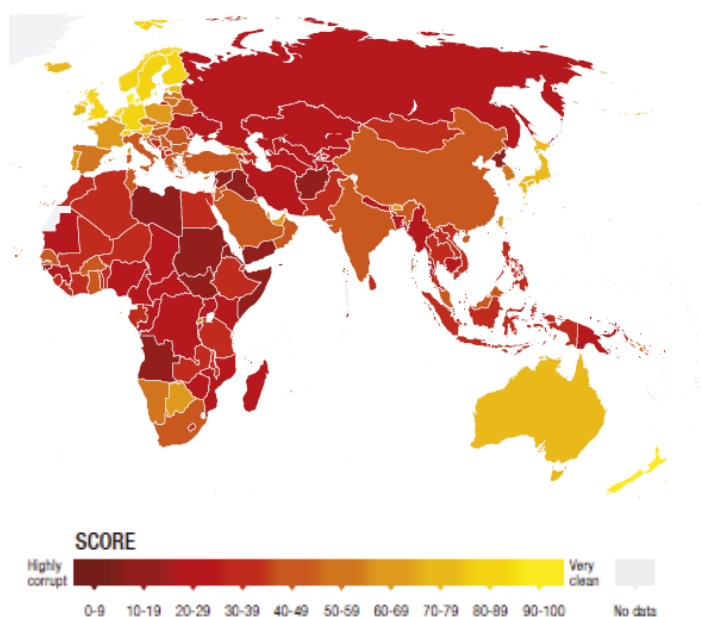
Management diversity is an issue of key importance to the sector, in terms of ensuring an adequate breadth of experience and views whilst continuing to ensure that selection is based on merit. In FY2017, Mermaid’s key executive management was 83% male and 17% female in composition, with 67% of the key executive management aged 30-50, 33% over 50 and 0% under 30.

### GOVERNANCE: BUSINESS ETHICS

Mermaid does not obtain revenue from activities in countries with the 20 lowest rankings in Transparency International’s Corruption Perception Index<sup>3</sup>.

The company has a detailed Global Anti-Bribery and Corruption Policy applicable to all employees, and additional guidance is provided through Mermaid Subsea Services Legal Department. The Executive Vice President for Subsea Services has responsibility for ensuring the policy is observed across company activities.

**FIGURE 4: CORRUPTION PERCEPTION INDEX 2016, EMEA AND ASIA-PACIFIC**



<sup>3</sup> Transparency International (2017) Corruption Perceptions Index 2016. Available from: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016%20-%20table](https://www.transparency.org/news/feature/corruption_perceptions_index_2016%20-%20table) [access 12/09/2017]

The company also has a detailed Whistleblowing Policy in place to support the Code of Corporate Governance which encourages employees to raise concerns in confidence about possible irregularities. The policy lists reportable incidents, procedures for reporting and protection against reprisals/confidentiality.

## TARGETS AND POLICIES

### ENVIRONMENTAL TARGETS AND POLICIES

Target area	ADOPTION		
	Phase 1 (2018)	PHASE 2 (2020)	PHASE 3 (2025)
<b>Reducing NOx and SO<sub>2</sub> emissions from fuel oil</b>	Ensure all engines meet Tier II NOx standards and 2020 IMO targets for sulphur content of fuel (0.5%).	Ensure all engines meet Tier III NOx standards and 2020 IMO targets for sulphur content of fuel consistent with ECA in all regions (0.1%) <sup>4</sup> .	Implement exhaust gas cleaning system to limit SO <sub>2</sub> emissions to below 6g/kWh and explore LNG use to abate NOx and CO <sub>2</sub> emissions <sup>5</sup>
<b>Sludge generation and disposal</b>	Ensure all sludge is collected and treated rather than incinerated	Implement a sludge management plan for all vessels to ensure sludge generation is reduced by 25% on the 2017 baseline	Explore energy recovery from sludge
<b>Energy demand reduction on vessels</b>	Achieve a 5% reduction in energy consumption by the vessel fleet	Achieve a 10% reduction in energy consumption by the vessel fleet	Achieve a 15% reduction in energy consumption by vessel fleet in line with ETI targets <sup>6</sup> .
<b>Measure and mitigate impacts on the marine environment</b>	Undertake a Strategic Environmental Assessment (SEA) of operational impacts on marine ecology	Ensure 1 FTE employee is assigned to assessing impacts from drilling and other operations on marine ecology	Ensure 2 FTE employees are assigned to measuring and mitigating ecological impacts from Drilling and Subsea Services respectively

4 DieselNet (2016) IMO Marine Engine Regulations <https://www.dieselnet.com/standards/inter/imo.php#nox>

5 NGV (2017) 'IS LNG A FEASIBLE ALTERNATIVE TO MARINE BUNKERS?' <http://naturalgasglobal.com/2016/10/10/is-lng-a-feasible-alternative-to-marine-bunkers/>

6 ETI (2017) Targeting a 30% Improvement in Fuel Efficiency for Marine Vessels <http://www.eti.co.uk/insights/targeting-a-30-improvement-in-fuel-efficiency-for-marine-vessels>



## SOCIAL TARGETS AND POLICIES

Target area	ADOPTION		
	Phase 1 (2018)	PHASE 2 (2020)	PHASE 3 (2025)
<b>Employee upskilling</b>	Achieve a 5% manhours companywide training target focusing on skills and QHSE	Achieve a 6% companywide training target focusing on skills and QHSE	Achieve a 7% companywide training target focusing on skills and QHSE
<b>Age balance</b>	Implement an outreach programme to ensure better representation of under 30s in new recruitment	Increase the number of employees under 30 to 20% of total workforce	Increase the number of employees under 30 to 25% of total workforce

## GOVERNANCE TARGETS AND POLICIES

Target area	ADOPTION		
	Phase 1 (2018)	PHASE 2 (2020)	PHASE 3 (2025)
<b>Management diversity</b>	Ensure any changes to top management composition work to increase female representation	Increase female top management membership year on year	Ensure 25% of top management is female
<b>Business ethics</b>	Ensure all existing and incoming staff are provided with a training on Mermaid's Global Anti Bribery and Corruption policies	Produce awareness materials for suppliers of Mermaid's Global Anti Bribery and Corruption policies	Develop a screening checklist of Bribery and Corruption concerns for suppliers, including assessment of compliance with the Modern Slavery Act

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ANNUAL  
REPORT  
2017

MERMAID MARITIME PUBLIC COMPANY LIMITED

MERMAID MARITIME PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2017**

AND INDEPENDENT AUDITOR'S REPORT





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## Independent Auditor's Report

To the Shareholders of Mermaid Maritime Public Company Limited

### *Opinion*

I have audited the 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 31 December 2017, 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.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

B



### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

The impairment testing of property, plant and equipment, goodwill, investment in subsidiaries and associates	
Refer to Notes 3, 11, 12, 14, and 15 to the consolidated and separate financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>As the exploration business is in downturn which influenced the expenditure of the Group's customers on oil and gas exploration and production activities, which resulted in lower utilisation and day rate for subsea and offshore drilling services. This is an indicator of impairment of property, plant and equipment, goodwill and investment in associates in the consolidated financial statements, and of investment in subsidiaries in the separate financial statements.</p> <p>Management used the discounted cash flow forecast method to estimate the value-in-use of a vessel which had indication of impairment as at year end, and goodwill.</p> <p>In estimating the valuation, there are assumptions used for the estimation of future cash flows such as future profit, useful life, residual value and discount rate to be applied for the basis of assessing the valuation which contains inherent uncertainty. Therefore, this is a key area of judgment on which my audit was focused.</p>	<p>My audit procedures on impairment testing focused on assessing the reasonableness of impairment indicator identification and the key assumptions used to support management's forecast.</p> <p>My audit procedures also included inquiry of management for impairment testing. I assessed the appropriateness of the Group's forecasting process through considering the previous forecast experience by comparisons of previous forecasts with actual performance. I challenged the forecast by corroborating with the existing contracts assigned to the relevant vessels, comparing with the subsea and offshore drilling industry information, and testing the mathematical accuracy of the impairment calculations.</p> <p>I consulted with KPMG valuation specialists in assessing the reasonableness of certain inputs used in the calculation of weighted average cost of capital (discount rate). I also considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standard.</p>
Recognition of deferred tax assets	
Refer to Notes 3 and 18 to the consolidated financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group has recognised deferred tax assets, mainly arising from the tax losses carried forward at Mermaid Subsea Services (Thailand) Ltd. ("MSST") which expire in multiple years, and by 2023.</p> <p>In assessing the valuation of deferred tax assets, there is inherent uncertainty in the forecasting of future taxable profitability of MSST, and hence utilisation of tax losses carried forward before expiry. Therefore, this is a key area of judgment on which my audit was focused.</p>	<p>My audit procedures included inquiring the responsible management. I assessed the appropriateness of the Group's future taxable profits forecast process. I assessed reasonableness of assumptions used in forecasting future taxable profits through considering the previous forecast experience by comparing with actual performance, and comparison with industry information. I tested the mathematical accuracy of the forecast. I also considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standard.</p>





### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, 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.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control. *B*



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Banthit Tangpakorn)  
Certified Public Accountant  
Registration No. 8509

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2018



## STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and its Subsidiaries

Consolidated financial statements					
Assets	Note	31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current assets</b>					
Cash and cash equivalents	5	68,692	61,817	2,244,916	2,214,946
Short-term deposit at financial institution	6	-	27,950	-	1,001,468
Trade accounts receivables	4, 7	62,147	65,253	2,031,020	2,338,061
Other receivables	4, 8	9,037	15,477	295,337	554,551
Deferred contract costs	9	-	1,695	-	60,733
Supplies and spare parts		1,928	1,877	63,009	67,254
<b>Total current assets</b>		<b>141,804</b>	<b>174,069</b>	<b>4,634,282</b>	<b>6,237,013</b>
<b>Non-current assets</b>					
Restricted deposit at financial institutions	10	12,802	7,977	418,381	285,821
Investment in associates	11	88,927	84,359	2,906,214	3,022,642
Investment in joint venture	11	2,047	1,965	66,898	70,407
Investment properties	13	541	619	17,680	22,179
Property, plant and equipment	14	182,872	198,192	5,976,422	7,101,357
Goodwill	15	2,066	2,066	67,519	74,026
Intangible assets	16	122	229	3,987	8,205
Advance payment for investment	17	17,275	-	564,563	-
Deferred tax assets	18	2,470	2,448	80,722	87,714
Other non-current assets		202	161	6,602	5,769
<b>Total non-current assets</b>		<b>309,324</b>	<b>298,016</b>	<b>10,108,988</b>	<b>10,678,120</b>
<b>Total assets</b>		<b>451,128</b>	<b>472,085</b>	<b>14,743,270</b>	<b>16,915,133</b>

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

## STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements			
		31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b><i>Current liabilities</i></b>					
Trade accounts payables		4,792	5,764	156,607	206,528
Other payables	4, 20	22,079	35,636	721,561	1,276,862
Current portion of long-term borrowings	19	11,890	9,890	388,576	354,366
Current portion of finance lease liabilities	19	47	11	1,536	394
Current income tax payable		75	234	2,451	8,384
<b>Total current liabilities</b>		<b>38,883</b>	<b>51,535</b>	<b>1,270,731</b>	<b>1,846,534</b>
<b><i>Non-current liabilities</i></b>					
Long-term borrowings	19	67,725	79,615	2,213,314	2,852,661
Finance lease liabilities	19	92	1	3,007	36
Provisions for employee benefits	21	2,244	2,687	73,336	96,277
<b>Total non-current liabilities</b>		<b>70,061</b>	<b>82,303</b>	<b>2,289,657</b>	<b>2,948,974</b>
<b>Total liabilities</b>		<b>108,944</b>	<b>133,838</b>	<b>3,560,388</b>	<b>4,795,508</b>

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

## STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements			
		31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Equity</b>					
Share capital	22				
Authorized share capital		-	-	1,416,701	1,416,701
Issued and paid share capital		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	22, 35	343,536	343,536	12,271,678	12,271,678
Deficit	35	(46,052)	(50,400)	(3,378,846)	(3,529,009)
Other components of equity	23	(2,199)	(1,801)	895,048	1,981,528
<b>Equity attributable to owners of the parent</b>		<b>342,607</b>	<b>338,657</b>	<b>11,201,209</b>	<b>12,137,526</b>
Non-controlling interests		(423)	(410)	(18,327)	(17,901)
<b>Total equity</b>		<b>342,184</b>	<b>338,247</b>	<b>11,182,882</b>	<b>12,119,625</b>
<b>Total liabilities and equity</b>		<b>451,128</b>	<b>472,085</b>	<b>14,743,270</b>	<b>16,915,133</b>

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

## STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and its Subsidiaries

Assets	Note	Separate financial statements			
		31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current assets</b>					
Cash and cash equivalents	5	25,370	20,877	829,114	748,039
Short-term deposit at financial institution	6	-	27,950	-	1,001,468
Other receivables	4, 8	140,714	128,730	4,598,660	4,612,486
Short-term loans to related party	4	62	50,627	2,026	1,814,001
<b>Total current assets</b>		<b>166,146</b>	<b>228,184</b>	<b>5,429,800</b>	<b>8,175,994</b>
<b>Non-current assets</b>					
Restricted deposit at financial institutions	10	4,375	-	142,979	-
Investment in joint venture	11	213	213	6,961	7,632
Investments in subsidiaries	12	156,959	192,319	5,129,561	6,890,924
Investment properties	13	1,914	2,197	62,551	78,720
Long-term loan to related party	4	55,506	-	1,813,986	-
Property, plant and equipment	14	204	142	6,667	5,088
Intangible assets	16	42	71	1,373	2,544
Advance payment for investment	17	17,275	-	564,563	-
Deferred tax assets	18	17	11	556	394
Other non-current assets		48	33	1,569	1,182
<b>Total non-current assets</b>		<b>236,553</b>	<b>194,986</b>	<b>7,730,766</b>	<b>6,986,484</b>
<b>Total assets</b>		<b>402,699</b>	<b>423,170</b>	<b>13,160,566</b>	<b>15,162,478</b>

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

## STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Separate financial statements			
		31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current liabilities</b>					
Other payables	4, 20	586	36,332	19,152	1,301,800
Current income tax payable		-	8	-	287
<b>Total current liabilities</b>		<b>586</b>	<b>36,340</b>	<b>19,152</b>	<b>1,302,087</b>
<b>Non-current liabilities</b>					
Provisions for employee benefits	21	87	73	2,843	2,616
<b>Total non-current liabilities</b>		<b>87</b>	<b>73</b>	<b>2,843</b>	<b>2,616</b>
<b>Total liabilities</b>		<b>673</b>	<b>36,413</b>	<b>21,995</b>	<b>1,304,703</b>
<b>Equity</b>					
Share capital	22				
Authorized share capital		-	-	1,416,701	1,416,701
Issued and paid share capital		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	22, 35	343,536	343,536	12,271,678	12,271,678
Differences arising from common control transactions	23	(7,406)	(7,406)	(239,757)	(239,757)
Retained earnings (Deficit)					
Unappropriated (Deficit)	35	18,546	3,277	(849,219)	(1,370,244)
Other components of equity	23	28	28	542,540	1,782,769
<b>Total equity</b>		<b>402,026</b>	<b>386,757</b>	<b>13,138,571</b>	<b>13,857,775</b>
<b>Total liabilities and equity</b>		<b>402,699</b>	<b>423,170</b>	<b>13,160,566</b>	<b>15,162,478</b>

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

## STATEMENT OF COMPREHENSIVE INCOME

Mermaid Maritime Public Company Limited and its Subsidiaries

		Consolidated financial statements				
		Year ended 31 December		Year ended 31 December		
Note		2017	2016	2017	2016	
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
<b>Revenues</b>						
	Revenue from services	4	144,661	185,249	4,918,910	6,533,377
	Interest income		765	468	25,863	16,502
	Net gain on foreign exchange		1,083	-	36,885	-
	Other income	4	1,568	1,438	54,709	50,864
	<b>Total revenues</b>		<b>148,077</b>	<b>187,155</b>	<b>5,036,367</b>	<b>6,600,743</b>
<b>Expenses</b>						
	Costs of services	25	121,596	151,442	4,135,933	5,344,715
	Administrative expenses	4, 26	23,288	29,358	790,820	1,035,889
	Net loss on foreign exchange		-	4	-	295
	Finance costs	28	3,583	3,477	121,557	122,724
	<b>Total expenses</b>		<b>148,467</b>	<b>184,281</b>	<b>5,048,310</b>	<b>6,503,623</b>
	Share of profit of associates and joint venture	11	4,650	11,527	157,871	407,632
	<b>Profit before income tax expense (income)</b>		<b>4,260</b>	<b>14,401</b>	<b>145,928</b>	<b>504,752</b>
	Tax expense (income)	29	56	(2,825)	1,818	(100,277)
	<b>Profit for the year</b>		<b>4,204</b>	<b>17,226</b>	<b>144,110</b>	<b>605,029</b>
<b>Other comprehensive expense</b>						
<i>Items that will be reclassified subsequently to profit or loss</i>						
	Exchange differences on translating foreign operations		(144)	(12)	(5,057)	(436)
	Translation adjustments		-	-	(1,071,743)	(70,601)
<i>Items that will not be reclassified to profit or loss</i>						
	Losses on remeasurements of defined benefit plans, net of tax	29	(123)	(6)	(4,053)	(215)
	<b>Other comprehensive expense for the year, net of tax</b>		<b>(267)</b>	<b>(18)</b>	<b>(1,080,853)</b>	<b>(71,252)</b>
	<b>Total comprehensive income (expense) for the year</b>		<b>3,937</b>	<b>17,208</b>	<b>(936,743)</b>	<b>533,777</b>

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



## STATEMENT OF COMPREHENSIVE INCOME

Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements				
	Year ended 31 December		Year ended 31 December		
	Note	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
<b>Profit (loss) attributable to:</b>					
Owners of parent		4,217	17,107	144,536	600,842
Non-controlling interests		(13)	119	(426)	4,187
<b>Profit for the year</b>		<b>4,204</b>	<b>17,226</b>	<b>144,110</b>	<b>605,029</b>
<b>Total comprehensive income (expense)</b>					
<b>attributable to:</b>					
Owners of parent		3,950	17,090	(936,317)	529,625
Non-controlling interests		(13)	118	(426)	4,152
<b>Total comprehensive income (expense)</b>					
<b>for the year</b>		<b>3,937</b>	<b>17,208</b>	<b>(936,743)</b>	<b>533,777</b>
<b>Basic earnings per share</b>		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings per share	31	0.003	0.012	0.102	0.425

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

## STATEMENT OF COMPREHENSIVE INCOME

Mermaid Maritime Public Company Limited and its Subsidiaries

Separate financial statements					
		Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Revenue</i>	<i>Note</i>				
Management fee income	4	360	195	11,861	7,221
Interest income	4	1,336	3,060	45,227	108,492
Net gain on foreign exchange		15,013	3,373	512,535	119,101
Other income	4	1,950	399	66,203	14,096
<b>Total revenue</b>		<b>18,659</b>	<b>7,027</b>	<b>635,826</b>	<b>248,910</b>
<b>Expenses</b>					
Administrative expenses	4, 26	3,396	3,790	114,999	133,645
<b>Total expenses</b>		<b>3,396</b>	<b>3,790</b>	<b>114,999</b>	<b>133,645</b>
<b>Profit before income tax expense (income)</b>		<b>15,263</b>	<b>3,237</b>	<b>520,827</b>	<b>115,265</b>
Tax expense (income)	29	(6)	68	(198)	2,408
<b>Profit for the year</b>		<b>15,269</b>	<b>3,169</b>	<b>521,025</b>	<b>112,857</b>
<b>Other comprehensive income (expense)</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Translation adjustments		-	-	(1,240,229)	(98,228)
<i>Items that will not be reclassified to profit or loss</i>					
Gains on remeasurements of defined benefit plans	29	-	32	-	1,147
<b>Other comprehensive income (expense) for the year, net of tax</b>		<b>-</b>	<b>32</b>	<b>(1,240,229)</b>	<b>(97,081)</b>
<b>Total comprehensive income (expense) for the year</b>		<b>15,269</b>	<b>3,201</b>	<b>(719,204)</b>	<b>15,776</b>
<b>Basic earnings per share</b>		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings per share	31	0.011	0.002	0.369	0.080

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

## STATEMENT OF CHANGES IN EQUITY

### Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements										
	Retained earnings/(Deficit)		Other components of equity					Equity attributable to owners of parent			Total equity
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests	Total other components of equity	to owners of parent	Non-controlling interests	
Note											
<b>Year ended 31 December 2016</b>											
	47,322	422,563	4,503	(151,031)	1,348	28	(3,166)	(1,790)	321,567	(528)	321,039
<b>Balance at 1 January 2016</b>											
<b>Comprehensive income (expense) for the year</b>											
Profit or loss	-	-	-	17,107	-	-	-	-	17,107	119	17,226
Losses on remeasurements of defined benefit plans	-	-	-	(6)	-	-	-	-	(6)	-	(6)
Exchange differences on translating financial statements	-	-	-	-	(11)	-	-	(11)	(11)	(1)	(12)
<b>Total comprehensive income (expense) for the year</b>	-	-	-	17,101	(11)	-	-	(11)	17,090	118	17,208
Transfer share premium on ordinary share to compensate for deficit	35	(79,027)	-	79,027	-	-	-	-	-	-	-
Transfer legal reserve to compensate for deficit	35	-	(4,503)	4,503	-	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>47,322</b>	<b>343,536</b>	<b>-</b>	<b>(50,400)</b>	<b>1,337</b>	<b>28</b>	<b>(3,166)</b>	<b>(1,801)</b>	<b>338,657</b>	<b>(410)</b>	<b>338,247</b>

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

## STATEMENT OF CHANGES IN EQUITY

### Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements										
	Retained earnings/(Deficit)					Other components of equity					Total equity
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests	Total other components of equity	Equity attributable to owners of parent	Non-controlling interests	
Note	47,322	343,536	-	(50,400)	1,337	28	(3,166)	(1,801)	338,657	(410)	338,247
<b>Year ended 31 December 2017</b>											
Balance at 1 January 2017											
Transactions with owners, recorded directly in equity											
<i>Distribution to owners of the parent</i>											
Liquidation of a subsidiary	12	-	-	254	-	-	(254)	(254)	-	-	-
<b>Total distributions to owners of the parent</b>				<b>254</b>			<b>(254)</b>	<b>(254)</b>			
<b>Total transactions with owners, recorded directly in equity</b>				<b>254</b>			<b>(254)</b>	<b>(254)</b>			
<b>Comprehensive income (expense) for the year</b>											
Profit or loss		-	-	4,217	-	-	-	-	4,217	(13)	4,204
Losses on remeasurements of defined benefit plans	29	-	-	(123)	-	-	-	-	(123)	-	(123)
Exchange differences on translating financial statements		-	-	-	(144)	-	-	(144)	(144)	-	(144)
<b>Total comprehensive income (expense) for the year</b>				<b>4,094</b>	<b>(144)</b>			<b>(144)</b>	<b>3,950</b>	<b>(13)</b>	<b>3,937</b>
<b>Balance at 31 December 2017</b>		<b>47,322</b>	<b>343,536</b>	<b>(46,052)</b>	<b>1,193</b>	<b>28</b>	<b>(3,420)</b>	<b>(2,199)</b>	<b>342,607</b>	<b>(423)</b>	<b>342,184</b>

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

# STATEMENT OF CHANGES IN EQUITY

## Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements										
	Retained earnings/(Deficit)			Other components of equity				Equity attributable to owners of parent	Non-controlling interests	Total equity	
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Translation of financial statements	Share-based payment	Changes in ownership interests	Total other components of equity				
Note	Share on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests	Total other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity	
<b>Year ended 31 December 2016</b>											
Balance at 1 January 2016	1,413,329	13,558,613	141,670	(5,558,241)	2,163,139	874	(111,483)	2,052,530	11,607,901	(22,053)	11,585,848
<b>Comprehensive income (expense) for the year</b>											
Profit or loss	-	-	-	600,842	-	-	-	-	600,842	4,187	605,029
Losses on remeasurements of defined benefit plans	-	-	-	(215)	-	-	-	-	(215)	-	(215)
Exchange differences on translating financial statements	-	-	-	-	(71,002)	-	-	(71,002)	(71,002)	(35)	(71,037)
<b>Total comprehensive income (expense) for the year</b>	-	-	-	<b>600,627</b>	<b>(71,002)</b>	-	-	<b>(71,002)</b>	<b>529,625</b>	<b>4,152</b>	<b>533,777</b>
Transfer share premium on ordinary share to compensate for deficit	35	(1,286,935)	-	1,286,935	-	-	-	-	-	-	-
Transfer legal reserve to compensate for deficit	35	-	(141,670)	141,670	-	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>1,413,329</b>	<b>12,271,678</b>	<b>-</b>	<b>(3,529,009)</b>	<b>2,092,137</b>	<b>874</b>	<b>(111,483)</b>	<b>1,981,528</b>	<b>12,137,526</b>	<b>(17,901)</b>	<b>12,119,625</b>

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

## STATEMENT OF CHANGES IN EQUITY

### Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements										
	Retained earnings/(Deficit)		Other components of equity					Equity attributable to owners of parent	Non-controlling interests	Total equity	
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests				Total other components of equity
Note	1,413,329	12,271,678	-	(3,529,009)	2,092,137	874	(111,483)	1,981,528	12,137,526	(17,901)	12,119,625
<b>Year ended 31 December 2017</b>											
Balance at 1 January 2017											
Transactions with owners, recorded directly in equity											
<i>Distribution to owners of the parent</i>											
Liquidation of a subsidiary	12	-	-	9,680	-	-	(9,680)	(9,680)	-	-	-
<b>Total distributions to owners of the parent</b>											
<b>Total transactions with owners, recorded directly in equity</b>											
<b>Comprehensive income (expense) for the year</b>											
Profit or loss									144,536	(426)	144,110
Losses on remeasurements of defined benefit plans	29	-	-	(4,053)	-	-	-	-	(4,053)	-	(4,053)
Exchange differences on translating financial statements					(1,076,800)			(1,076,800)	(1,076,800)		(1,076,800)
<b>Total comprehensive income (expense) for the year</b>											
Balance at 31 December 2017											
	1,413,329	12,271,678	-	(3,378,846)	1,015,337	874	(121,163)	895,048	11,201,209	(18,327)	11,182,882

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



## STATEMENT OF CHANGES IN EQUITY

Mermaid Maritime Public Company Limited and its Subsidiaries

		Separate financial statements						Total equity
		Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Retained earnings/(Deficit)	Unappropriated (Deficit)	Share-based payment	
		<i>(in thousand US Dollar)</i>						
<b>Year ended 31 December 2016</b>								
	<b>Balance at 1 January 2016</b>	<b>47,322</b>	<b>422,563</b>	<b>(7,406)</b>	<b>4,503</b>	<b>(83,454)</b>	<b>28</b>	<b>383,556</b>
<b>Comprehensive income for the period</b>								
	Profit or loss	-	-	-	-	3,169	-	3,169
	Gains on remeasurements of defined benefit plans	-	-	-	-	32	-	32
	<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,201</b>	<b>-</b>	<b>3,201</b>
Transfer share premium on ordinary shares to compensate for deficit		-	(79,027)	-	-	79,027	-	-
	Transfer legal reserve to compensate for deficit	-	-	-	(4,503)	4,503	-	-
	<b>Balance at 31 December 2016</b>	<b>47,322</b>	<b>343,536</b>	<b>(7,406)</b>	<b>-</b>	<b>3,277</b>	<b>28</b>	<b>386,757</b>

accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

Mermaid Maritime Public Company Limited and its Subsidiaries

	Separate financial statements						Total equity
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Retained earnings	Other components of equity		
				Legal reserve	Unappropriated	Share-based payment	
<b>Year ended 31 December 2017</b>							
Balance at 1 January 2017	47,322	343,536	(7,406)	-	3,277	28	386,757
Comprehensive income for the year	-	-	-	-	15,269	-	15,269
Profit or loss	-	-	-	-	15,269	-	15,269
Total comprehensive income for the year	47,322	343,536	(7,406)	-	18,546	28	402,026
Balance at 31 December 2017							

*(in thousand US Dollar)*

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

## STATEMENT OF CHANGES IN EQUITY

### Mermaid Maritime Public Company Limited and its Subsidiaries

	<b>Separate financial statements</b>							Total equity
	Retained earnings/(Deficit)		Other components of equity		Total other components of equity	Total equity		
	Share-based payment	Share premium on ordinary shares	Differences arising from common control transactions	Legal reserve			Deficit	
Note	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Total other components of equity
<i>(in thousand Baht)</i>								
<b>Year ended 31 December 2016</b>								
<b>Balance at 1 January 2016</b>	<b>1,413,329</b>	<b>13,558,613</b>	<b>(239,757)</b>	<b>141,670</b>	<b>(2,912,853)</b>	<b>1,880,123</b>	<b>874</b>	<b>1,880,997</b>
<b>Comprehensive income (expense) for the period</b>								
Profit or loss	-	-	-	-	112,857	-	-	112,857
Gains on remeasurements of defined benefit plans	-	-	-	-	1,147	-	-	1,147
Translation adjustments	-	-	-	-	-	(98,228)	-	(98,228)
<b>Total comprehensive income (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,004</b>	<b>(98,228)</b>	<b>-</b>	<b>(98,228)</b>
Transfer share premium on ordinary shares to compensate for deficit	35	(1,286,935)	-	-	1,286,935	-	-	-
Transfer legal reserve to compensate for deficit	35	-	-	(141,670)	141,670	-	-	-
<b>Balance at 31 December 2016</b>	<b>1,413,329</b>	<b>12,271,678</b>	<b>(239,757)</b>	<b>-</b>	<b>(1,370,244)</b>	<b>1,781,895</b>	<b>874</b>	<b>1,782,769</b>
								<b>13,857,775</b>

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

## STATEMENT OF CHANGES IN EQUITY

### Mermaid Maritime Public Company Limited and its Subsidiaries

Year ended 31 December 2017	Separate financial statements							Total equity	
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Retained earnings/(Deficit)		Other components of equity			
				Legal reserve	Deficit	Translation of financial statements	Share-based payment		Total other components of equity
Note									
Balance at 1 January 2017	1,413,329	12,271,678	(239,757)	-	(1,370,244)	1,781,895	874	1,782,769	13,857,775
<b>Comprehensive income (expense) for the period</b>									
Profit or loss	-	-	-	-	521,025	-	-	-	521,025
Translation adjustments	-	-	-	-	-	(1,240,229)	-	(1,240,229)	(1,240,229)
<b>Total comprehensive income (expense) for the period</b>	-	-	-	-	521,025	(1,240,229)	-	(1,240,229)	(719,204)
Balance at 31 December 2017	1,413,329	12,271,678	(239,757)	-	(849,219)	541,666	874	542,540	13,138,571

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

## STATEMENT OF CASH FLOWS

Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements			
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	4,204	17,226	144,110	605,029
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense (income)	56	(2,825)	1,818	(100,277)
Finance costs	3,583	3,477	121,557	122,724
Depreciation	19,340	20,902	657,110	737,703
Amortisation	1,828	2,180	62,381	76,948
Impairment losses on assets	-	6	-	199
Unrealised (gain) loss on exchange	(733)	125	(25,248)	4,629
Share of profit of associates and joint venture, net of tax	(4,650)	(11,527)	(157,871)	(407,632)
Bad and doubtful debts expenses	-	457	-	16,034
(Gain) loss on disposals and write-offs of property, plant and equipment and intangible assets	(7)	10	(244)	358
Interest income	(765)	(468)	(25,863)	(16,502)
Gain from liquidation of a subsidiary	(145)	-	(5,092)	-
Provision for employee benefits	339	186	11,762	6,525
Reversal of provision for non-refundable withholding tax	(1,146)	-	(40,127)	-
Loss from write-off non-refundable withholding tax	1,483	7,770	51,157	274,720
	<b>23,387</b>	<b>37,519</b>	<b>795,450</b>	<b>1,320,458</b>
<b><i>Changes in operating assets and liabilities</i></b>				
Restricted deposit at financial institution	(4,825)	(2,128)	(157,685)	(76,248)
Trade accounts receivables	3,126	49,151	102,161	1,761,115
Other receivables	7,635	(390)	249,519	(13,974)
Supplies and spare parts	(51)	642	(1,667)	23,003
Other non-current assets	(41)	132	(1,340)	4,730
Trade accounts payable	(1,044)	(6,213)	(34,119)	(222,616)
Other payables	(14,524)	(22,112)	(474,657)	(792,288)
Exchange rate (gains) losses from translating financial statements	1	(12)	35	(437)
Translation adjustments	-	-	(219,242)	5,594
Net cash generated from operating activities	<b>13,664</b>	<b>56,589</b>	<b>258,455</b>	<b>2,009,337</b>
Employee benefits paid	(946)	(509)	(32,086)	(18,030)
Taxes paid	(1,406)	(3,658)	(48,295)	(129,838)
<b>Net cash from operating activities</b>	<b>11,312</b>	<b>52,422</b>	<b>178,074</b>	<b>1,861,469</b>

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

## STATEMENT OF CASH FLOWS

Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements			
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b><i>Cash flows from investing activities</i></b>				
Increase in short-term deposit at financial institution	-	(27,950)	-	(1,001,468)
Increase in advance payment for investment	(17,275)	-	(564,563)	-
Proceeds from short-term deposit at financial institutions	27,950	-	913,431	-
Proceeds from sale of property, plant and equipment and intangible assets	38	65	1,242	2,329
Acquisition of property, plant and equipment and intangible assets	(3,138)	(5,382)	(102,553)	(192,841)
Dividends received from associates	-	6,752	-	241,929
Interest received	862	319	28,171	11,430
<b>Net cash from (used in) investing activities</b>	<b>8,437</b>	<b>(26,196)</b>	<b>275,728</b>	<b>(938,621)</b>
<b><i>Cash flows from financing activities</i></b>				
Repayment of borrowings	(10,000)	(17,988)	(326,809)	(644,522)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(35)	(24)	(1,144)	(860)
Finance costs paid	(3,456)	(3,378)	(117,276)	(119,231)
<b>Net cash used in financing activities</b>	<b>(13,491)</b>	<b>(21,390)</b>	<b>(445,229)</b>	<b>(764,613)</b>
Net increase in cash and cash equivalents, before effect of exchange rates	6,258	4,836	8,573	158,235
Effect of exchange rates changes on cash and cash equivalents	617	(430)	21,397	(15,172)
<b>Net increase in cash and cash equivalents</b>	<b>6,875</b>	<b>4,406</b>	<b>29,970</b>	<b>143,063</b>
Cash and cash equivalents at beginning of period	61,817	57,411	2,214,946	2,071,883
<b>Cash and cash equivalents at ending of period</b>	<b>68,692</b>	<b>61,817</b>	<b>2,244,916</b>	<b>2,214,946</b>
<b><i>Non-cash transactions</i></b>				
Receivables for sales of property, plant and equipment and intangible assets	2	23	65	824
Payables for purchase of property, plant and equipment and intangible assets	893	-	29,184	-
Finance lease agreements for purchases of equipment	156	-	5,098	-

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



## STATEMENT OF CASH FLOWS

Mermaid Maritime Public Company Limited and its Subsidiaries

	Separate financial statements			
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Cash flows from operating activities</b>				
Profit for the year	15,269	3,169	521,025	112,857
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense (income)	(6)	68	(198)	2,408
Depreciation	344	358	11,665	12,637
Amortisation	29	30	986	1,059
Gain from disposal of investment in a subsidiary	(595)	-	(19,866)	-
Unrealised gain on exchange	(15,127)	(1,257)	(516,431)	(44,210)
Bad and doubtful debts expenses	72	44	2,511	1,550
(Reversal of) bad and doubtful debts expenses	(1,000)	-	(34,301)	-
Gains on disposals of property, plant and equipment and intangible assets	-	(11)	-	(389)
Interest income	(1,336)	(3,060)	(45,227)	(108,492)
Provision for employee benefits	14	8	474	282
Loss from write-off non-refundable withholding taxes	-	52	-	1,840
	(2,336)	(599)	(79,362)	(20,458)
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institution	(4,375)	-	(142,979)	-
Receivables from related parties	(123)	8,042	(4,020)	288,150
Other receivables	(14)	47	(458)	1,684
Other non-current assets	(16)	4	(523)	143
Other payables	210	(349)	6,862	(12,505)
Translation adjustments	-	-	(62,741)	(70,576)
Net cash from (used in) operating activities	(6,654)	7,145	(283,221)	186,438
Tax paid	(33)	(796)	(1,139)	(28,114)
<b>Net cash from (used in) operating activities</b>	<b>(6,687)</b>	<b>6,349</b>	<b>(284,360)</b>	<b>158,324</b>
<b>Cash flows from investing activities</b>				
Increase in short-term deposit at financial institution	-	(27,950)	-	(1,001,468)
Increase in advance payment for investment	(17,275)	-	(564,563)	-
Proceeds from short-term deposit at financial institution	27,950	-	913,431	-
Proceeds from repayment of short-term loans to related parties	16,000	79,789	522,894	2,858,896
Short-term loans provided to related parties	(16,062)	-	(524,921)	-
Acquisition of subsidiaries, net of cash acquired	-	(70,142)	-	(2,450,000)
Proceeds from sale of property, plant and equipment and intangible assets	-	11	-	394
Acquisition of property, plant and equipment and intangible assets	(123)	(38)	(4,020)	(1,361)
Dividends received from a subsidiary	-	9,600	-	343,975
Interest received	650	250	21,243	8,958
<b>Net cash from (used in) investing activities</b>	<b>11,140</b>	<b>(8,480)</b>	<b>364,064</b>	<b>(240,606)</b>

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

## STATEMENT OF CASH FLOWS

Mermaid Maritime Public Company Limited and its Subsidiaries

	Separate financial statements				
	Note	Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
	(in thousand US Dollar)		(in thousand Baht)		
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	-	6,800	-	243,649	
Repayments of borrowings	-	(6,800)	-	(243,649)	
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	4,453	(2,131)	79,704	(82,282)	
Effects of exchange rate changes on cash and cash equivalents	40	18	1,371	644	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,493</b>	<b>(2,113)</b>	<b>81,075</b>	<b>(81,638)</b>	
Cash and cash equivalents at beginning of period	20,877	22,990	748,039	829,677	
<b>Cash and cash equivalents at ending of period</b>	<b>25,370</b>	<b>20,877</b>	<b>829,114</b>	<b>748,039</b>	
<b>Non-cash transactions</b>					
Debt forgiveness to subsidiaries	4	3,658	-	119,547	
Offset between other payables and return to shareholder from the liquidation of a subsidiary	12	35,955	-	1,175,042	

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

## NOTES TO THE FINANCIAL STATEMENTS

Mermaid Maritime Public Company Limited and its Subsidiaries  
For the year ended 31 December 2017

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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 27 February 2018.

## 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, 9<sup>th</sup> 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 joint venture as at 31 December 2017 and 2016 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2017	31 December 2016
<i>Subsidiaries</i>				
Mermaid Subsea Services (Thailand) Ltd., which has four subsidiaries as follows:	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry	Thailand	100.0	100.0
Seascope Surveys (Thailand) Ltd. <sup>(2)</sup>	Subsea Service Provider, hydrographic survey and positioning to the Offshore Oil and Gas industry	Thailand	-	100.0
Seascope Surveys Pte. Ltd., which has one subsidiary as follows:	”	Singapore	100.0	100.0
PT Seascope Surveys Indonesia <sup>(1)</sup>	”	Indonesia	49.0	49.0
Mermaid Offshore Services Pte. Ltd.	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry	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. <sup>(3)</sup>	”	Singapore	-	95.0

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2017	31 December 2016
Mermaid Drilling (Singapore) Pte. Ltd. <sup>(5)</sup>	Production and exploration drilling services	Singapore	-	100.0
MTR - 3 (Singapore) Pte. Ltd. <sup>(4)</sup>	"	Singapore	-	100.0
MTR - 4 (Singapore) Pte. Ltd. <sup>(4)</sup>	"	Singapore	-	100.0
Mermaid MTN Pte. Ltd. <sup>(3)</sup>	"	Singapore	-	100.0
Mermaid Maritime Mauritius Ltd., which has one subsidiary as follows:	Investment holding	Mauritius	100.0	100.0
Mermaid International Ventures, which has three subsidiaries and four associates as follows:	"	Cayman	100.0	100.0
Subsidiaries				
Mermaid Subsea Services (International) Ltd., which has two subsidiaries as follows:	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry	Seychelles	100.0	100.0
Subtech Saudi Arabia Limited	"	Saudi Arabia	95.0	95.0
Mermaid Subsea Services LLC <sup>(6)</sup>	"	Qatar	49.0	49.0
Associates				
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>Joint venture</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

- (1) Group interest is 95% after taking account of nominee holdings.
- (2) Seascope Surveys (Thailand) Ltd. was liquidated on 21 February 2017.
- (3) MTR-2 (Singapore) Pte. Ltd. and Mermaid MTN Pte. Ltd. were deregistered on 10 January 2017.
- (4) MTR-3 (Singapore) Pte. Ltd. and MTR-4 (Singapore) Pte. Ltd. were deregistered on 5 February 2018.
- (5) Mermaid Drilling (Singapore) Pte. Ltd. is in the process of deregistration.
- (6) Group interest is 100% after taking account of nominee holdings.

## 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Group 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.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (m)

**(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 3 (b).

**(d) Use of judgements and estimates**

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 these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 12, 14 and 15	Impairment test : Key assumptions underlying recoverable amounts ;
Note 18	Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used.

*Measurement of fair values*

A number of the Group's disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.



The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 13 – Investment properties; and
- Note 32 – Financial instruments.

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (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 associates and joint ventures.

##### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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. Any gain on bargain purchase is recognised in profit or loss immediately.

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.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and 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 the Guideline issued in 2009 by the FAP.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

*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 equity-accounted investees 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**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

*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.

*Restricted deposit*

Deposit that have a restriction of use are presented separately in account "Restricted Deposit at financial institution" in the statement of financial position.

**(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.

**(e) Supplies and spare parts**

Vessel supplies and spare parts mainly comprise bunker, vessel supplies, and spare parts are stated at the lower of cost and net realisable value. Bunker supplies are determined on a first-in, first-out basis. Vessel supplies and spare parts are determined on a weighted average basis. Rig supplies and spare parts are determined on a weighted average basis.

**(f) Investments***Investments in associates, subsidiaries and joint ventures*

Investments in associates, subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investment in joint ventures 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) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings and building improvement 10 and 20 years

No depreciation is provided on freehold land.

**(h) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured 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.

Any 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 in profit or loss.

*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	5 to 20 years
Motor launches	10 years
Dry-docking	2.5 and 5 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.

**(i) Intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(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*

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

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on 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 periods are as follows:

Computer software	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.

**(j) 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 other 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.

**(k) 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.

**(l) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(m) Employee benefits***Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to 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. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

**(n) Share-based payments**

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

**(o) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or 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 market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(p) 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 day rates and the number of operating days during the period or (b) agreed service charge. When the 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.

**(q) 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.

**(r) 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.

(s) *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 joint ventures 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.

(t) *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.

(u) **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.

#### 4 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 & Company (Bangkok) Limited	Thailand	99.9% holding by a subsidiary of ultimate parent company
Unique Mining Services Public Company Limited	Thailand	90.11% 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

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

Transactions	Pricing policies
Rendering of services	Prices normally charged to a third party
Management fee	Actual cost plus margin
Interest income and interest expenses	Market linked rate / Borrowing costs of the lender
Rental income	Actual cost plus margin
Other income	Actual cost plus margin
Administrative expenses	Actual cost plus margin
Management benefit expenses	Amount approved by the directors and/or the shareholders
Dividend income	Right to receive dividends

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
<b>Parent</b>				
Rental income	53	43	1,797	1,518
Administrative expenses	56	84	1,895	2,963
<b>Joint venture</b>				
Rendering of services	69,764	76,766	2,364,513	2,710,313
<b>Other related parties</b>				
Administrative expenses	-	2	-	70
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	1,258	1,280	42,414	45,158
Post-employment benefits	2	1	68	35
<b>Total key management personnel compensation</b>	<b>1,260</b>	<b>1,281</b>	<b>42,482</b>	<b>45,193</b>
	<b>Separate financial statements</b>			
<i>Year ended 31 December</i>	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
<b>Parent</b>				
Rental income	53	43	1,797	1,518
Administrative expenses	56	84	1,895	2,963
<b>Subsidiaries</b>				
Management fee income	360	195	11,861	7,221
Interest income	811	2,672	27,498	94,822
Rental income	224	268	7,598	9,470
Other income	1,667	66	55,694	2,329
Administrative expenses	80	46	2,780	1,621
<b>Other related parties</b>				
Administrative expenses	-	2	-	70
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	773	701	26,186	24,707
Post-employment benefits	2	1	68	35
<b>Total key management personnel compensation</b>	<b>775</b>	<b>702</b>	<b>26,254</b>	<b>24,742</b>



Balances as at 31 December with related parties were as follows:

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Trade accounts receivable from related parties</b>				
Joint venture	45,119	31,714	1,474,530	1,136,335
<b>Total</b>	<b>45,119</b>	<b>31,714</b>	<b>1,474,530</b>	<b>1,136,335</b>
<b>Other receivables from related parties</b>				
Parent	5	4	163	143
<b>Total</b>	<b>5</b>	<b>4</b>	<b>163</b>	<b>143</b>
<b>Other payables to related parties</b>				
Parent	6	4	196	143
<b>Total</b>	<b>6</b>	<b>4</b>	<b>196</b>	<b>143</b>
	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Other receivables from related parties</b>				
Parent	5	4	163	143
Subsidiaries	59,731	59,488	1,952,063	2,131,497
Subsidiaries - transferred investments in associates under common control	82,227	74,997	2,687,252	2,687,195
	141,963	134,489	4,639,478	4,818,835
Less allowance for doubtful account	(1,359)	(5,956)	(44,413)	(213,408)
<b>Net</b>	<b>140,604</b>	<b>128,533</b>	<b>4,595,065</b>	<b>4,605,427</b>
(Reversal of) bad and doubtful debts expense for the year	(928)	44	(31,790)	1,550

*Other receivable from transferred investment in associates under common control*

On 26 September 2014, the Company agreed to transfer the investment in associates, Asia offshore Drilling Group, to a subsidiary, Mermaid International Ventures "MIV" at cost of US Dollar 97.6 million for consideration received of Baht 2,899.0 million or equivalent to US Dollar 90.2 million. As at 31 December 2017, the Company had outstanding amount due from MIV amounting to US Dollar 82.2 million or equivalent to Baht 2,687.3 million (2016: US Dollar 75.0 million or equivalent to Baht 2,687.2 million) as other receivables from related parties in the separated financial statement.

*Debt forgiveness to subsidiaries*

During the year ended 31 December 2017, the Company forgave receivables due from direct subsidiaries MTR-3 (Singapore) Pte. Ltd. ("M3S") and MTR-4 (Singapore) Pte. Ltd. ("M4S") of US Dollar 1.8 million and US Dollar 1.8 million, respectively. A parent company's forgiveness of debt due from a subsidiary is considered a capital contribution by the parent company. As a result, the Company accounted for the losses on debt forgiveness as capital contributions to M3S and M4S by increasing the total cost of investments in subsidiaries by US Dollar 3.7 million and reclassifying the corresponding allowance for doubtful debts of US Dollar 3.7 million to be allowance for impairment in investments in subsidiaries.

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Short-term loans to related party</b>				
Subsidiaries	62	50,627	2,026	1,814,001
<b>Total</b>	<b>62</b>	<b>50,627</b>	<b>2,026</b>	<b>1,814,001</b>

Movements during the years ended 31 December of short-term loans to related parties, excluding interest receivables from related parties, were as follows:

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Subsidiaries</b>				
At 1 January	50,627	130,008	1,814,001	4,691,807
Increases	16,062	-	524,921	-
Decreases	(16,000)	(82,000)	(522,894)	(2,938,117)
Transferred of short-term loans to related party to long-term loans to related party	(55,506)	-	(1,813,986)	-
Realised gains on exchange rates	-	2,211	-	79,221
Unrealised gains (losses) on exchange rates	4,879	408	166,565	14,281
Translation adjustments	-	-	(166,581)	(33,191)
<b>At 31 December</b>	<b>62</b>	<b>50,627</b>	<b>2,026</b>	<b>1,814,001</b>

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

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Long-term loans to related party</b>				
Subsidiaries	55,506	-	1,813,986	-
<b>Total</b>	<b>55,506</b>	<b>-</b>	<b>1,813,986</b>	<b>-</b>

Movements during the years ended 31 December of long-term loans to related party were as follows:

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Subsidiary</b>				
At 1 January	-	-	-	-
Transferred of short-term loans to related party to long-term loans to related party	55,506	-	1,813,986	-
<b>At 31 December</b>	<b>55,506</b>	<b>-</b>	<b>1,813,986</b>	<b>-</b>

On 31 December 2017, the Company entered into amendment to the secured loan agreement between the Company and a subsidiary. As described in amendment, the loans will be repaid in full on 31 December 2020 or such longer period as agreed by the Company. Accordingly, the Company classified short-term loans to related party of US Dollar 55.5 million to long-term loans to related party. All long-term loans to related party are unsecured.

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Other payables to related parties</b>				
Parent	6	4	196	143
Subsidiaries	1	35,362	33	1,267,046
<b>Total</b>	<b>7</b>	<b>35,366</b>	<b>229</b>	<b>1,267,189</b>

## 5 Cash and cash equivalents

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Cash on hand	65	87	2,124	3,117
Cash at bank	68,627	61,730	2,242,792	2,211,829
<b>Total</b>	<b>68,692</b>	<b>61,817</b>	<b>2,244,916</b>	<b>2,214,946</b>

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Cash on hand	1	1	33	36
Cash at bank	25,369	20,876	829,081	748,003
<b>Total</b>	<b>25,370</b>	<b>20,877</b>	<b>829,114</b>	<b>748,039</b>

## 6 Short-term deposit at financial institution

	Consolidated/Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Short-term deposit at financial institution	-	27,950	-	1,001,468
<b>Total</b>	<b>-</b>	<b>27,950</b>	<b>-</b>	<b>1,001,468</b>

The balance at 31 December 2016 represented short-term deposits (6 months) at a financial institution with interest rates ranging from 0.90% to 1.51% per annum.

## 7 Trade accounts receivable

Consolidated financial statements				
Note	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Joint venture	45,119	31,714	1,474,530	1,136,335
Other parties	13,683	25,929	447,173	929,054
Retention receivables	1,592	4,695	52,028	168,225
Accrued income	2,338	3,500	76,407	125,408
<b>Total</b>	<b>62,732</b>	<b>65,838</b>	<b>2,050,138</b>	<b>2,359,022</b>
Less allowance for doubtful account	(585)	(585)	(19,118)	(20,961)
<b>Net</b>	<b>62,147</b>	<b>65,253</b>	<b>2,031,020</b>	<b>2,338,061</b>
Bad and doubtful debts expense for the year	-	397	-	13,911

Aging analyses for trade accounts receivable were as follows:

Consolidated financial statements				
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Within credit terms	20,632	26,696	674,272	956,536
Overdue:				
Less than 3 months	23,238	28,987	759,439	1,038,625
3-6 months	14,768	3,498	482,632	125,336
6-12 months	889	174	29,053	6,235
Over 12 months	1,613	1,788	52,714	64,065
	<b>61,140</b>	<b>61,143</b>	<b>1,998,110</b>	<b>2,190,797</b>
Less allowance for doubtful account	(585)	(585)	(19,118)	(20,961)
<b>Net</b>	<b>60,555</b>	<b>60,558</b>	<b>1,978,992</b>	<b>2,169,836</b>
Retention receivables	1,592	4,695	52,028	168,225
<b>Total</b>	<b>62,147</b>	<b>65,253</b>	<b>2,031,020</b>	<b>2,338,061</b>

The normal credit term granted by the Group ranges from 30 days to 90 days.

Full allowance for doubtful accounts has been set up for all trade accounts receivable which management considers as non-collectible.

## 8 Other receivables

Consolidated financial statements				
Note	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Related party	5	4	163	143
<b>Other party</b>				
- Withholding taxes	4,395	4,737	143,633	169,730
- Input taxes awaiting invoice	1,932	5,517	63,139	197,678
- Prepaid expenses	1,555	1,736	50,819	62,202
- Advances for business expenses	1,015	735	33,171	26,336
- Other	135	2,748	4,412	98,462
<b>Total</b>	<b>9,037</b>	<b>15,477</b>	<b>295,337</b>	<b>554,551</b>

		<b>Separate financial statements</b>			
<i>Note</i>	2017	2016	2017	2016	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
Related parties	4	140,604	128,533	4,595,065	4,605,427
<b>Other parties</b>					
- Prepaid expenses		43	42	1,405	1,505
- Withholding taxes		25	-	817	-
- Accrued interest income		21	146	686	5,231
- Others		21	9	687	323
<b>Total</b>		<b>140,714</b>	<b>128,730</b>	<b>4,598,660</b>	<b>4,612,486</b>

## 9 Deferred contract cost

		<b>Consolidated financial statements</b>			
	2017	2016	2017	2016	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
At 1 January	1,695	3,734	60,733	134,755	
Amortisation	(1,695)	(2,039)	(57,863)	(71,969)	
Translation adjustments	-	-	(2,870)	(2,053)	
<b>At 31 December</b>	<b>-</b>	<b>1,695</b>	<b>-</b>	<b>60,733</b>	

On 30 September 2012, US Dollar 9.3 million (equivalent to Baht 286.7 million) was paid by Mermaid Subsea Services (International) 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; and (b) US Dollar 9.0 million (equivalent to Baht 277.5 million) 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 being executed by a joint venture, 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 was an 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.

## 10 Restricted deposit at financial institution

### *Consolidated financial statements*

As at 31 December 2017, US Dollar 7.8 million or equivalent to Baht 255 million (*2016: US Dollar 5.7 million or equivalent to Baht 203 million*) restricted deposit at a financial institution was 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 payment after the two-year grace period expired in September 2013.

As at 31 December 2017, US Dollar 4.4 million or equivalent to Baht 143 million (*2016: nil*) restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

As at 31 December 2017, US Dollar 0.6 million or equivalent to Baht 20 million (*2016: US Dollar 2.3 million or equivalent to Baht 83 million*) restricted deposit at a financial institution was deposited by subsidiary to secure the performance guarantee from the financial institution.

### *Separate financial statements*

As at 31 December 2017, US Dollar 4.4 million or equivalent to Baht 143 million (*2016: nil*) restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

## 11 Investment in associates and joint venture

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
<b>Associates</b>				
At 1 January	84,359	73,721	3,022,642	2,660,488
Share of net profits of associates	4,568	10,638	155,084	376,258
Translation adjustments	-	-	(271,512)	(14,104)
<b>At 31 December</b>	<b>88,927</b>	<b>84,359</b>	<b>2,906,214</b>	<b>3,022,642</b>
<b>Joint venture</b>				
At 1 January	1,965	1,076	70,407	38,831
Share of net profits of joint venture	82	889	2,787	31,374
Translation adjustments	-	-	(6,296)	202
<b>At 31 December</b>	<b>2,047</b>	<b>1,965</b>	<b>66,898</b>	<b>70,407</b>
<b>Total</b>				
At 1 January	86,324	74,797	3,093,049	2,699,319
Share of net profits of associates and joint venture	4,650	11,527	157,871	407,632
Translation adjustments	-	-	(277,808)	(13,902)
<b>At 31 December</b>	<b>90,974</b>	<b>86,324</b>	<b>2,973,112</b>	<b>3,093,049</b>

	Separate financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
<b>Joint venture</b>				
At 1 January	213	213	7,632	7,687
Translation adjustments	-	-	(671)	(55)
<b>At 31 December</b>	<b>213</b>	<b>213</b>	<b>6,961</b>	<b>7,632</b>

During the year ended 31 December 2017, there were no acquisitions and disposals of investments in associates and joint venture.

*Investment in associates*

The ultimate parent company and its subsidiaries (outside Thoresen Thai Agencies Public Company Limited and its subsidiaries (“TTA Group”)) of the Group’s associates has began Chapter 11 restructuring proceedings in the US, and has entered into a debt restructuring agreement with the majority of its secured bank lenders. As part of the debt restructuring agreement, the Group’s associates have been granted temporary waiver and forbearance from any defaults which may have arisen under its bank credit facilities. All debts of the Group’s associates are secured by the operating assets of the Group’s associates, and are guaranteed by the ultimate parent company (outside TTA Group) of the Group’s associates.



Investments in associates and joint venture as at 31 December 2017 and 2016 and dividend income from those investments for the years then ended, were as follows:

Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Associates</b>											
Group of AOD Companies <sup>(A)</sup>	Bermuda	33.76	33.76	USD 60 million	USD 60 million	97,582	97,582	88,927	84,359	-	-
						<b>97,582</b>	<b>97,582</b>	<b>88,927</b>	<b>84,359</b>	-	-
<b>Joint venture</b>											
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	213	213	2,047	1,965	-	-
						<b>213</b>	<b>213</b>	<b>2,047</b>	<b>1,965</b>	-	-
<b>Total</b>						<b>97,795</b>	<b>97,795</b>	<b>90,974</b>	<b>86,324</b>	-	-

(in thousand US Dollar)

Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity (in thousand Baht)		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Associates</b>											
Group of AOD Companies <sup>(A)</sup>	Bermuda	33.76	33.76	USD 60 million	USD 60 million	3,189,068	3,496,431	2,906,214	3,022,642	-	-
						<b>3,189,068</b>	<b>3,496,431</b>	<b>2,906,214</b>	<b>3,022,642</b>	-	-
<b>Joint venture</b>											
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	6,961	7,632	66,898	70,407	-	-
						<b>6,961</b>	<b>7,632</b>	<b>66,898</b>	<b>70,407</b>	-	-
<b>Total</b>						<b>3,196,029</b>	<b>3,504,063</b>	<b>2,973,112</b>	<b>3,093,049</b>	-	-

<sup>(A)</sup> 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.

*Associates*

The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	<b>Associates</b>			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Revenue	52,612	77,115	2,022,667	2,726,227
Profit (loss) from continuing operations	13,531	31,530	459,376	1,116,810
<b>Total comprehensive income (loss) (100%)</b>	<b>13,531</b>	<b>31,530</b>	<b>459,376</b>	<b>1,116,810</b>
<b>Group's share of total comprehensive income (loss) (% hold)</b>	<b>4,568</b>	<b>10,645</b>	<b>155,084</b>	<b>377,035</b>
Current assets	49,217	42,741	1,608,456	1,531,440
Non-current assets	439,789	455,430	14,372,700	16,318,359
Current liabilities	(225,595)	(47,713)	(7,372,648)	(1,709,590)
Non-current liabilities	-	(200,579)	-	(7,186,886)
<b>Net assets (100%)</b>	<b>263,411</b>	<b>249,879</b>	<b>8,608,508</b>	<b>8,953,323</b>
<b>Group's share of net assets (% hold)</b>	<b>88,927</b>	<b>84,359</b>	<b>2,906,214</b>	<b>3,022,642</b>

*Immaterial Joint venture*

The following is summarised financial information for the Group's interest in immaterial joint venture based on the amounts reported in the Group's consolidated financial statements:

	<b>Immaterial Joint venture</b>			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Carrying amount of interest in immaterial joint venture	2,047	1,965	66,898	70,407
Group's share of:				
- Profit from continuing operations	82	889	2,787	31,374
- Total comprehensive income	<b>82</b>	<b>889</b>	<b>2,787</b>	<b>31,374</b>

## 12 Investments in subsidiaries

	Note	Separate financial statements			
		2017 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand US Dollar)</i>	2017 <i>(in thousand Baht)</i>	2016 <i>(in thousand Baht)</i>
At 1 January		192,319	122,177	6,890,924	4,409,197
Increase	4	3,658	70,142	119,547	2,450,000
Disposal		(98,658)	-	(3,224,232)	-
Reclassified from allowance for doubtful debts	4	(3,658)	-	(119,547)	-
Reversal of allowance for impairment loss on investment in subsidiaries		63,298	-	2,068,636	-
Translation adjustments		-	-	(605,767)	31,727
<b>At 31 December</b>		<b>156,959</b>	<b>192,319</b>	<b>5,129,561</b>	<b>6,890,924</b>

Except for the debt forgiveness as mentioned in Note 4, during the year ended 31 December 2017 there were no acquisitions of investments in subsidiaries.

On 21 February 2017, Seascope Surveys (Thailand) Ltd. ("SST"), an indirect subsidiary of the Company, was liquidated. As a result, US Dollar 0.1 million representing gain on derecognition of assets and liabilities of SST was recognised in other income. Items in other comprehensive income that are not reclassified to profit or loss of US Dollar 0.3 million were recognised directly in equity.

On 4 April 2017, Mermaid Subsea Services (Thailand) Ltd. ("MSST"), a direct subsidiary of the Company, registered to decrease its share capital by Baht 3,250.0 million (equivalent to US Dollar 94.7 million) with the Department of Business Development ("DBD"). As a result, the share capital of MSST decreased from Baht 5,380.0 million (equivalent to US Dollar 153.5 million) to Baht 2,130.0 million (equivalent to US Dollar 58.8 million). MSST set-off its decrease in share capital against its accumulated losses on 4 April 2017.

During the year ended 31 December 2017, Mermaid Drilling (Singapore) Pte. Ltd. ("MDS"), MTR - 3 (Singapore) Pte. Ltd. ("M3S") and MTR - 4 (Singapore) Pte. Ltd. ("M4S"), direct subsidiaries of the Company, are in the process of deregistration. As a result, the Company recognized gain on derecognition of assets and liabilities of MDS of US Dollar 0.6 million in other income, and return to shareholder from the liquidation of MDS of US Dollar 36.0 million which offset to other payables.

During the year ended 31 December 2016, there were no disposals of investments in subsidiaries.

At the Extraordinary General Meeting of shareholders of Mermaid Subsea Services (Thailand) Ltd. ("MSST") held on 4 November 2016, the shareholders approved to increase the share capital of MSST by Baht 2,450.0 million (equivalent to US Dollar 70.1 million) through the issuance of 245,000,000 new ordinary shares with a par value of Baht 10 each. The shares were fully subscribed and paid up by the Company.

During the year ended 31 December 2016, as part of the procedures to deregister MTR-2 (Singapore) Pte. Ltd. and Mermaid MTN Pte. Ltd., the paid up capital of these companies were returned to the subscribing shareholders.

Investments in subsidiaries as at 31 December 2017 and 2016 and dividend income from those investments for the years then ended were as follows:

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Direct subsidiaries</b>										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 5,380 million	153,485	153,485	-	-	153,485	153,485	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	14,074	14,074	(10,600)	(10,600)	3,474	3,474	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	-	USD 51 million	-	51,000	-	(15,640)	-	35,360	-	-
MTR - 3 (Singapore) Pte. Ltd.	-	USD 22 million	-	22,000	-	(22,000)	-	-	-	-
MTR - 4 (Singapore) Pte. Ltd.	-	USD 22 million	-	22,000	-	(22,000)	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
<b>Total</b>			<b>167,559</b>	<b>262,559</b>	<b>(10,600)</b>	<b>(70,240)</b>	<b>156,959</b>	<b>192,319</b>	<b>-</b>	<b>-</b>

(in thousand US Dollar)

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Indirect subsidiaries</b>										
Seascope Surveys (Thailand) Ltd.	-	THB 34 million	-	840	-	(807)	-	33	-	-
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	14,268	14,268	(10,263)	(10,263)	4,005	4,005	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	200	200	-	-	200	200	-	-
Mermaid Offshore Services Pre. Ltd.	USD 20,400 thousand	USD 20,400 thousand	20,400	20,400	(20,400)	(20,400)	-	-	-	-
MTR - 1 Ltd.	THB 240 million	THB 240 million	6,255	6,255	(6,255)	(6,255)	-	-	-	-
MTR - 2 Ltd.	THB 350 million	THB 350 million	8,334	8,334	(5,705)	(5,705)	2,629	2,629	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	164	164	(164)	(164)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	40	40	-	-	40	40	-	-
Mermaid International Ventures	USD 100	USD 100	-	-	-	-	-	-	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	7,586	7,586	-	-	7,586	7,586	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Limited)	SAR 500 thousand	SAR 500 thousand	386	386	-	-	386	386	-	-
Mermaid Subsea Services LLC	QAR 200 thousand	QAR 200 thousand	55	55	-	-	55	55	-	-
<b>Total</b>			<b>57,688</b>	<b>58,528</b>	<b>(42,787)</b>	<b>(43,594)</b>	<b>14,901</b>	<b>14,934</b>	<b>-</b>	<b>-</b>

(in thousand US Dollar)

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Direct subsidiaries</b>										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 5,380 million	5,016,028	5,499,474	-	-	5,016,028	5,499,474	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	459,951	504,281	(346,418)	(379,805)	113,533	124,476	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	-	USD 51 million	-	1,827,366	-	(560,392)	-	1,266,974	-	-
MTR - 3 (Singapore) Pte. Ltd.	-	USD 22 million	-	788,275	-	(788,275)	-	-	-	-
MTR - 4 (Singapore) Pte. Ltd.	-	USD 22 million	-	788,275	-	(788,275)	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
<b>Total</b>			<b>5,475,979</b>	<b>9,407,671</b>	<b>(346,418)</b>	<b>(2,516,747)</b>	<b>5,129,561</b>	<b>6,890,924</b>		

(in thousand Baht)



Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Indirect subsidiaries</b>										
Seascope Surveys (Thailand) Ltd. Pte. Ltd.	-	THB 34 million	-	30,098	-	(28,915)	-	1,183	-	-
Seascope Surveys PT Seascope Surveys Indonesia	SGD 100	SGD 100	466,291	511,232	(335,404)	(367,730)	130,887	143,502	-	-
Mermaid Offshore Services Pte. Ltd.	IDR 7,328 million	IDR 7,328 million	6,536	7,166	-	-	6,536	7,166	-	-
MTR - 1 Ltd.	USD 20,400 thousand	USD 20,400 thousand	666,690	730,946	(666,690)	(730,946)	-	-	-	-
MTR - 2 Ltd.	THB 240 million	THB 240 million	204,419	224,121	(204,419)	(224,121)	-	-	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	THB 350 million	THB 350 million	272,363	298,613	(186,445)	(204,414)	85,918	94,199	-	-
MTR - 1 (Singapore) Pte. Ltd.	MYR 500 thousand	MYR 500 thousand	5,360	5,876	(5,360)	(5,876)	-	-	-	-
Mermaid International Ventures	USD 40 thousand	USD 40 thousand	1,307	1,433	-	-	1,307	1,433	-	-
Mermaid Subsea Services (International) Ltd.	USD 100	USD 100	3	3	-	-	3	3	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Limited)	USD 1	USD 1	247,917	271,812	-	-	247,917	271,812	-	-
Mermaid Subsea Services LLC	SAR 500 thousand	SAR 500 thousand	12,615	13,831	-	-	12,615	13,831	-	-
<b>Total</b>	QAR 200 thousand	QAR 200 thousand	1,797	1,971	-	-	1,797	1,971	-	-
			<b>1,885,298</b>	<b>2,097,102</b>	<b>(1,398,318)</b>	<b>(1,562,002)</b>	<b>486,980</b>	<b>535,100</b>	<b>-</b>	<b>-</b>

(in thousand Baht)

## 13 Investment properties

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Cost</b>				
At 1 January	1,519	1,519	54,427	54,819
Translation adjustments	-	-	(4,785)	(392)
<b>At 31 December</b>	<b>1,519</b>	<b>1,519</b>	<b>49,642</b>	<b>54,427</b>
<b>Depreciation</b>				
At 1 January	(900)	(820)	(32,248)	(29,593)
Depreciation charge for the year	(78)	(80)	(2,648)	(2,858)
Translation adjustments	-	-	2,934	203
<b>At 31 December</b>	<b>(978)</b>	<b>(900)</b>	<b>(31,962)</b>	<b>(32,248)</b>
<b>Net book value</b>				
At 1 January	619	699	22,179	25,226
At 31 December	541	619	17,680	22,179
	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Cost</b>				
At 1 January	5,388	5,388	193,056	194,445
Translation adjustments	-	-	(16,971)	(1,389)
<b>At 31 December</b>	<b>5,388</b>	<b>5,388</b>	<b>176,085</b>	<b>193,056</b>
<b>Depreciation</b>				
At 1 January	(3,191)	(2,907)	(114,336)	(104,909)
Depreciation charge for the year	(283)	(284)	(9,603)	(10,025)
Translation adjustments	-	-	10,405	598
<b>At 31 December</b>	<b>(3,474)</b>	<b>(3,191)</b>	<b>(113,534)</b>	<b>(114,336)</b>
<b>Net book value</b>				
At 1 January	2,197	2,481	78,720	89,536
At 31 December	1,914	2,197	62,551	78,720

Fair value of investment properties were appraised based on valuation report by an independent professional valuers, at open market values on an existing use basis. The appraised value of investment properties was US Dollar 1.7 million or equivalent to Baht 54.8 million (2016: US Dollar 1.8 million or equivalent to Baht 62.9 million) and US Dollar 4.0 million or equivalent to Baht 132.1 million (2016: US Dollar 4.7 million or equivalent to Baht 167.0 million) in the consolidated and separate financial statements, respectively.

**Measurement of fair value***Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique*

The fair value measurement of land was based on the market approach. This approach is a method of determining the appraisal value of an asset based on the selling price of similar items. These similar properties are adjusted for time, size, quantity, amenities, and quality as compared to the property that is being appraised.

The fair value measurement of buildings was based on the cost approach. This approach is a method of determining the replacement cost of a property after adjustment for accumulated depreciation. Accumulated depreciation is the reduction in actual value of property over a period of time as a result of wear and tear or obsolescence.

## 14 Property, plant and equipment

		Consolidated financial statements										
		Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles (in thousand US Dollar)	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
<b>Cost</b>												
At 1 January 2016		590	3,240	1,342	110,140	3,227	1,489	336,068	42,604	1,177	75,013	574,890
Additions		-	-	910	2,779	220	403	-	-	130	460	4,902
Transfers		-	-	-	1,817	11	-	-	-	1,562	(3,390)	-
Transfer to intangible assets		-	-	-	-	-	-	-	-	-	(5)	(5)
Disposals		-	-	-	(122)	(202)	(182)	-	-	-	(19)	(525)
Write off		-	-	-	(46)	(17)	-	-	-	-	(70,418)	(70,481)
<b>At 31 December 2016</b>		<b>590</b>	<b>3,240</b>	<b>2,252</b>	<b>114,568</b>	<b>3,239</b>	<b>1,710</b>	<b>336,068</b>	<b>42,604</b>	<b>2,869</b>	<b>1,641</b>	<b>508,781</b>
Additions		-	-	-	522	251	248	-	7	4	2,974	4,006
Transfers		-	-	-	1,361	2	-	-	-	-	(1,363)	-
Disposals		-	-	-	(121)	(13)	(39)	-	-	-	-	(173)
Write off		-	-	(23)	(3)	-	-	-	-	-	(31)	(57)
<b>At 31 December 2017</b>		<b>590</b>	<b>3,240</b>	<b>2,229</b>	<b>116,327</b>	<b>3,479</b>	<b>1,919</b>	<b>336,068</b>	<b>42,611</b>	<b>2,873</b>	<b>3,221</b>	<b>512,557</b>

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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 progress	Total
							<i>(in thousand US Dollar)</i>				
<b>Depreciation</b>											
At 1 January 2016	-	(2,051)	(980)	(55,934)	(2,670)	(951)	(119,613)	(21,290)	(611)	-	(204,100)
Depreciation charge for the year	-	(195)	(138)	(6,270)	(311)	(202)	(9,404)	(4,065)	(237)	-	(20,822)
Disposals	-	-	-	122	201	168	-	-	-	-	491
Write off	-	-	-	39	9	-	-	-	-	-	48
<b>At 31 December 2016 and 1 January 2017</b>	-	<b>(2,246)</b>	<b>(1,118)</b>	<b>(62,043)</b>	<b>(2,771)</b>	<b>(985)</b>	<b>(129,017)</b>	<b>(25,355)</b>	<b>(848)</b>	-	<b>(224,383)</b>
Depreciation charge for the year	-	(195)	(287)	(5,858)	(291)	(218)	(8,448)	(3,641)	(324)	-	(19,262)
Disposals	-	-	-	117	7	39	-	-	-	-	163
Write off	-	-	3	-	-	-	-	-	-	-	3
<b>At 31 December 2017</b>	-	<b>(2,441)</b>	<b>(1,402)</b>	<b>(67,784)</b>	<b>(3,055)</b>	<b>(1,164)</b>	<b>(137,465)</b>	<b>(28,996)</b>	<b>(1,172)</b>	-	<b>(243,479)</b>



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	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, rigs and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
	<i>(in thousand Baht)</i>										
<b>Cost</b>											
At 1 January 2016	21,292	116,927	48,431	3,974,798	116,458	53,736	12,128,224	1,537,519	42,476	2,707,114	20,746,975
Additions	-	-	32,606	99,574	7,883	14,440	-	-	4,658	16,482	175,643
Transfers	-	-	-	65,104	394	-	-	-	55,968	(121,466)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(179)	(179)
Disposals	-	-	-	(4,371)	(7,238)	(6,521)	-	-	-	(681)	(18,811)
Write off	-	-	-	(1,648)	(609)	-	-	-	-	(2,523,126)	(2,525,383)
Translation adjustments	(152)	(836)	(346)	(28,405)	(832)	(385)	(86,672)	(10,988)	(304)	(19,346)	(148,266)
<b>At 31 December 2016</b>	<b>21,140</b>	<b>116,091</b>	<b>80,691</b>	<b>4,105,052</b>	<b>116,056</b>	<b>61,270</b>	<b>12,041,552</b>	<b>1,526,531</b>	<b>102,798</b>	<b>58,798</b>	<b>18,229,979</b>
Additions	-	-	-	17,060	8,203	8,105	-	229	131	97,193	130,921
Transfers	-	-	-	44,479	65	-	-	-	-	(44,544)	-
Disposals	-	-	-	(3,954)	(425)	(1,275)	-	-	-	-	(5,654)
Write off	-	-	-	(98)	-	-	-	-	-	(1,013)	(1,863)
Translation adjustments	(1,858)	(10,205)	(7,093)	(360,868)	(10,202)	(5,385)	(1,058,547)	(134,194)	(9,037)	(5,169)	(1,602,558)
<b>At 31 December 2017</b>	<b>19,282</b>	<b>105,886</b>	<b>72,846</b>	<b>3,801,671</b>	<b>113,697</b>	<b>62,715</b>	<b>10,983,005</b>	<b>1,392,566</b>	<b>93,892</b>	<b>105,265</b>	<b>16,750,825</b>



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	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles <i>(in thousand Baht)</i>	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
<b>Depreciation</b>											
At 1 January 2016	-	(74,018)	(35,367)	(2,018,580)	(96,357)	(34,320)	(4,316,666)	(768,326)	(22,050)	-	(7,365,684)
Depreciation charge for the year	-	(6,883)	(4,869)	(221,333)	(10,937)	(7,131)	(331,848)	(143,479)	(8,365)	-	(734,845)
Disposals	-	-	-	4,371	7,202	6,020	-	-	-	-	17,593
Write off	-	-	-	1,397	322	-	-	-	-	-	1,719
Translation adjustments	-	425	177	11,101	482	138	25,745	3,318	31	-	41,417
<b>At 31 December 2016 and 1 January 2017</b>	-	<b>(80,476)</b>	<b>(40,059)</b>	<b>(2,223,044)</b>	<b>(99,288)</b>	<b>(35,293)</b>	<b>(4,622,769)</b>	<b>(908,487)</b>	<b>(30,384)</b>	-	<b>(8,039,800)</b>
Depreciation charge for the year	-	(6,615)	(9,741)	(198,812)	(9,880)	(7,394)	(287,181)	(123,844)	(10,995)	-	(654,462)
Disposals	-	-	-	3,824	229	1,275	-	-	-	-	5,328
Write off	-	-	98	-	-	-	-	-	-	-	98
Translation adjustments	-	7,317	3,883	202,790	9,099	3,371	417,470	84,716	3,077	-	731,723
<b>At 31 December 2017</b>	-	<b>(79,774)</b>	<b>(45,819)</b>	<b>(2,215,242)</b>	<b>(99,840)</b>	<b>(38,041)</b>	<b>(4,492,480)</b>	<b>(947,615)</b>	<b>(38,302)</b>	-	<b>(7,957,113)</b>

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	Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles <i>(in thousand Baht)</i>	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
<b>Impairment losses</b>											
At 1 January 2016	-	-	-	(872,731)	-	-	(1,873,467)	(310,001)	-	(2,592,676)	(5,648,875)
Impairment losses	-	-	-	-	-	-	-	(1,982)	-	-	(1,982)
Write off	-	-	-	-	-	-	-	-	-	2,489,063	2,489,063
Reversal of impairment Losses	-	-	-	1,783	-	-	-	-	-	-	1,783
Translation adjustments	-	-	-	6,246	-	-	13,388	2,191	-	49,364	71,189
<b>At 31 December 2016 and 1 January 2017</b>	-	-	-	<b>(864,702)</b>	-	-	<b>(1,860,079)</b>	<b>(309,792)</b>	-	<b>(54,249)</b>	<b>(3,088,822)</b>
Translation adjustments	-	-	-	76,014	-	-	163,515	27,233	-	4,770	271,532
<b>At 31 December 2017</b>	-	-	-	<b>(788,688)</b>	-	-	<b>(1,696,564)</b>	<b>(282,559)</b>	-	<b>(49,479)</b>	<b>(2,817,290)</b>
<b>Net book value</b>											
At 1 January 2016	21,292	42,909	13,064	1,083,487	20,101	19,416	5,938,091	459,192	20,426	114,438	7,732,416
At 31 December 2016 and 1 January 2017	21,140	35,615	40,632	1,017,306	16,768	25,977	5,558,704	308,252	72,414	4,549	7,101,357
At 31 December 2017	19,282	26,112	27,027	797,741	13,857	24,674	4,793,961	162,392	55,590	55,786	5,976,422

**Security**

As at 31 December 2017, the Group's property, plant and equipment with a net book value of US Dollar 126.8 million (2016: US Dollar 136.2 million) were registered to secure short-term and long-term facilities with financial institutions.

## Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand US Dollar)	Office equipment	Motor vehicles	Total
<b>Cost</b>							
At 1 January 2016	-	120	447	73	1,856	87	2,583
Additions	-	-	-	-	11	-	11
Disposals	-	-	-	-	(143)	(48)	(191)
<b>At 31 December 2016 and 1 January 2017</b>	-	<b>120</b>	<b>447</b>	<b>73</b>	<b>1,724</b>	<b>39</b>	<b>2,403</b>
Additions	-	-	-	4	119	-	123
<b>At 31 December 2017</b>	-	<b>120</b>	<b>447</b>	<b>77</b>	<b>1,843</b>	<b>39</b>	<b>2,526</b>
<b>Depreciation</b>							
At 1 January 2016	-	(63)	(443)	(44)	(1,741)	(87)	(2,378)
Depreciation charge for the year	-	(6)	-	(12)	(56)	-	(74)
Disposals	-	-	-	-	143	48	191
<b>At 31 December 2016 and 1 January 2017</b>	-	<b>(69)</b>	<b>(443)</b>	<b>(56)</b>	<b>(1,654)</b>	<b>(39)</b>	<b>(2,261)</b>
Depreciation charge for the year	-	(6)	-	(12)	(43)	-	(61)
<b>At 31 December 2017</b>	-	<b>(75)</b>	<b>(443)</b>	<b>(68)</b>	<b>(1,697)</b>	<b>(39)</b>	<b>(2,322)</b>
<b>Net book value</b>							
At 1 January 2016	-	57	4	29	115	-	205
At 31 December 2016 and 1 January 2017	-	51	4	17	70	-	142
At 31 December 2017	-	45	4	9	146	-	204

**Separate financial statements**

	Land	Buildings	Building improvement	Tools and equipment <i>(in thousand Baht)</i>	Office equipment	Motor vehicles	Total
<b>Cost</b>							
At 1 January 2016	-	4,331	16,132	2,634	66,980	3,140	93,217
Additions	-	-	-	-	394	-	394
Disposals	-	-	-	-	(5,124)	(1,720)	(6,844)
Translation adjustments	-	(31)	(116)	(18)	(478)	(23)	(666)
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>4,300</b>	<b>16,016</b>	<b>2,616</b>	<b>61,772</b>	<b>1,397</b>	<b>86,101</b>
Additions	-	-	-	131	3,889	-	4,020
Translation adjustments	-	(378)	(1,408)	(231)	(5,430)	(122)	(7,569)
<b>At 31 December 2017</b>	<b>-</b>	<b>3,922</b>	<b>14,608</b>	<b>2,516</b>	<b>60,231</b>	<b>1,275</b>	<b>82,552</b>
<b>Depreciation</b>							
At 1 January 2016	-	(2,274)	(15,987)	(1,588)	(62,830)	(3,140)	(85,819)
Depreciation charge for the year	-	(211)	-	(424)	(2,013)	-	(2,612)
Disposals	-	-	-	-	5,047	1,694	6,741
Translation adjustments	-	13	114	5	532	49	677
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>(2,472)</b>	<b>(15,873)</b>	<b>(2,007)</b>	<b>(59,264)</b>	<b>(1,397)</b>	<b>(81,013)</b>
Depreciation charge for the year	-	(204)	-	(407)	(1,451)	-	(2,062)
Translation adjustments	-	225	1,395	192	5,256	122	7,190
<b>At 31 December 2017</b>	<b>-</b>	<b>(2,451)</b>	<b>(14,478)</b>	<b>(2,222)</b>	<b>(55,459)</b>	<b>(1,275)</b>	<b>(75,885)</b>
<b>Net book value</b>							
At 1 January 2016	-	2,057	145	1,046	4,150	-	7,398
At 31 December 2016 and 1 January 2017	-	1,828	143	609	2,508	-	5,088
At 31 December 2017	-	1,471	130	294	4,772	-	6,667

## 15 Goodwill

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Cost</b>				
At 1 January	10,136	10,136	363,180	365,794
Translation adjustments	-	-	(31,926)	(2,614)
<b>At 31 December</b>	<b>10,136</b>	<b>10,136</b>	<b>331,254</b>	<b>363,180</b>
<b>Impairment loss</b>				
At 1 January	(8,070)	(8,070)	(289,154)	(291,235)
Translation adjustments	-	-	25,419	2,081
<b>At 31 December</b>	<b>(8,070)</b>	<b>(8,070)</b>	<b>(263,735)</b>	<b>(289,154)</b>
<b>Net book value</b>				
At 1 January	2,066	2,066	74,026	74,559
<b>At 31 December</b>	<b>2,066</b>	<b>2,066</b>	<b>67,519</b>	<b>74,026</b>

The continuing drop in oil prices during the year 2015 impacted the Group's overall business as it led to reduced activity and contracts for subsea and offshore drilling services. Additionally, with more offshore rigs and subsea vessels in the market coming off contract and new builds yet to be delivered, the vessel supply and demand imbalance will continue to have a negative impact on utilisation and day rates. These have been important factors indicating that the Group's assets may be impaired.

Goodwill and impairment loss on goodwill was allocated to the following cash-generating units ("CGU"):

*Seascope CGU*

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Cost</b>				
At 1 January	8,070	8,070	289,154	291,235
Translation adjustments	-	-	(25,419)	(2,081)
<b>At 31 December</b>	<b>8,070</b>	<b>8,070</b>	<b>263,735</b>	<b>289,154</b>
<b>Impairment loss</b>				
At 1 January	(8,070)	(8,070)	(289,154)	(291,235)
Translation adjustments	-	-	25,419	2,081
<b>At 31 December</b>	<b>(8,070)</b>	<b>(8,070)</b>	<b>(263,735)</b>	<b>(289,154)</b>
<b>Net book value</b>				
At 1 January	-	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The recoverable amount of Seascope CGU estimated using the value in use method was less than the total carrying amount of Seascope CGU and the goodwill allocated to it. As a result, goodwill allocated to Seascope CGU was fully impaired as at 31 December 2015.

*Mermaid Subsea Services (International) ("MSSI") CGU*

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Cost</b>				
At 1 January	2,066	2,066	74,026	74,559
Translation adjustments	-	-	(6,507)	(533)
<b>At 31 December</b>	<b>2,066</b>	<b>2,066</b>	<b>67,519</b>	<b>74,026</b>
<b>Impairment loss</b>				
At 1 January	-	-	-	-
Translation adjustments	-	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
At 1 January	2,066	2,066	74,026	74,559
<b>At 31 December</b>	<b>2,066</b>	<b>2,066</b>	<b>67,519</b>	<b>74,026</b>

The recoverable amount of MSSI CGU estimated using the value in use method was greater than the total carrying amount of MSSI CGU and the goodwill allocated to it. As a result, goodwill allocated to MSSI CGU was not impaired as at 31 December 2017 and 2016. The cash flows were projected over a period of 5 years before a terminal growth rate was applied to reflect management's estimate of the cyclic nature of day rates earned by MSSI CGU. The key assumptions used in the estimation of MSSI CGU's value in use were as follows:

	Consolidated financial statements	
	2017	2016
Discount rate	10.75 (%)	10.75
Terminal value growth rate	0	0

**16 Intangible assets**

	Consolidated financial statements	
	Computer software (in thousand US Dollar)	(in thousand Baht)
<b>Cost</b>		
At 1 January 2016	2,332	84,159
Additions	65	2,329
Transfer	5	179
Write off	(1)	(36)
Translation adjustments	-	(601)
<b>At 31 December 2016 and 1 January 2017</b>	<b>2,401</b>	<b>86,030</b>
Additions	26	849
Translation adjustments	-	(7,562)
<b>At 31 December 2017</b>	<b>2,427</b>	<b>79,317</b>

	<b>Consolidated financial statements</b>	
	Computer software	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
<b>Amortisation</b>		
At 1 January 2016	(2,031)	(73,296)
Amortisation for the year	(141)	(4,979)
Translation adjustments	-	450
<b>At 31 December 2016 and 1 January 2017</b>	<b>(2,172)</b>	<b>(77,825)</b>
Amortisation for the year	(133)	(4,518)
Translation adjustments	-	7,013
<b>At 31 December 2017</b>	<b>(2,305)</b>	<b>(75,330)</b>
<b>Net book value</b>		
At 1 January 2016	301	10,863
At 31 December 2016 and 1 January 2017	229	8,205
At 31 December 2017	122	3,987
	<b>Separate financial statements</b>	
	Computer software	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
<b>Cost</b>		
At 1 January 2016	450	16,239
Addition	28	1,003
Translation adjustments	-	(115)
<b>At 31 December 2016 and 1 January 2017</b>	<b>478</b>	<b>17,127</b>
Translation adjustments	-	(1,506)
<b>At 31 December 2017</b>	<b>478</b>	<b>15,621</b>
<b>Amortisation</b>		
At 1 January 2016	(377)	(13,605)
Amortisation for the year	(30)	(1,059)
Translation adjustments	-	81
<b>At 31 December 2016 and 1 January 2017</b>	<b>(407)</b>	<b>(14,583)</b>
Amortisation for the year	(29)	(986)
Translation adjustments	-	1,321
<b>At 31 December 2017</b>	<b>(436)</b>	<b>(14,248)</b>
<b>Net book value</b>		
At 1 January 2016	73	2,634
At 31 December 2016 and 1 January 2017	71	2,544
At 31 December 2017	42	1,373

Amortisation of computer software is recognised in both cost of rendering of services and administrative expenses.



## 17 Advance payment for investment

On 19 December 2017, the Company had entered into a share sale and purchase agreement (“SPA”) with a third party for the purchase of 49% of the total issued shares in PTGC Co., Ltd., a company incorporated in Cambodia. Total purchase price per SPA agreement is US Dollar 19.7 million. As at 31 December 2017, the Company paid an advance payment for investment US Dollar 17.3 million. The remaining of purchase price will be paid once both parties complete the conditions as specified in the agreement.

## 18 Deferred tax

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
Total	2,470	2,448	-	-
<b>Net deferred tax assets</b>	<b>2,470</b>	<b>2,448</b>	<b>-</b>	<b>-</b>

	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	80,722	87,714	-	-
<b>Net deferred tax assets</b>	<b>80,722</b>	<b>87,714</b>	<b>-</b>	<b>-</b>

	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
Total	17	11	-	-
<b>Net deferred tax assets</b>	<b>17</b>	<b>11</b>	<b>-</b>	<b>-</b>

	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	556	394	-	-
<b>Net deferred tax assets</b>	<b>556</b>	<b>394</b>	<b>-</b>	<b>-</b>

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

<b>Consolidated financial statements</b>				
<b>(Charged) / Credited to :</b>				
<b>At 1 January 2017</b>	<b>Profit or loss (note 29)</b>	<b>Other comprehensive income</b>	<b>At 31 December 2017</b>	
<i>(in thousand US Dollar)</i>				
<b>Deferred tax assets</b>				
Property, plant and equipment	179	128	-	307
Provisions	506	(161)	-	345
Retirement benefits obligation	269	14	41	324
Loss carry forward	1,494	-	-	1,494
<b>Total</b>	<b>2,448</b>	<b>(19)</b>	<b>41</b>	<b>2,470</b>
<b>Consolidated financial statements</b>				
<b>(Charged) / Credited to :</b>				
<b>At 1 January 2017</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>Translation adjustments</b>	<b>At 31 December 2017</b>
<i>(note 29)</i>				
<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>				
Property, plant and equipment	6,414	4,352	(733)	10,033
Provisions	18,130	(5,305)	(1,550)	11,275
Retirement benefits obligation	9,639	568	(958)	10,589
Loss carry forward	53,531	-	(4,706)	48,825
<b>Total</b>	<b>87,714</b>	<b>(385)</b>	<b>(7,947)</b>	<b>80,722</b>
<b>Consolidated financial statements</b>				
<b>(Charged) / Credited to :</b>				
<b>At 1 January 2016</b>	<b>Profit or loss (note 29)</b>	<b>Other comprehensive income</b>	<b>At 31 December 2016</b>	
<i>(in thousand US Dollar)</i>				
<b>Deferred tax assets</b>				
Property, plant and equipment	179	-	-	179
Provisions	649	(143)	-	506
Retirement benefits obligation	326	(64)	7	269
Loss carry forward	1,494	-	-	1,494
<b>Total</b>	<b>2,648</b>	<b>(207)</b>	<b>7</b>	<b>2,448</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(2,212)	2,212	-	-
Share of net profits of equity- accounted associates	(754)	754	-	-
<b>Total</b>	<b>(2,966)</b>	<b>2,966</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>(318)</b>	<b>2,759</b>	<b>7</b>	<b>2,448</b>

### Consolidated financial statements

	(Charged) / Credited to :				At 31 December 2016
	At 1 January 2016	Profit or loss	Other comprehensive income (note 29) <i>(in thousand Baht)</i>	Translation adjustments	
<b>Deferred tax assets</b>					
Property, plant and equipment	6,460	-	-	(46)	6,414
Provisions	23,422	(5,100)	-	(192)	18,130
Retirement benefits obligation	11,765	(2,269)	251	(108)	9,639
Loss carry forward	53,916	-	-	(385)	53,531
<b>Total</b>	<b>95,563</b>	<b>(7,369)</b>	<b>251</b>	<b>(731)</b>	<b>87,714</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment	(79,828)	78,353	-	1,475	-
Share of net profits of equity-accounted associates	(27,211)	26,893	-	318	-
<b>Total</b>	<b>(107,039)</b>	<b>105,246</b>	<b>-</b>	<b>1,793</b>	<b>-</b>
<b>Net</b>	<b>(11,476)</b>	<b>97,877</b>	<b>251</b>	<b>1,062</b>	<b>87,714</b>

### Separate financial statements

	(Charged) / Credited to :				At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income (note 29) <i>(in thousand US Dollar)</i>	Translation adjustments	
<b>Deferred tax assets</b>					
Retirement benefits obligation	11	6	-	-	17
<b>Total</b>	<b>11</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>17</b>

### Separate financial statements

	(Charged) / Credited to :				At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income (note 29) <i>(in thousand Baht)</i>	Translation adjustments	
<b>Deferred tax assets</b>					
Retirement benefits obligation	394	198	-	(36)	556
<b>Total</b>	<b>394</b>	<b>198</b>	<b>-</b>	<b>(36)</b>	<b>556</b>

### Separate financial statements

	(Charged) / Credited to :				At 31 December 2016
	At 1 January 2016	Profit or loss	Other comprehensive income (note 29) <i>(in thousand US Dollar)</i>	Translation adjustments	
<b>Deferred tax assets</b>					
Retirement benefits obligation	26	(9)	-	(6)	11
<b>Total</b>	<b>26</b>	<b>(9)</b>	<b>-</b>	<b>(6)</b>	<b>11</b>

	Separate financial statements				At 31 December 2016
	At 1 January 2016	Profit or loss	Other comprehensive income (note 29) (in thousand Baht)	Translation adjustments	
<b>Deferred tax assets</b>					
Retirement benefits obligation	938	(322)	(215)	(7)	394
<b>Total</b>	<b>938</b>	<b>(322)</b>	<b>(215)</b>	<b>(7)</b>	<b>394</b>

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Tax losses	11,435	9,941	376,760	350,882
Impairment losses on property, plant and equipment and related supplies and spare parts	17,240	16,928	568,025	597,498
Impairment losses on goodwill	1,614	1,614	53,178	56,968
Bad and doubtful debts	9	9	297	318
<b>Total</b>	<b>30,298</b>	<b>28,492</b>	<b>998,260</b>	<b>1,005,666</b>

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Impairment losses on investments in subsidiaries	2,120	14,048	69,850	495,844
Tax losses	972	-	32,025	-
Bad and doubtful debts	272	1,191	8,962	42,038
<b>Total</b>	<b>3,364</b>	<b>15,239</b>	<b>110,837</b>	<b>537,882</b>

As at 31 December 2017, 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 according to the following schedule :

Year of expiry	Tax losses	
	(in thousand US Dollar)	(in thousand Baht)
2018	6,893	227,110
2019	1,019	33,573
2020	8,781	289,316
2021	4,210	138,712
2022	11,754	387,270
2023	24,523	807,985
	<b>57,180</b>	<b>1,883,966</b>

**19 Interest-bearing liabilities**

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<b>Current</b>				
Current portion of long-term borrowings from financial institutions Secured	11,890	9,890	388,576	354,366
<b>Current portion of long-term borrowings from financial institutions</b>	<b>11,890</b>	<b>9,890</b>	<b>388,576</b>	<b>354,366</b>
<b>Current portion of finance lease liabilities</b>	<b>47</b>	<b>11</b>	<b>1,536</b>	<b>394</b>
<b>Total current interest-bearing liabilities</b>	<b>11,937</b>	<b>9,901</b>	<b>390,112</b>	<b>354,760</b>
<b>Non-current</b>				
Long-term borrowings from financial institutions Secured	67,725	79,615	2,213,314	2,852,661
<b>Long-term borrowings from financial institutions</b>	<b>67,725</b>	<b>79,615</b>	<b>2,213,314</b>	<b>2,852,661</b>
<b>Finance lease liabilities</b>	<b>92</b>	<b>1</b>	<b>3,007</b>	<b>36</b>
<b>Total non-current interest-bearing liabilities</b>	<b>67,817</b>	<b>79,616</b>	<b>2,216,321</b>	<b>2,852,697</b>

The period to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Within one year	11,890	9,890	388,576	354,366
After one year but within five years	67,725	79,615	2,213,314	2,852,661
<b>Total</b>	<b>79,615</b>	<b>89,505</b>	<b>2,601,890</b>	<b>3,207,027</b>

The Group's long-term borrowings from financial institutions bear effective interest rates of 4.44% per annum (2016: 3.75% per annum).

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
At 1 January	-	3,613	-	130,388
Decrease	-	(3,613)	-	(129,456)
Translation adjustments	-	-	-	(932)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 31 December 2017, the Group and the Company had unutilised credit facilities totalling US Dollar 2.9 million and US Dollar 0.3 million, respectively (2016: US Dollar 7.5 million and US Dollar 1.1 million, respectively).

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016 (in thousand US Dollar)	2017 (in thousand Baht)	2016 (in thousand Baht)
At 1 January	89,505	103,770	3,207,027	3,744,914
Repayments during year	(10,000)	(14,375)	(326,809)	(515,066)
Amortisation to profit and loss (front end fee)	110	110	3,734	3,884
Translation adjustments	-	-	(282,062)	(26,705)
<b>At 31 December</b>	<b>79,615</b>	<b>89,505</b>	<b>2,601,890</b>	<b>3,207,027</b>

The currency denomination of interest-bearing liabilities, excluding finance lease liabilities as at 31 December were as follows:

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016 (in thousand US Dollar)	2017 (in thousand Baht)	2016 (in thousand Baht)
Currencies:				
US Dollar	79,615	89,505	2,601,890	3,207,027
<b>Total</b>	<b>79,615</b>	<b>89,505</b>	<b>2,601,890</b>	<b>3,207,027</b>

Long-term borrowings 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 80.0 million as at 31 December 2017 (2016: US Dollar 90.0 million) with repayment terms within 8 to 10 years. These borrowings bear interest at the rate of USD-LIBOR plus a certain margin, are secured by mortgages of support vessels as mentioned in Note 14 and are guaranteed by the Company.

According to a condition of the borrowing agreements for all asset acquisitions, the Company and its subsidiaries are not allowed to create any encumbrance on the assets used as collateral, except for encumbrances created with the prior consent of the financial institutions and permitted liens. The Company and certain subsidiaries must comply with other conditions and restrictions stated in the term borrowing agreements.

#### Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	(in thousand US Dollar)					
Within one year	55	(8)	47	14	(3)	11
After one year but within five years	107	(15)	92	1	-	1
<b>Total</b>	<b>162</b>	<b>(23)</b>	<b>139</b>	<b>15</b>	<b>(3)</b>	<b>12</b>

Consolidated financial statements						
	2017		2016			
	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
Within one year	1,797	(261)	1,536	501	(107)	394
After one year but within five years	3,497	(490)	3,007	36	-	36
<b>Total</b>	<b>5,294</b>	<b>(751)</b>	<b>4,543</b>	<b>537</b>	<b>(107)</b>	<b>430</b>

### Measurement of fair value

For the purpose of fair value disclosure, the fair values of loans from financial institutions are estimated at the present value of future cash flows, discounted based on the terms and maturity of each loan and using market interest rates for a similar loans at the measurement date.

The fair value measurement for loans from financial institutions as at 31 December 2017 of US Dollar 73.26 million or equivalent to Baht 2,394.06 million (*2016: US Dollar 88.40 million or equivalent to Baht 3,167.30 million*) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Significant unobservable inputs used in measuring the fair values of loans from financial institutions represented future three-month LIBOR rates.

## 20 Other payables

Consolidated financial statements					
	Note	2017		2016	
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Related party	4	6	4	196	143
<b>Other party</b>					
- Accrued project cost		9,887	12,783	323,116	458,024
- Accrued salary		2,310	3,067	75,493	109,893
- Withholding tax payables		2,306	2,949	75,362	105,665
- Accrued consulting fee		1,686	3,354	55,100	120,176
- Non-trade accounts payable		1,594	726	52,093	26,013
- Deferred mobilisation revenue		1,168	-	38,171	-
- Accrued bonus		838	1,016	27,387	36,404
- Accrued operating expenses		525	2,121	17,157	75,997
- Provision for non-refundable tax		-	6,694	-	239,851
- Others		1,759	2,922	57,486	104,696
<b>Total</b>		<b>22,079</b>	<b>35,636</b>	<b>721,561</b>	<b>1,276,862</b>



	Note	Separate financial statements			
		2017	2016	2017	2016
		(in thousand US Dollar)		(in thousand Baht)	
Related parties	4	7	35,366	229	1,267,189
<b>Other parties</b>					
- Accrued bonus		123	121	4,020	4,336
- Others		456	845	14,903	30,275
<b>Total</b>		<b>586</b>	<b>36,332</b>	<b>19,152</b>	<b>1,301,800</b>

## 21 Provisions for employee benefits

	Consolidated financial statements			
	2017	2016	2017	2016
	(in thousand US Dollar)		(in thousand Baht)	
<b>Statement of financial position obligations for:</b>				
Post-employment benefits				
Retirement benefit	2,244	2,687	73,336	96,277
<b>Total</b>	<b>2,244</b>	<b>2,687</b>	<b>73,336</b>	<b>96,277</b>
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
Retirement benefit	339	186	11,762	6,525
<b>Total</b>	<b>339</b>	<b>186</b>	<b>11,762</b>	<b>6,525</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial losses recognised in the year	(164)	(13)	(5,393)	(466)
Translation adjustment	-	-	(1,214)	(791)
Cumulative actuarial gain recognised	232	396	7,582	14,189

	Separate financial statements			
	2017	2016	2017	2016
	(in thousand US Dollar)		(in thousand Baht)	
<b>Statement of financial position obligations for:</b>				
Post-employment benefits				
Retirement benefit	87	73	2,843	2,616
<b>Total</b>	<b>87</b>	<b>73</b>	<b>2,843</b>	<b>2,616</b>
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
Retirement benefit	14	8	474	282
<b>Total</b>	<b>14</b>	<b>8</b>	<b>474</b>	<b>282</b>

	<b>Separate financial statements</b>			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Recognised in other comprehensive income:</b>				
Actuarial gains recognised in the year	-	38	-	1,362
Translation adjustment	-	-	(78)	-
Cumulative actuarial gain recognised	<u>132</u>	<u>132</u>	<u>4,314</u>	<u>4,392</u>

*Thailand legal severance plan*

The Group's entities 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*

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The statement of financial position obligation was determined as follows:

	<b>Consolidated financial statements</b>			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Present value of unfunded obligations	2,476	3,083	80,918	110,466
Actuarial gains	(232)	(396)	(7,582)	(14,189)
<b>Statement of financial position obligation</b>	<u><b>2,244</b></u>	<u><b>2,687</b></u>	<u><b>73,336</b></u>	<u><b>96,277</b></u>

	<b>Separate financial statements</b>			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Present value of unfunded obligations	219	205	7,157	7,008
Actuarial gains	(132)	(132)	(4,314)	(4,392)
<b>Statement of financial position obligation</b>	<u><b>87</b></u>	<u><b>73</b></u>	<u><b>2,843</b></u>	<u><b>2,616</b></u>

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Defined benefit obligations at 1 January	2,687	2,997	96,277	108,158
<b>Include in profit or loss:</b>				
Current service costs	671	857	22,838	30,291
Interest on obligation	106	83	3,543	2,926
Past service costs	79	(211)	2,582	(7,468)
Curtailement gain	(517)	(543)	(17,201)	(19,224)
	<b>339</b>	<b>186</b>	<b>11,762</b>	<b>6,525</b>
<b>Include in other comprehensive income:</b>				
Actuarial losses	164	13	5,393	466
<b>Others:</b>				
Benefits paid	(946)	(509)	(32,086)	(18,030)
Translation adjustments	-	-	(8,010)	(842)
	<b>(782)</b>	<b>(496)</b>	<b>(34,703)</b>	<b>(18,406)</b>
<b>Defined benefit obligations at 31 December</b>	<b>2,244</b>	<b>2,687</b>	<b>73,336</b>	<b>96,277</b>
	Separate financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Defined benefit obligations at 1 January	73	103	2,616	3,717
<b>Include in profit or loss:</b>				
Current service costs	12	15	407	529
Interest on obligation	2	3	67	106
Curtailement gain	-	(10)	-	(353)
	<b>14</b>	<b>8</b>	<b>474</b>	<b>282</b>
<b>Include in other comprehensive income:</b>				
Actuarial gains	-	(38)	-	(1,362)
<b>Others:</b>				
Translation adjustments	-	-	(247)	(21)
	<b>-</b>	<b>(38)</b>	<b>(247)</b>	<b>(1,383)</b>
<b>Defined benefit obligations at 31 December</b>	<b>87</b>	<b>73</b>	<b>2,843</b>	<b>2,616</b>

Actuarial gains (losses) recognised in other comprehensive income arising from:

	<b>Consolidated financial statements</b>			
	2017 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand US Dollar)</i>	2017 <i>(in thousand Baht)</i>	2016 <i>(in thousand Baht)</i>
Demographic assumptions	-	(11)	-	(394)
Financial assumptions	(84)	(11)	(2,762)	(394)
Experience adjustment	(80)	9	(2,631)	322
<b>Total</b>	<b>(164)</b>	<b>(13)</b>	<b>(5,393)</b>	<b>(466)</b>

	<b>Separate financial statements</b>			
	2017 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand US Dollar)</i>	2017 <i>(in thousand Baht)</i>	2016 <i>(in thousand Baht)</i>
Demographic assumptions	-	(4)	-	(143)
Financial assumptions	-	(4)	-	(143)
Experience adjustment	-	46	-	1,648
<b>Total</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>1,362</b>

### **Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
			%	
Discount rate	3.31 – 7.70	3.31 – 8.70	3.31	3.31
Future salary increases	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00
Mortality rate	0.02 – 3.00	0.02 – 3.00	0.02 – 3.00	0.02 – 3.00
Resignation rate	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

### **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>Consolidated financial statements</b>			
	2017 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand US Dollar)</i>	2017 <i>(in thousand Baht)</i>	2016 <i>(in thousand Baht)</i>
<b>Defined benefit obligation</b>				
<b>31 December</b>				
Discount rate (1% movement)				
- Increase	(106)	(77)	(3,464)	(2,759)
- Decrease	127	93	4,150	3,332
Future salary increase (1% movement)				
- Increase	132	88	4,314	3,153
- Decrease	(113)	(75)	(3,693)	(2,687)
Turnover rate (20% movement)				
- Increase	(46)	(34)	(1,503)	(1,218)
- Decrease	62	46	2,026	1,648
Mortality improvement rate (1% movement)				
- Increase	2	1	65	36
- Decrease	(2)	(2)	(65)	(72)

	Separate financial statements			
	2017	2016	2017	2016
<b>Defined benefit obligation</b>				
<b>31 December</b>	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Discount rate (1% movement)				
- Increase	(10)	(8)	(327)	(287)
- Decrease	12	9	392	322
Future salary increase (1% movement)				
- Increase	12	9	392	322
- Decrease	(10)	(8)	(327)	(287)
Turnover rate (20% movement)				
- Increase	(16)	(12)	(523)	(430)
- Decrease	23	17	752	609
Mortality improvement rate (1% movement)				
- Increase	1	-	33	-
- Decrease	(1)	(1)	(33)	(36)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 22 Share capital

	Par value per share <i>(in Baht)</i>	Consolidated and Separate financial statements	
		2017	2016
<b>Authorised</b>		<i>(in thousand Baht/thousand shares)</i>	
At 1 January			
- ordinary shares	1	1,416,701	1,416,701
At 31 December			
- ordinary shares	1	<b>1,416,701</b>	<b>1,416,701</b>
<b>Issued and paid</b>			
At 1 January			
- ordinary shares	1	1,413,329	1,413,329
At 31 December			
- ordinary shares	1	<b>1,413,329</b>	<b>1,413,329</b>

### Share premium

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.

	Note	Consolidated and Separate financial statements	
		2017	2016
		<i>(in thousand Baht)</i>	
At 1 January		12,271,678	13,558,613
Compensation for deficit	35	-	(1,286,935)
At 31 December		<b>12,271,678</b>	<b>12,271,678</b>

## 23 Reserves

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 section 116 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.

#### **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.

### *Other components of equity*

#### **Currency translation differences**

The currency translation 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.

#### **Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

## 24 Segment information

The Group has three 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.

#### Business segments

The Group comprises the following main business segments:

Segment 1	Subsea group
Segment 2	Drilling group
Segment 3	Holding

Revenue and results, based on business segments, in the consolidated financial statements for the year ended 31 December 2017 and 2016 were as follows:

<b>Consolidated financial statements for the year ended 31 December 2017</b>					
Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
144,661	-	-	144,661	-	144,661
(963)	(375)	6,069	4,731	(1,538)	3,193
82	-	4,568	4,650	-	4,650
(3,589)	-	-	(3,589)	6	(3,583)
(62)	-	6	(56)	-	(56)
<b>(4,532)</b>	<b>(375)</b>	<b>10,643</b>	<b>5,736</b>	<b>(1,532)</b>	<b>4,204</b>
Revenues from services					
Operating profit (loss)					
Share of profit of associates and joint venture					
Finance costs					
Tax (expense) income					
Profit (loss) for the year					
<b>Consolidated financial statements as at 31 December 2017</b>					
Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
41,793	1,144	25,755	68,692	-	68,692
62,147	-	-	62,147	-	62,147
2,047	-	88,927	90,974	-	90,974
179,284	2,011	1,577	182,872	-	182,872
<b>285,271</b>	<b>3,155</b>	<b>116,259</b>	<b>404,685</b>	<b>-</b>	<b>404,685</b>
Unallocated assets					46,443
<b>Total assets</b>					<b>451,128</b>



Consolidated financial statements  
as at 31 December 2017

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	<i>(in thousand US Dollar)</i>					
Interest-bearing liabilities	79,754	-	-	79,754	-	79,754
Unallocated liabilities	<b>79,754</b>	-	-	<b>79,754</b>	-	<b>79,754</b>
<b>Total liabilities</b>						<b>108,944</b>
Capital expenditure	3,909	-	123	4,032	-	4,032
Depreciation	18,988	8	344	19,340	-	19,340
Amortisation	1,799	1	28	1,828	-	1,828
Gain on disposal property, plant and equipment	7	-	-	7	-	7

Consolidated financial statements  
for the year ended 31 December 2016

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	185,249	-	-	185,249	-	185,249
	7,064	(545)	48	6,567	(216)	6,351
	889	-	10,638	11,527	-	11,527
	(3,560)	-	(134)	(3,694)	217	(3,477)
	161	1,977	687	2,825	-	2,825
	<b>4,554</b>	<b>1,432</b>	<b>11,239</b>	<b>17,225</b>	<b>1</b>	<b>17,226</b>

Revenues from services

Operating profit (loss)

Share of profit of associates and joint venture

Finance costs

Tax income

Profit for the year

Consolidated financial statements  
as at 31 December 2016

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	39,010	1,524	21,283	61,817	-	61,817
	-	-	27,950	27,950	-	27,950
	65,253	-	-	65,253	-	65,253
	1,965	-	84,359	86,324	-	86,324
	194,456	2,018	1,718	198,192	-	198,192
	<b>300,684</b>	<b>3,542</b>	<b>135,310</b>	<b>439,536</b>	<b>-</b>	<b>439,536</b>
						32,549
						<b>472,085</b>

Cash and cash equivalents

Short-term deposit at financial institution

Trade accounts receivable

Investments in associates and joint venture

Property, plant and equipment

Unallocated assets

**Total assets**

Consolidated financial statements  
as at 31 December 2016

	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
Interest-bearing liabilities	89,517	-	-	89,517	-	89,517
Unallocated liabilities	<b>89,517</b>	-	-	<b>89,517</b>	-	<b>89,517</b>
<b>Total liabilities</b>						<b>44,321</b>
						<b>133,838</b>
Capital expenditure	4,826	47	38	4,911	-	4,911
Depreciation	20,530	15	357	20,902	-	20,902
Amortisation	2,149	1	30	2,180	-	2,180
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	33	(54)	11	(10)	-	(10)
Impairment losses on assets	6	-	-	6	-	6

Consolidated financial statements  
for the year ended 31 December 2017

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	4,918,910	-	-	4,918,910	-	4,918,910
	(32,377)	(13,014)	207,160	161,769	(52,155)	109,614
Share of profit of associates and joint venture	2,787	-	155,084	157,871	-	157,871
Finance costs	(121,755)	-	-	(121,755)	198	(121,557)
Tax (expense) income	(2,016)	-	198	(1,818)	-	(1,818)
Profit (loss) for the year	<b>(153,361)</b>	<b>(13,014)</b>	<b>362,442</b>	<b>196,067</b>	<b>(51,957)</b>	<b>144,110</b>

Revenues from services

Operating profit (loss)

Share of profit of associates and joint venture

Finance costs

Tax (expense) income

Profit (loss) for the year

Consolidated financial statements  
as at 31 December 2017

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	1,365,832	37,387	841,697	2,244,916	-	2,244,916
Trade accounts receivable	2,031,020	-	-	2,031,020	-	2,031,020
Investments in associates and joint venture	66,898	-	2,906,214	2,973,112	-	2,973,112
Property, plant and equipment	5,859,163	65,721	51,538	5,976,422	-	5,976,422
Unallocated assets	<b>9,322,913</b>	<b>103,108</b>	<b>3,799,449</b>	<b>13,225,470</b>	-	<b>13,225,470</b>
<b>Total assets</b>						<b>14,743,270</b>

Cash and cash equivalents

Trade accounts receivable

Investments in associates and joint venture

Property, plant and equipment

Unallocated assets

**Total assets**

Consolidated financial statements  
as at 31 December 2017

	Subsea group	Drilling group	Holding	Total	Elimination	Group
			<i>(in thousand Baht)</i>			
Interest-bearing liabilities	2,606,433	-	-	2,606,433	-	2,606,433
Unallocated liabilities	<b>2,606,433</b>	-	-	<b>2,606,433</b>	-	<b>2,606,433</b>
<b>Total liabilities</b>						<b>953,955</b>
						<b>3,560,388</b>
Capital expenditure	127,750	-	4,020	131,770	-	131,770
Depreciation	645,174	272	11,664	657,110	-	657,110
Amortisation	61,394	34	953	62,381	-	62,381
Gain on disposal property, plant and equipment	244	-	-	244	-	244

Consolidated financial statements  
for the year ended 31 December 2016

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	6,533,377	-	-	6,533,377	-	6,533,377
Revenues from services	244,623	(19,413)	2,412	227,622	(7,778)	219,844
Operating profit (loss)	31,374	-	376,258	407,632	-	407,632
Share of profit of associates and joint venture	(125,810)	-	(4,727)	(130,537)	7,813	(122,724)
Finance costs	5,786	69,971	24,520	100,277	-	100,277
Tax income	<b>155,973</b>	<b>50,558</b>	<b>398,463</b>	<b>604,994</b>	<b>35</b>	<b>605,029</b>
Profit for the year						

Consolidated financial statements  
as at 31 December 2016

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	1,397,755	54,606	762,585	2,214,946	-	2,214,946
Cash and cash equivalents	-	-	1,001,468	1,001,468	-	1,001,468
Short-term deposit at financial institution	2,338,061	-	-	2,338,061	-	2,338,061
Trade accounts receivable	70,407	-	3,022,642	3,093,049	-	3,093,049
Investments in associates and joint venture	6,967,494	72,306	61,557	7,101,357	-	7,101,357
Property, plant and equipment	<b>10,773,717</b>	<b>126,912</b>	<b>4,848,252</b>	<b>15,748,881</b>	<b>-</b>	<b>15,748,881</b>
Unallocated assets						1,166,252
<b>Total assets</b>						<b>16,915,133</b>

Consolidated financial statements  
as at 31 December 2016

	Subsea group	Drilling group	Holding	Total	Elimination	Group
	<i>(in thousand Baht)</i>					
Interest-bearing liabilities	3,207,457	-	-	3,207,457	-	3,207,457
Unallocated liabilities	<b>3,207,457</b>	-	-	<b>3,207,457</b>	-	<b>3,207,457</b>
<b>Total liabilities</b>						<b>1,588,051</b>
Capital expenditure	172,919	1,684	1,361	175,964	-	175,964
Depreciation	724,572	529	12,602	737,703	-	737,703
Amortisation	75,855	34	1,059	76,948	-	76,948
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	1,165	(1,911)	388	(358)	-	(358)
Impairment losses on assets	199	-	-	199	-	199

**Geographical information**

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

In presenting information on the basis of geographical segments, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Revenue from services			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Saudi Arabia	77,466	95,167	2,623,209	3,360,382
Indonesia	25,920	27,961	891,738	988,600
Thailand	14,097	28,525	480,826	1,004,293
Qatar	10,736	18,642	372,308	655,144
Malaysia	10,475	403	352,441	14,055
Other countries	5,967	14,551	198,388	510,903
<b>Total</b>	<b>144,661</b>	<b>185,249</b>	<b>4,918,910</b>	<b>6,533,377</b>

	Assets			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Thailand	256,378	280,728	8,378,664	10,058,681
Cayman	88,983	84,415	2,908,045	3,024,649
Saudi Arabia	67,878	54,744	2,218,314	1,961,516
Qatar	15,338	26,776	501,260	959,403
Indonesia	12,458	20,048	407,139	718,334
Singapore	9,167	4,618	299,586	165,466
Other countries	926	756	30,262	27,084
<b>Total</b>	<b>451,128</b>	<b>472,085</b>	<b>14,743,270</b>	<b>16,915,133</b>

**Major customer**

Revenues from the major customer of the Group's Segments Subsea represents approximately US Dollar 69.8 million (2016: US Dollar 98.5 million) of the Group's total revenues.



## 25 Cost of rendering of services

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Crew, staff and subcontractor costs	48,914	60,394	1,663,605	2,131,087
Vessel expenses and repair and maintenance expenses	41,702	48,251	1,418,198	1,704,351
Depreciation	18,258	19,965	620,392	704,637
Recharge expenses related to services provided	6,056	9,002	206,148	317,353
Mobilisation/demobilisation expense	3,211	3,480	108,724	122,839
Amortisation	1,770	2,123	60,407	74,936
Charter hire and equipment rental	1,685	8,227	58,459	289,515
<b>Total</b>	<b>121,596</b>	<b>151,442</b>	<b>4,135,933</b>	<b>5,344,715</b>

## 26 Administrative expenses

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Employee benefit expense	15,907	15,006	539,940	528,780
Withholding tax not recoverable	1,581	7,888	54,570	278,961
Depreciation	1,082	937	36,718	33,066
Office and office equipment rental	930	870	31,566	30,703
Travelling expenses	925	730	31,386	25,760
Insurance and port expenses	669	787	22,042	27,775
Professional fees	585	811	19,510	28,639
Bank charge	258	234	8,765	8,262
Amortisation	58	57	1,974	2,012
Bad and doubtful debts expenses	-	457	-	16,034
Others	1,293	1,581	44,349	55,897
<b>Total</b>	<b>23,288</b>	<b>29,358</b>	<b>790,820</b>	<b>1,035,889</b>

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Employee benefit expense	2,286	2,278	77,394	80,311
Depreciation	344	358	11,665	12,637
Professional fees	121	339	3,831	11,946
Travelling expenses	104	89	3,537	3,143
Office and office equipment rental	90	85	3,055	3,000
Bad and doubtful debts expenses	72	44	2,511	1,550
Amortisation	29	30	986	1,059
Others	350	567	12,020	19,999
<b>Total</b>	<b>3,396</b>	<b>3,790</b>	<b>114,999</b>	<b>133,645</b>

## 27 Employee benefit expense

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Crew expenses and subcontractor	48,914	60,394	1,663,605	2,131,087
Wages and salaries	12,322	12,913	418,294	455,892
Bonus	609	(1,783)	20,405	(63,914)
Staff welfare	1,857	2,986	63,104	105,461
Contribution to defined contribution plans and social security and expenses related to define benefit plans	730	242	25,062	8,482
Others	389	648	13,075	22,859
<b>Total</b>	<b>64,821</b>	<b>75,400</b>	<b>2,203,545</b>	<b>2,659,867</b>

	Separate financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Wages and salaries	1,626	1,823	55,084	64,359
Bonus	100	(213)	3,449	(7,658)
Staff welfare	249	362	8,447	12,806
Contribution to defined contribution plans and social security and expenses related to define benefit plans	125	115	4,224	4,058
Others	186	191	6,190	6,746
<b>Total</b>	<b>2,286</b>	<b>2,278</b>	<b>77,394</b>	<b>80,311</b>

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.

## 28 Finance costs

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
<b><i>Interest expenses:</i></b>				
Bank loans	3,467	3,363	117,620	118,699
<b>Total interest expense</b>	<b>3,467</b>	<b>3,363</b>	<b>117,620</b>	<b>118,699</b>
Amortisation of front-end fees	110	110	3,734	3,884
Interest expense from finance lease	6	4	203	141
<b>Total</b>	<b>3,583</b>	<b>3,477</b>	<b>121,557</b>	<b>122,724</b>

## 29 Income tax expense

*Income tax recognized in profit or loss*

Consolidated financial statements				
Note	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current tax expense</b>				
Adjustment for prior year	-	(256)	-	(9,036)
Current taxes	37	190	1,433	6,636
	<b>37</b>	<b>(66)</b>	<b>1,433</b>	<b>(2,400)</b>
<b>Deferred tax expense (benefit)</b>				
Deferred taxes	18 19	(2,759)	385	(97,877)
<b>Total</b>	<b>56</b>	<b>(2,825)</b>	<b>1,818</b>	<b>(100,277)</b>

Separate financial statements				
Note	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current tax expense</b>				
Adjustment for prior year	-	12	-	424
Current taxes	-	47	-	1,662
	-	<b>59</b>	-	<b>2,086</b>
<b>Deferred tax expense (benefit)</b>				
Deferred taxes	18 (6)	9	(198)	322
<b>Total</b>	<b>(6)</b>	<b>68</b>	<b>(198)</b>	<b>2,408</b>

*Income tax recognized in other comprehensive income*

Consolidated financial statements					
	2017		2016		
	Before tax	Tax (expense) benefit	Before tax	Tax (expense) benefit	Net of tax
	<i>(Note 21)</i>		<i>(Note 21)</i>		
	<i>(in thousand US Dollar)</i>				
Defined benefit plan actuarial gains (losses)	(164)	41	(123)	(13)	7
<b>Total</b>	<b>(164)</b>	<b>41</b>	<b>(123)</b>	<b>(13)</b>	<b>(6)</b>

Consolidated financial statements					
	2017		2016		
	Before tax	Tax (expense) benefit	Before tax	Tax (expense) benefit	Net of tax
	<i>(Note 21)</i>		<i>(Note 21)</i>		
	<i>(in thousand Baht)</i>				
Defined benefit plan actuarial gains (losses)	(5,393)	1,340	(4,053)	(466)	251
<b>Total</b>	<b>(5,393)</b>	<b>1,340</b>	<b>(4,053)</b>	<b>(466)</b>	<b>(215)</b>

	Separate financial statements					
	Before tax (Note 21)	2017 Tax (expense) benefit	Net of tax <i>(in thousand US Dollar)</i>	Before tax (Note 21)	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	38	(6)	32
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>(6)</b>	<b>32</b>

	Separate financial statements					
	Before tax (Note 21)	2017 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax (Note 21)	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	1,362	(215)	1,147
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,362</b>	<b>(215)</b>	<b>1,147</b>

**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:

	<b>Consolidated financial statements</b>			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Profit before income tax – accounting	4,260	14,401	145,928	504,752
Tax at the domestic rate of 20%	852	2,880	29,186	100,950
Adjustments:				
Effect of difference tax rate in foreign jurisdictions	4,388	(1,475)	148,920	(52,062)
Income not subject to tax and additional taxable expenses	(3,503)	(3,887)	(118,885)	(137,197)
Expenses not deductible for tax purposes	130	(1,105)	4,059	(39,002)
Utilisation of previously unrecognised tax losses	(1,764)	(928)	(59,867)	(32,755)
Tax losses and temporary differences for which no deferred income tax were recognised	1,987	1,780	67,435	62,966
Adjustments in respect of prior year	-	(256)	-	(9,036)
Remeasurement of gain on exchange rate of US Dollar financial statement	(1,943)	(108)	(65,942)	(3,812)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	(91)	274	(3,088)	9,671
Total income tax expense (benefit)	56	(2,825)	1,818	(100,277)
The average effective tax rate	1%	(20%)	1%	(20%)

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Profit before income tax – accounting	15,263	3,237	520,827	115,265
Tax at the domestic rate of 20%	3,053	647	104,165	23,053
Adjustments:				
Expenses not deductible for tax purposes	(1)	(3)	(580)	(315)
Tax losses for which no deferred income tax assets were recognised	936	-	31,766	-
Adjustments in respect of prior year	-	12	-	424
Remeasurement of gain on exchange rate of US Dollar financial statement	(3,003)	(675)	(101,916)	(23,825)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	(991)	87	(33,633)	3,071
Total income tax expense (benefit)	(6)	68	(198)	2,408
The average effective tax rate	0%	2%	0%	2%

The average effective tax rate is calculated including taxes due from overseas operations.

#### *Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

### 30 Promotional privileges

As at 31 December 2017, a subsidiary in Thailand received promotional privileges from the Thailand Board of Investment (“BOI”) under a number of different categories, including services of submerged and drilling structure inspection and marine transportation services. 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 subsidiary must comply with the conditions and restrictions provided in the promotional certificates.

### 31 Earnings per share

#### *Basic earnings per share*

The calculations of basic earnings per share for the year ended 31 December 2017 and 2016 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

<b>Consolidated financial statements</b>				
	2017 <i>(in thousand US Dollar/ thousand shares)</i>	2016 <i>(in thousand US Dollar/ thousand shares)</i>	2017 <i>(in thousand Baht/ thousand shares)</i>	2016 <i>(in thousand Baht/ thousand shares)</i>
Profit attributable to ordinary shareholders of the Company (basic)	4,217	17,107	144,536	600,842
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Earnings per share (basic)	<i>(in US dollar)</i> 0.003	<i>(in US dollar)</i> 0.012	<i>(in Baht)</i> 0.102	<i>(in Baht)</i> 0.425
<b>Separate financial statements</b>				
	2017 <i>(in thousand US Dollar/ thousand shares)</i>	2016 <i>(in thousand US Dollar/ thousand shares)</i>	2017 <i>(in thousand Baht/ thousand shares)</i>	2016 <i>(in thousand Baht/ thousand shares)</i>
Profit attributable to ordinary shareholders of the Company (basic)	15,269	3,169	521,025	112,857
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Earnings per share (basic)	<i>(in US dollar)</i> 0.011	<i>(in US dollar)</i> 0.002	<i>(in Baht)</i> 0.369	<i>(in Baht)</i> 0.080

### 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.

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.

**Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (Note 19).

**Foreign currency risk**

A substantial part of the assets and liabilities of the Group are recognized 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 recognized 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 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
<b>Thai Baht</b>				
Cash and cash equivalents	17,403	11,082	402	635
Trade accounts receivable	-	4	-	-
Receivables from related parties	-	-	135,621	105,127
Short-term loans to related parties	-	-	-	50,627
Long-term loans to related parties	-	-	55,506	-
Trade accounts payable	(341)	(446)	-	-
Other payables	(1,094)	(2,475)	(578)	(970)
<b>Gross balance sheet exposure</b>	<b>15,968</b>	<b>8,165</b>	<b>190,951</b>	<b>155,419</b>
<b>Singapore Dollar</b>				
Cash and cash equivalents	138	63	-	-
Trade accounts receivable	35	-	-	-
Trade accounts payable	(364)	(224)	-	-
Other payables	(605)	(71)	-	-
<b>Gross balance sheet exposure</b>	<b>(796)</b>	<b>(232)</b>	<b>-</b>	<b>-</b>
<b>Qatari Dollar</b>				
Cash and cash equivalents	229	105	-	-
Trade accounts receivable	-	73	-	-
Trade accounts payable	(4)	(4)	-	-
Other payables	(128)	(253)	-	-
<b>Gross balance sheet exposure</b>	<b>97</b>	<b>(79)</b>	<b>-</b>	<b>-</b>



	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
<b>Indonesian Rupiah</b>				
Cash and cash equivalents	81	135	-	-
Trade accounts receivable	260	1,749	-	-
Trade accounts payable	(296)	(260)	-	-
Other payables	(512)	(7,081)	-	-
Finance lease liabilities	(139)	(12)	-	-
<b>Gross balance sheet exposure</b>	<b>(606)</b>	<b>(5,469)</b>	<b>-</b>	<b>-</b>

**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.

**Carrying amount and fair values**

As at 31 December 2017 and 2016, except for investment properties disclosed in Note 13 and loans from financial institutions disclosed in Note 19, the fair value of financial assets and liabilities are taken to approximate the carrying values due to the relatively short-term maturity of these financial assets and liabilities.

**33 Guarantees**

As at 31 December 2017 and 2016, the Group and the Company had outstanding guarantees as follows:

	Consolidated financial statements					
	2017			2016		
	thousand Baht	thousand USD	thousand QAR	thousand Baht	thousand USD	thousand QAR
Letters of guarantee issued by financial institutions in the normal course of business	19,990	13,576	46	15,600	16,450	1,575
Guarantee for long-term loans of subsidiaries to financial institutions	-	80,000	-	-	90,000	-

	Separate financial statements			
	2017		2016	
	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 loans of subsidiaries to financial institutions	-	80,000	-	90,000

### 34 Commitments with non-related parties

#### (a) Capital commitments

	Consolidated financial statements			
	2017	2016	2017	2016
	(in thousand US Dollar)		(in thousand Baht)	
Purchasing of diving equipment	72	127	2,353	4,550
Purchasing of investment	2,389	-	78,075	-
<b>Total</b>	<b>2,461</b>	<b>127</b>	<b>80,428</b>	<b>4,550</b>

#### (b) Operating lease commitments - company as lessee

The future aggregate minimum lease payments under operating lease are as follows:

	Consolidated financial statements			
	2017	2016	2017	2016
	(in thousand US Dollar)		(in thousand Baht)	
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within one year	5,169	12,380	168,928	443,584
After one year but within five years	5,833	1,575	190,628	56,433
After five years	741	1,110	24,217	39,772
<b>Total</b>	<b>11,743</b>	<b>15,065</b>	<b>383,773</b>	<b>539,789</b>

### 35 The compensation of accumulated loss

Pursuant to Section 119 of the Public Companies Act B.E. 2535, the Company may transfer the reserve fund under Section 51 (share premium reserve) or Section 116 (legal reserve) or other reserve funds to compensate for the accumulated losses of the Company. The compensation for the accumulated losses shall be deducted from other reserves before it shall be deducted from the reserve fund under Section 116 and from the reserve fund under Section 51 respectively.

At the annual general meeting of the Company held on 26 April 2016, the shareholders approved to fully offset the Company's deficit of US Dollar 83.5 million as at 31 December 2015 with the legal reserve of US Dollar 4.5 million (Baht 141.7 million) and share premium of US Dollar 79.0 million (Baht 1,286.9 million).

### 36 Events after the reporting period

#### *Acquisition of a subsidiary*

At the Board of Directors' meeting of a local subsidiary (Mermaid Subsea Services (Thailand) Ltd. ("MSST")) held on 12 January 2018, the subsidiary's Board of Directors approved to set up a new foreign subsidiary, Mermaid Subsea Services (Malaysia) Sdn. Bhd. ("MSSM"), which is owned 100.00% by MSST. The main business of this subsidiary is to provide offshore services for offshore oil and gas industry. The subsidiary would have the authorised share capital of Malaysian Ringgit 100 thousand. The incorporation was completed in January 2018.

#### *Deregistration of subsidiaries*

MTR-3 (Singapore) Pte. Ltd. and MTR-4 (Singapore) Pte. Ltd. were deregistered on 5 February 2018.

### 37 Reclassification of accounts

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016 Consolidated financial statements					
	Before reclass. <i>(in thousand US Dollar)</i>	Reclass.	After reclass.	Before reclass. <i>(in thousand Baht)</i>	Reclass.	After reclass.
<b><i>Statement of comprehensive income</i></b>						
Cost of services	152,236	(794)	151,442	5,372,740	(28,025)	5,344,715
Administrative expenses	28,558	800	29,358	1,007,665	28,224	1,035,889
Impairment losses	6	(6)	-	199	(199)	-
		-			-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

## THE COMPANY

<b>Name of Company</b>	Mermaid Maritime Public Company Limited
<b>Place of Incorporation</b>	Kingdom of Thailand
<b>Registration No.</b>	0107550000017
<b>In Business Since</b>	1983
<b>Public Company Since</b>	15 January 2007
<b>Date of Listing</b>	16 October 2007
<b>Place of Listing</b>	Singapore Stock Exchange
<b>Company Secretary</b>	Mr. Wuthichai Chongcharoenrungsot
<b>Corporate Head Office (Location of Register of Securities)</b>	26/28-29, Orakarn Building, 9 <sup>th</sup> Floor, Soi Chidlom, Ploenchit Road, Kwaeng Lumpinee, Khet Pathumwan, Bangkok 10330, Thailand
<b>Telephone</b>	+662 255 3115 (local dial 02 255 3115) +662 255 3116 (local dial 02 255 3116)
<b>Facsimile</b>	+662 255 1079 (local dial 02 255-1079)
<b>Type of Business</b>	Subsea Engineering Services Offshore Drilling Services and Investments
<b>Registered Capital</b>	Baht 1,416,700,697
<b>Paid-up Capital</b>	Baht 1,413,328,857
<b>No. of Issued Shares</b>	1,413,328,857 ordinary shares
<b>Par Value/Share</b>	Baht 1
<b>Corporate Website:</b>	<a href="http://www.mermaid-group.com">http://www.mermaid-group.com</a>
<b>Investor Relations E-mail:</b>	<a href="mailto:ir@mermaid-group.com">ir@mermaid-group.com</a>

(as at 16 March 2018)





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